

Abbott Laboratories (ABT)

\$99.08 (As of 07/20/20)

Price Target (6-12 Months): **\$105.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 08/20/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:C

Value: C

Growth: F

Momentum: A

Summary

Abbott posted better-than-expected numbers for the second quarter. However, the figures declined year over year. Despite \$615 million of COVID-19 diagnostic testing-related sales, this year-over-year decline was primarily due to the pandemic-led fall in procedure volumes in many businesses. However, the company's Diabetes Care, Nutrition, and EPD arms collectively grew more than 9% in the first half of 2020 leveraging on the pandemic situation. Apart from the launch of COVID-19 tests, the company also obtained FDA for Libre 2 as an iCGM. It also received CE Mark for TriClip. Overall, in the past six months, Abbott has been outperforming the industry. However, Abbott's Core Laboratory Diagnostics, cardiovascular and neuromodulation sales were significantly down in the reported quarter affected by lower demand in the past few months.

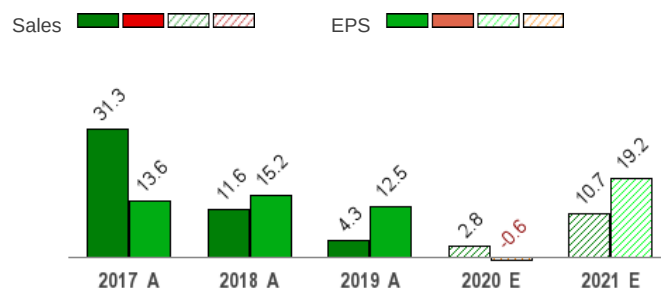
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$100.71 - \$61.61
20 Day Average Volume (sh)	4,928,858
Market Cap	\$175.3 B
YTD Price Change	14.1%
Beta	0.97
Dividend / Div Yld	\$1.44 / 1.5%
Industry	Medical - Products
Zacks Industry Rank	Top 44% (110 out of 252)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	32.6%
Last Sales Surprise	7.2%
EPS F1 Est- 4 week change	16.2%
Expected Report Date	10/21/2020
Earnings ESP	0.0%
P/E TTM	32.9
P/E F1	30.8
PEG F1	2.8
P/S TTM	5.6

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	8,657 E	8,887 E	8,955 E	9,592 E	36,312 E
2020	7,726 A	7,328 A	8,431 E	9,302 E	32,810 E
2019	7,535 A	7,979 A	8,076 A	8,314 A	31,904 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.83 E	\$0.93 E	\$0.97 E	\$1.10 E	\$3.84 E
2020	\$0.65 A	\$0.57 A	\$0.89 E	\$1.15 E	\$3.22 E
2019	\$0.63 A	\$0.82 A	\$0.84 A	\$0.95 A	\$3.24 A

*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 07/20/2020. The reports text is as of 07/21/2020.

Overview

Abbott Park, IL-based Abbott discovers, develops, manufactures and sells a diversified line of health care products.

Established Pharmaceuticals Division (EPD) includes branded generics business in the emerging markets. The division accounted for 14% of total sales in 2019 and registered organic growth of 7.3% from 2018.

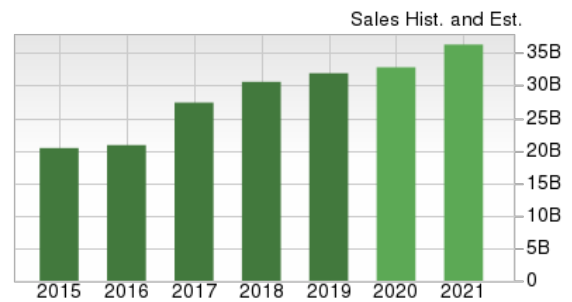
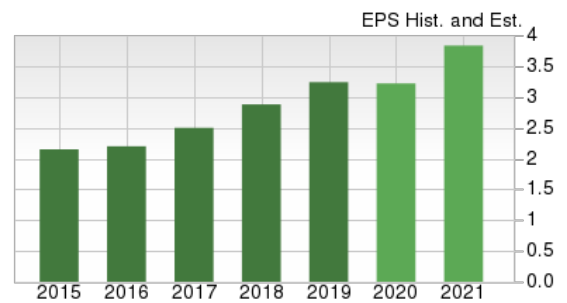
Medical Devices includes the diabetes care, vision care and vascular businesses and accounted for 37.6% of total sales in 2019 and reported organic growth of 10.5% from the year-ago number.

Diagnostics manufactures and markets diagnostic systems and tests in four business lines – core laboratory, molecular, point of care and rapid diagnostics (reflects sales from Alere, which was acquired on Oct. 3, 2017). The division accounted for 25.3% of total sales in 2019, a 5.9% organic growth from 2018.

Nutrition includes a broad line of pediatric and adult nutritional products. The division accounted for 22.9% of total sales in 2019 and registered 5.3% organic growth from the year-ago period.

Abbott has been actively pursuing acquisitions to expand and diversify its portfolio. In 2014, Abbott acquired CFR Pharmaceuticals for \$2.9 billion. In Aug 2015, the company acquired Tendyne Holdings, Inc., In Jan 2017, Abbott acquired St. Jude Medical and in October 2017 the company acquired Alere Inc.

On the other hand, Abbott sold its developed markets branded generics pharmaceuticals business to Mylan in Feb 2015, for 110 million shares of Mylan N.V. Abbott retained the branded generics pharmaceuticals business in emerging markets. Abbott sold its animal health business to Zoetis Inc in Feb 2015. Also the company divested its vision care business, Medical Optics, to Johnson and Johnson for \$4.325 billion in cash.



Reasons To Buy:

▲ **Share Price Performance:** Over the past six months, Abbott has been outperforming the industry. The stock has gained 7.8% as against the industry's 7.4% drop. The company exited the second quarter of 2020 with better-than-expected earnings and revenue numbers. Despite the implementation of shelter-in-place restrictions which led to the postponement of elective medical procedures, in the reported quarter, Abbott saw steady improvements in both testing and procedure volumes across its hospital-based businesses. At the same time, the company's consumer-facing businesses, which include diabetes care, nutrition, and established pharmaceuticals continued to perform well leveraging on the pandemic scenario, collectively growing more than 9% in the first half of the year.

The branded generics and international diabetes businesses should drive growth in the coming quarters. New product launches and acquisitions should boost sales further.

Within Adult Nutrition, the company registered strong U.S. and international growth of Ensure, the market leading complete and balanced nutrition brand. This has led to global adult nutrition growth of around 7.5%. In pediatric nutrition, despite challenging conditions in Greater China, sales were led by global growth of Pediasure and Pedialyte, the company's oral rehydration brand.

Within established pharmaceuticals (EPD), through the first half of the year, the company achieved mid-single-digit sales growth, and expects a similar growth profile for the second half of the year. Within medical devices, the company saw steady improvements in procedure volumes across its cardiovascular and neuromodulation portfolio. Encouragingly, at the end of June procedure volumes rebounded to approximately 90% of pre-COVID levels on average in the United States. This represents a significant recovery compared to procedure activity at the beginning of the second quarter.

Within Diabetes Care, Abbott has been riding high on a healthy growth graph. The company has also been in the limelight for developments in its flagship, sensor-based continuous glucose monitoring system, FreeStyle Libre System. In the second quarter, the company obtained FDA approval for Libre 2 as an iCGM, which sets a new standard for accuracy and performance and includes a new pediatric use indication. The company expects Freestyle Libre 2 to be launched in the next few weeks at the same price as the current available Freestyle Libre 14-day system, in line with its commitment to make Libre affordable and accessible to all.

Within Diagnostics, sales grew 7% in the quarter. Testing volumes in the underlying diagnostic business, which excludes COVID-19 tests, rebounded to approximately 90% of pre-COVID levels by the end of the second quarter. Over the first half of the year, Abbott has developed and launched several COVID-19 tests across its testing platform for both laboratory and rapid point-of-care settings. Till the second-quarter earnings call, the company has sold about 40 million tests across all its platforms globally.

▲ **Molecular & Rapid Diagnostics Grow Strong amid Pandemic:** Abbott is putting a lot of efforts to progress in the area of diagnostic testing for covid-19. Over the first half of the year, Abbott has developed and launched several COVID-19 tests across its testing platform for both laboratory and rapid point-of-care settings. Till the second-quarter earnings call, the company has sold about 40 million tests across all its platforms globally. Molecular testing, which detects if someone currently has the virus, has been in high demand during this period. In March, the company launched two COVID-19 tests — the ID NOW COVID-19 molecular test (the fastest available molecular point-of-care test delivering results within 13 minutes and positive results in five minutes) and the RealTime SARS-CoV-2 molecular test, which runs on Abbott's m2000 RealTime System located in hospitals and reference laboratories.

In addition to molecular testing during this period, the company also anticipated increased demand for other types of tests, including both antigen and antibody. In April, the company rolled out its third COVID-19 test, which is a serology blood test for the detection of the antibody, IgG, on its lab-based immunoassay testing platforms. Meanwhile, the company earlier noted that, it is in process to develop another lab-based serology test to detect one more important antibody, IgM, which it expects to launch in the near future.

▲ **EPD Business Long-term Prospect Bright:** Abbott's EPD business operates solely in emerging geographies, with leading positions in many of the largest and fastest growing pharmaceutical markets for branded generics in the world. These markets include India, Russia, China and Latin America. The company recently noted that, banking on successful execution of its Branded Generic operating model, EPD is well positioned for sustained growth in many of these growing pharmaceutical markets.

According to Abbott, its unique branded generics model was built to focus specifically on key emerging countries where long-term growth in medicines is guaranteed by the aging populations and the related rise in chronic diseases. We believe, Abbott's continued focus on enhancing local capabilities and expanding its product portfolio within core therapeutic areas targeted specifically to address local market needs will further strengthen its position in these markets.

▲ **Progress with Diabetes Business:** This business achieved growth of nearly 30% in the reported quarter banking on the solid worldwide adoption of FreeStyle Libre. This device alone registered global sales surge of 40% on an organic basis. The company encouragingly noted that, in a relatively short span, Libre has achieved global leadership among CGM systems for both Type 1 and Type 2 users. In June, In June, Abbott strengthened its diabetes care portfolio with the FDA approval of FreeStyle Libre 2 as an integrated continuous glucose monitoring (iCGM) system for adults and children. Moreover, we are looking forward to the company's alliance with Tandem Diabetes Care to integrate Abbott's continuous glucose monitoring (CGM) technology with Tandem's innovative insulin delivery systems.

Reasons To Sell:

▼ **Coronavirus Puts Abbott's Elective Core Businesses into Gloom:** Beginning in February as many countries started to implement quarantine restrictions, Abbott saw sharp declines in its cardiovascular device procedures and routine core laboratory diagnostic testing volumes in that country. Gradually, with the virus engulfing nation after nation, the impact initially expanded to pockets of Asia and Europe from late February, and more broadly across Europe and the United States during March. The healthcare industry all over the globe accordingly, started to postpone non-emergency healthcare activities to focus on COVID-19 treatments. At the start of the second quarter too, many areas of the world were under shelter-in-place restrictions which led to the postponement of elective medical procedures and sharp declines in routine diagnostic testing.

Within EPD, sales were relatively flat. Over the last couple of months, The company saw the virus spread and impact market demand in certain emerging countries, such as Russia, Brazil, and Colombia. Abbott's Core Laboratory Diagnostics sales were significantly down in the reported quarter affected by lower demand for routine testing in the past few months. In fact, hospital-based elective cardiovascular, EP ablation and neuromodulation procedures saw a sharp decline in demand.

▼ **Tension in China Continues:** Abbott, though trying to expand its nutrition business in emerging markets, is facing weaknesses in Greater China on challenging market dynamics. Especially, in pediatric nutrition, the company is apprehensive about the new food safety regulations and a consequent oversupply of product in the market. Outside of China, the company is witnessing soft market conditions across a few international markets. This may continue hurting the top line in the upcoming quarter as well.

This apart, we are also worried about the ongoing tensions between the United States and China regarding the imposition of tariffs on imports. This has raised concerns for major MedTech players like Abbott as any adverse move may affect their sales performance in China in near term.

▼ **Weak Rhythm Management Sales Ail:** Within Rhythm Management, during the second quarter, sales in the United States as well as the rest of the world were soft and declined 25.7% year over year organically. Worldwide sales growth was negatively impacted by reduced procedure volumes due to COVID-19. Although, Abbott is coming up with certain strategic measurements including organizational changes and new product innovations, the near-term outlook is bleak.

▼ **Foreign Exchange Translation Impacts Sales:** Foreign exchange is a major headwind for Abbott due to considerable percentage of its revenues coming from outside the U.S. The strengthening of Euro and some other developed market currencies has been constantly hampering the company's performance in the international markets.

The business environment continues to be challenging. Slow growth in the nutrition business in China will continue dampening top-line growth.

Last Earnings Report

Abbott Posts Q2 Earnings Beat, Reports Y/Y Decline

Abbott reported second-quarter 2020 adjusted earnings from continuing operations of 57 cents per share, exceeding the Zacks Consensus Estimate by 32.6%. However, the adjusted figure declined 30.5% from the prior-year quarter.

The quarter's adjustments include certain non-recurring intangible amortization expense and other expense primarily associated with acquisitions and restructuring actions among others.

Reported earnings from continuing operations came in at 30 cents, reflecting 46.4% decline year on year.

Second-quarter worldwide sales of \$7.33 billion were down 8.2% year over year on a reported basis. However, the top line surpassed the Zacks Consensus Estimate by 7.2%. The quarter's reported revenues include \$615 million of COVID-19 diagnostic testing-related sales.

On an organic basis (adjusting for the impact of foreign exchange), sales declined 5.4% year over year in the reported quarter.

Quarter in Detail

Abbott operates through four segments — Established Pharmaceuticals Division (EPD), Medical Devices, Nutrition, and Diagnostics.

In the second quarter, EPD sales declined 8.6%, on a reported basis (down 0.7% on an organic basis) to \$1.01 billion. Organic sales in key emerging markets dropped 0.4%, year over year. Sales growth in certain countries, including double-digit growth in China, was more than offset by pandemic-led lower demand for products across several emerging market countries, including Russia, Brazil and Colombia.

Medical Devices business sales decreased 21.2% on a reported basis to \$2.42 billion. On an organic basis, sales declined 19.9%. Barring Diabetes Care, all other sub segments reported lower revenues in the quarter. According to the company, cardiovascular and neuromodulation procedure volumes declined due to COVID-19.

However, in Diabetes Care, the company registered 31.9% organic growth, banking on solid worldwide adoption of FreeStyle Libre. This device alone registered global sales growth of 39.9% on an organic basis.

Nutrition sales were up 0.4% year over year, on a reported basis (up 3.1% on an organic basis), to \$1.88 billion. Pediatric Nutrition sales declined 0.3% on an organic basis. Adult Nutrition sales climbed 7.4% organically. According to the company, Adult Nutrition sales benefited from improved U.S. and international sales performance of Ensure, Abbott's market-leading complete and balanced nutrition brand. In Pediatric Nutrition, however, U.S. growth of Pedialyte and growth in Southeast Asia were offset by challenging conditions in Greater China.

Diagnostics sales were up 4.7%, year over year, on a reported basis (up 7.1% on an organic basis) to \$1.99 billion. Core Laboratory Diagnostics sales declined 13.1% on an organic basis. While there was lower routine diagnostics testing due to COVID-19, this was partially offset by sales of Abbott's COVID-19 laboratory-based tests for the detection of the IgG antibody. Molecular Diagnostics surged 241.4% on an organic basis on solid demand for Abbott's laboratory-based molecular tests for COVID-19 on its m2000 and Alinity m platforms. Rapid Diagnostics sales too improved 11% on an organic basis in the June-end quarter. However, Point of Care Diagnostics sales declined 17.6% on an organic basis.

2020 Guidance

The company issued a fresh guidance for 2020 after suspending the previous one on the first-quarter earnings call.

The company now projects adjusted earnings per share from continuing operations to be at least \$3.25 for 2020. The current Zacks Consensus Estimate is pegged at \$2.84.

Quarter Ending 06/2020

Report Date	Jul 16, 2020
Sales Surprise	7.23%
EPS Surprise	32.56%
Quarterly EPS	0.57
Annual EPS (TTM)	3.01

Recent News

On **Jul 13, 2020**, Abbott announced that, it has reached an agreement with Edwards Lifesciences Corporation to settle all outstanding patent disputes between the companies in cases related to transcatheter mitral and tricuspid repair products.

On **Jul 6, 2020**, Abbott announced the receipt of FDA approval for the company's next-generation Gallant implantable cardioverter defibrillator (ICD) and cardiac resynchronization therapy defibrillator (CRT-D) devices.

On **Jun 29, 2020**, noted that, it has finalized an agreement with Tandem Diabetes Care to develop and commercialize integrated diabetes solutions that combine Abbott's continuous glucose monitoring (CGM) technology with Tandem's insulin delivery systems for better management of diabetes.

On **Jun 25, 2020**, Abbott announced late-breaking data on a number of its products to treat people with structural heart diseases. The data included findings on the MitraClip system for transcatheter mitral valve repair and data on two devices approved in the EU: the TriClip system for transcatheter tricuspid valve repair and the Tendyne transcatheter mitral valve implantation system for people needing a replacement mitral valve.

On **Jun 15, 2020**, Abbott announced that, the FDA has cleared its next-generation FreeStyle Libre 2 integrated continuous glucose monitoring (iCGM) system for adults and children ages 4 and older with diabetes.

On **May 21, 2020**, Abbott announced an interim analysis of an ongoing multi-site clinical study in urgent care clinics, which indicates that its ID NOW COVID-19 rapid test is showing strong agreement to lab-based molecular polymerase chain reaction (PCR) instruments.

On **May 21, 2020**, Abbott announced the receipt of a government contract to supply millions of its laboratory-based IgG antibody tests to National Health Service (NHS) laboratories across the UK over the coming months.

On **May 12, 2020**, Abbott announced the receipt of the FDA's Emergency Use Authorization (EUA) for the its molecular test for the coronavirus, to be used on its latest Alinity m molecular laboratory instrument.

On **May 11, 2020**, Abbott announced the receipt of the FDA's EUA for its SARS-CoV-2 IgG lab-based serology blood test on the Alinity i system.

On **May 8, 2020**, Abbott announced the publication of a new research which found that its SARS-CoV-2 IgG lab-based serology blood test had 99.9% specificity and 100% sensitivity for detecting the IgG antibody in patients 17 days or more after symptoms began.

On **Apr 27, 2020**, Abbott announced the receipt of the Health Canada's authorization to use FreeStyle Libre system in hospital setting during the COVID-19 pandemic.

Valuation

Abbott shares are up 14.1% and up 12.5% in the year to date period and the trailing 12-month period, respectively. Stocks in the Zacks sub-industry are down 3.7% while the Zacks Medical sector is up 2.1% in the year to date period. Over the past year, the Zacks sub-industry is down 3.2% and sector is up 8.7%.

The S&P 500 index is dowup 0.3% in the year to date period and up 8.7% in the past year.

The stock is currently trading at 29.6X Forward 12-months earnings, which compares to 30.5X for the Zacks sub-industry, 23.6X for the Zacks sector and 22.8X for the S&P 500 index.

Over the past five years, the stock has traded as high as 32.9X and as low as 15.6X, with a 5-year median of 20.2X.

Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$105 price target reflects 31.4X forward 12-months earnings.

The table below shows summary valuation data for ABT.

Valuation Multiples - ABT					
		Stock	Sub-Industry	Sector	S&P 500
P/E F 12M	Current	29.63	30.51	23.59	22.83
	5-Year High	32.96	31.01	23.29	22.83
	5-Year Low	15.56	17.09	15.89	15.25
	5-Year Median	20.18	20.27	18.98	17.52
P/S F12M	Current	5.09	3.91	2.89	3.58
	5-Year High	5.38	3.92	3.74	3.58
	5-Year Low	2.51	2.90	2.22	2.53
	5-Year Median	3.34	3.29	2.90	3.02
P/B TTM	Current	5.76	3.04	4.47	4.41
	5-Year High	5.77	3.48	5.07	4.56
	5-Year Low	2.34	2.20	2.94	2.83
	5-Year Median	3.37	2.80	4.30	3.71

As of 07/20/2020

Industry Analysis Zacks Industry Rank: Top 44% (110 out of 252)



Top Peers

Company (Ticker)	Rec	Rank
BioRad Laboratories, Inc. (BIO)	Neutral	3
Cardiovascular Systems, Inc. (CSII)	Neutral	3
DexCom, Inc. (DXCM)	Neutral	3
Hologic, Inc. (HOLX)	Neutral	3
JohnsonJohnson (JNJ)	Neutral	3
Medtronic PLC (MDT)	Neutral	4
SmithNephew SNATS, Inc. (SNN)	Neutral	3
Boston Scientific Corporation (BSX)	Underperform	5

Industry Comparison Industry: Medical - Products				Industry Peers		
	ABT	X Industry	S&P 500	BAX	BSX	MDT
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Underperform	Neutral
Zacks Rank (Short Term)	3	-	-	4	5	4
VGM Score	C	-	-	C	F	C
Market Cap	175.26 B	375.21 M	22.29 B	44.54 B	52.01 B	128.40 B
# of Analysts	10	3	14	11	11	14
Dividend Yield	1.45%	0.00%	1.85%	1.12%	0.00%	2.42%
Value Score	C	-	-	C	D	C
Cash/Price	0.02	0.10	0.06	0.09	0.01	0.08
EV/EBITDA	24.27	0.20	13.06	25.21	26.79	17.86
PEG Ratio	2.78	5.51	2.98	2.60	3.88	3.62
Price/Book (P/B)	5.76	3.56	3.12	5.78	3.76	2.52
Price/Cash Flow (P/CF)	19.86	17.68	12.03	17.67	15.47	14.47
P/E (F1)	30.77	37.89	22.15	26.67	41.38	28.07
Price/Sales (P/S)	5.57	5.25	2.35	3.86	4.82	4.44
Earnings Yield	3.25%	-1.04%	4.30%	3.75%	2.42%	3.56%
Debt/Equity	0.55	0.10	0.75	0.84	0.68	0.43
Cash Flow (\$/share)	4.99	-0.00	6.94	4.97	2.40	6.62
Growth Score	F	-	-	C	F	B
Hist. EPS Growth (3-5 yrs)	10.55%	13.05%	10.82%	NA	13.88%	5.13%
Proj. EPS Growth (F1/F0)	-0.62%	5.88%	-9.08%	-0.52%	-43.15%	-25.69%
Curr. Cash Flow Growth	4.54%	4.32%	5.51%	4.10%	12.08%	-9.02%
Hist. Cash Flow Growth (3-5 yrs)	11.80%	7.87%	8.55%	-6.10%	10.33%	7.68%
Current Ratio	1.43	2.72	1.30	2.74	1.21	2.13
Debt/Capital	35.58%	14.69%	44.41%	45.61%	40.33%	30.21%
Net Margin	9.89%	-25.53%	10.54%	8.85%	39.75%	16.56%
Return on Equity	17.28%	-8.55%	15.74%	22.70%	18.24%	12.17%
Sales/Assets	0.46	0.54	0.54	0.64	0.39	0.32
Proj. Sales Growth (F1/F0)	2.84%	0.00%	-2.36%	3.06%	-11.07%	-5.08%
Momentum Score	A	-	-	C	C	D
Daily Price Chg	-0.17%	0.00%	-0.77%	0.30%	-1.43%	-2.89%
1 Week Price Chg	6.67%	3.55%	3.82%	2.73%	8.74%	8.56%
4 Week Price Chg	9.67%	3.02%	2.71%	4.60%	3.34%	2.57%
12 Week Price Chg	4.35%	14.34%	9.79%	-5.23%	0.46%	-4.99%
52 Week Price Chg	12.50%	0.91%	-3.79%	6.20%	-12.54%	-5.44%
20 Day Average Volume	4,928,858	222,260	2,095,914	2,775,152	11,109,070	5,173,888
(F1) EPS Est 1 week change	16.17%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	16.17%	0.00%	0.09%	0.00%	0.00%	-2.69%
(F1) EPS Est 12 week change	16.17%	-6.64%	-4.60%	-6.14%	-26.18%	-36.54%
(Q1) EPS Est Mthly Chg	16.16%	0.00%	0.00%	-0.56%	0.00%	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	F
Momentum Score	A
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.

Disclosures

This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock. The EPS and revenue forecasts are the Zacks Consensus estimates, unless indicated otherwise on the reports first page. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment. This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time. ZIR is not a broker-dealer. ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients. Zacks and its staff are not involved in investment banking activities for the stock issuer covered in this report.

ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.

No part of this report can be reprinted, republished or transmitted electronically without the prior written authorization of ZIR.