

Boston Scientific (BSX)

\$43.20 (As of 01/16/20)

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

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 01/10/19)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:A

Value: C

Growth: B

Momentum: A

Summary

Over the past three months, Boston Scientific outperformed its industry. Over the recent past, the company exhibited growth across all business lines and geographies. In the last reported quarter, within structural heart, the combined strength of WATCHMAN, ACURATE, LOTUS Edge and SENTINEL has helped it reach the upper end of 2019 guidance. Endoscopy delivered strong organic growth on multiple launches including infection prevention, therapeutic imaging, biliary and luminal hemostasis product lines. The company is on track for the year-end launch of Exalt-D Single-Use Duodenoscope, which is used in ERCP procedures. Notably, in the third quarter, it registered better-than-expected results. However, Boston Scientific is suffering from significant cost escalation and declining worldwide pacemaker sales which is also hurting the CRM business.

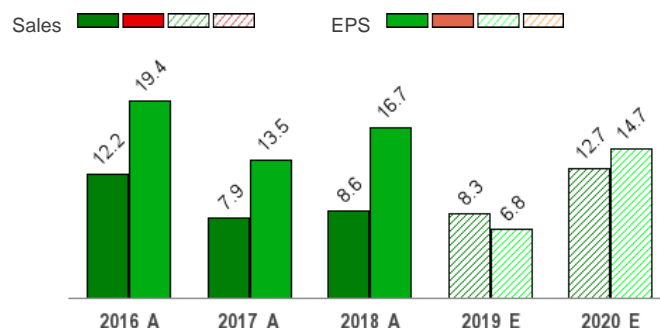
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$46.62 - \$34.35
20 Day Average Volume (sh)	6,365,427
Market Cap	\$60.2 B
YTD Price Change	-4.5%
Beta	0.78
Dividend / Div Yld	\$0.00 / 0.0%
Industry	Medical - Products
Zacks Industry Rank	Top 44% (111 out of 254)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	2.6%
Last Sales Surprise	2.4%
EPS F1 Est- 4 week change	0.2%
Expected Report Date	02/05/2020
Earnings ESP	0.0%

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2020	2,853 E	3,012 E	3,000 E	3,160 E	11,997 E
2019	2,493 A	2,631 A	2,707 A	2,923 E	10,641 E
2018	2,379 A	2,490 A	2,393 A	2,561 A	9,823 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2020	\$0.41 E	\$0.44 E	\$0.44 E	\$0.49 E	\$1.80 E
2019	\$0.35 A	\$0.39 A	\$0.39 A	\$0.44 E	\$1.57 E
2018	\$0.33 A	\$0.41 A	\$0.35 A	\$0.39 A	\$1.47 A

*Quarterly figures may not add up to annual.

P/E TTM	28.4
P/E F1	24.0
PEG F1	2.2
P/S TTM	5.8

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 01/16/2020. The reports text is as of 01/17/2020.

Overview

Headquartered in Natick, MA and founded in 1979, Boston Scientific Corporation manufactures medical devices and products used in various interventional medical specialties worldwide. The company has adopted the organic as well as inorganic routes for success.

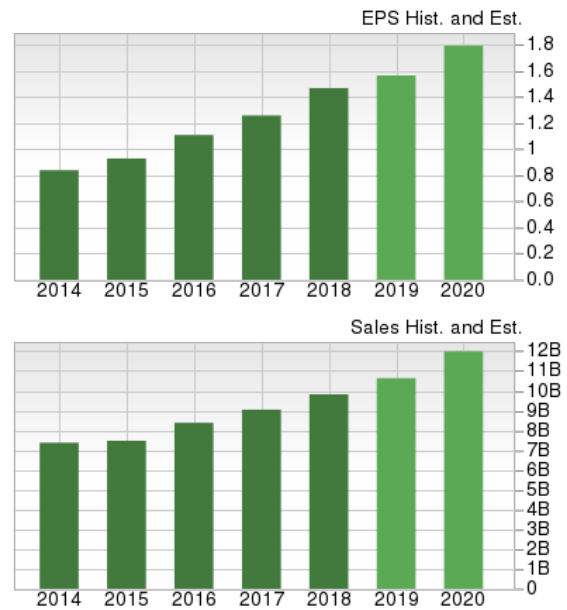
Boston Scientific currently has 3 global reportable segments viz. Cardiovascular (38.5% of total revenue in 2018; up 6% organically from 2017), Rhythm and Neuro (30.9%; up 7.6%) and MedSurg (30.6%; up 8.2%).

While Cardiovascular includes Interventional Cardiology (IC) and Peripheral Interventions (PI), Rhythm and Neuro comprises Cardiac Rhythm Management (CRM), Electrophysiology and Neuromodulation. The MedSurg group comprises 2 sub segments, viz. Endoscopy, Urology and Pelvic Health.

The company is one of the leading players in the interventional cardiology market with its coronary stent product offerings. Boston Scientific markets a broad portfolio of internally-developed and self-manufactured drug eluting stents including the Promus PREMIER, Promus Element and Promus Element Plus everolimus-eluting stents. In addition, in Europe, it markets the SYNERGY Everolimus-Eluting Platinum Chromium Coronary Stent System featuring an ultra-thin abluminal (outer) bioabsorbable polymer coating.

The company also markets balloon catheters, rotational atherectomy systems, guide wires, guide catheters, embolic protection devices, and diagnostic catheters used in percutaneous transluminal coronary angioplasty (PTCA) procedures, as well as intravascular ultrasound (IVUS) imaging systems.

Within the CRM segment, the company deals with implantable devices that monitor the heart and deliver electricity to treat cardiac abnormalities. The portfolio includes implantable cardioverter defibrillator (ICD) systems, cardiac resynchronization therapy defibrillator (CRT-D) systems and cardiac resynchronization therapy pacemaker (CRT-P) systems.



Reasons To Buy:

- ▲ **Price Movement:** Over the past three months, Boston Scientific outperformed the industry it belongs to. The stock gained 13.2% in this period compared with 4.9% growth of the industry.

Growth across all of its business lines and geographies was promising. The company is leaving no stone unturned to strengthen its core businesses and invest in new technologies as well as global markets. Within structural heart, the launch of LOTUS Edge Aortic Valve System in United States and Europe is executing well with positive customer feedback flowing in. According to Boston Scientific, the combined strength of WATCHMAN, ACURATE, LOTUS Edge and SENTINEL has positioned the company well, to reach the upper end of its structural heart revenue guidance for 2019 of \$700 million to \$725 million.

Within MedSurg, Endoscopy business delivered strong organic growth on multiple launches across several franchises including infection prevention, therapeutic imaging, biliary and luminal hemostasis product lines. The company is currently on track for the year-end launch of Exalt-D Single-Use Duodenoscope, which is used in ERCP procedures. According to Boston Scientific, the therapeutic imaging portfolio represents a significant opportunity in 2020 and beyond, with an incremental \$2 billion market opportunity by 2024. Within Urology and Pelvic Health, the company registered double-digit growth organic sales, led by strong momentum in LithoVue, lithotripsy and laser portfolio.

Meanwhile, as a major development, the company's recently-introduced SpaceOAR Hydrogel in the United Kingdom, has contributed 900 basis points of operational revenue growth in the third quarter. SpaceOAR expects to generate \$100 million in sales in 2019.

We are also looking forward to the company's recent acquisitions which are BTG, NxThera, Claret Medical, VENITI and Augmenix. These have already started to strongly contribute to the company's inorganic growth profile.

Boston Scientific is gaining traction in the emerging markets, particularly in the BRIC zone. Also, accretive acquisitions and significant progress in the company's restructuring initiatives buoys optimism.

- ▲ **Long-term Growth Goals Look Impressive:** Boston Scientific has recently presented a review of its long-term growth strategy and offered plans for product pipeline and strategic investments. According to the company, this is aimed at improving its clinical and economic outcomes, sustaining category leadership in served markets and expanding into high-growth, adjacent markets. The plan focuses on spaces like category leadership strategy, product diversification into faster-growth markets and expansion of portfolio and capabilities across geographies. In this regard, Boston Scientific noted that in 2018, it invested approximately \$1 billion in R&D and also announced 10 strategic acquisitions in support of its category leadership scheme. Based on these investments, the company expects to introduce approximately 75 products by 2022. According to the company, by 2022, these product launches will help 80% of its sales to reach high and moderate -growth markets. In terms of geographic growth, Boston Scientific is working on widening its footprint in the emerging markets along with increasing patient access to care and supporting steady broad-based progress through physician training capabilities, channel explosion and local partnerships.

- ▲ **BTG Acquisition, a Major Boost for PI:** Boston Scientific's recently-completed \$4.2-billion colossal acquisition of BTG is expected to considerably boost Boston Scientific's PI portfolio. BTG has three primary businesses, of which its Interventional Medicine portfolio, including various PI product lines, is the largest. Furthermore, BTG's Interventional Medicine business also boasts a vascular portfolio. In addition to BTG's Interventional Medicine product lines, it also has a specialty pharmaceutical business. With the completion of BTG acquisition, the consolidated company now expects to gain an enhanced category leadership position in interventional oncology, arterial and venous therapies. While the integration process has just begun, Boston Scientific expect this business to deliver double-digit growth in 2020. Meanwhile, revenues of legacy BTG interventional grew high-single digit in third quarter.

- ▲ **LOTUS Edge Relaunches:** Following the controlled launch in Europe, recently, Boston Scientific began a controlled commercial launch of LOTUS Edge Aortic Valve System in United States. As per the latest update, The LOTUS Edge controlled launches are going extremely well. The company is right now, on track to open 150 accounts in the first 12 months of the launch.

- ▲ **Impressive Value-adding Acquisitions:** We are impressed with Boston Scientific's several recent acquisitions that have added numerous products (though many are under development) with immense potential. This, in turn, should help boost the top line in the long term. Apart from the recently-completed acquisition of BTG, the company made a number of strategic acquisitions of late including Millipede (within Structural Heart) Claret Medical, VENITI and Augmenix. These acquisitions all target high-growth markets, enhance the company's category leadership strategy, leverage existing global capabilities and further enhance its short-term and long-term growth profile. Augmenix acquisition has enhanced the company's category leadership strategy in Urology. On the other hand, integration of Claret Medical has broadened the company's structural heart portfolio. Earlier to that, the company announced acquisitions of NxThera and nVision in Urology and Pelvic Health, EmCision in Endoscopy and Securus in EP.

- ▲ **Structural Heart Progresses Well:** Boston Scientific's structural heart programs are fast building momentum banking on strong performance of the WATCHMAN left atrial appendage closure device and ACURATE TAVR valve. In this regard, WATCHMAN had another excellent quarter with increased utilization. This has recently received reimbursement in Japan. This apart, the next generation WATCHMAN FLX is strongly capturing the European market. Meanwhile Boston Scientific is currently targeting the U.S.-launch of FLX in mid-2020s.

ACURATE TAVR is the fastest growing valve in Europe and delivered strong revenue growth in the third quarter. ACURATE neo sales grew faster than the market in quarter and the product is now available in 45 countries. Boston Scientific is currently enrolling patients in the ACURATE neo2 IDE trial in the United States with a targeted 2021 launch. Meanwhile, the company continues to expect European launch of the next generation ACURATE valve in mid-2020. According to Boston Scientific, the combined strength of WATCHMAN, ACURATE, LOTUS Edge and SENTINEL has positioned the company well to meet its structural heart revenue guidance for 2019 of \$700 million to \$725 million.

Per a data by Technavio, the global transcatheter mitral valve replacement market is growing stupendously at a CAGR of approximately 22% over 2016-2020. Management is optimistic about this large patient population in this space, which is unfortunately underserved at the moment. Hence, this area represents a lucrative market to be tapped into.

- ▲ **Urology Growth Impressive:** Since the acquisition of the AMS urology portfolio, the urology and pelvic health portfolio of Boston Scientific

has expanded manifold. We note that, urology represents attractive global market potential of \$4 billion with large unmet patient needs and considerable international expansion opportunities. Accordingly, the company's focus to increase its urology business value enhancement can be treated as perfectly strategic.

In this regard, we note that, this business has once again demonstrated strong global performance trend growing 19% operationally and 10% organically in the third quarter despite an ongoing negative impact from the market withdrawal of transvaginal mesh for the treatment of pelvic organ prolapse. This performance was led by mid-teens growth in Stone franchise and strong rollout of the company's LithoVue, lithotripsy and laser portfolio. The recently marketed SpaceOAR Hydrogel is currently aiming to earn \$100 million in revenues by the end of 2019.

▲ **Apama, Securus Buyouts to Boost Electrophysiology:** We are also looking forward to Boston Scientific's acquisition of Apama Medical which has allowed the company to expand into the single-shot pulmonary vein isolation ablation market, which is a potential \$1 billion market by 2022. Through this deal, Boston Scientific aims to expand its suite of arrhythmia solutions which fall under the Electrophysiology sub-segment of the company.

In the last-reported quarter, Electrophysiology sales grew 7% organically. In this regard, the global Electrophysiology (EP) market is poised to reach a value of around \$8.27 billion by 2022 (per data by Allied Market Research).

▲ **Focus on Emerging Markets:** An important part of Boston Scientific's growth strategy is to continue pursuing development opportunities outside the U.S. by expanding global presence, inclusive of the emerging markets. Against the backdrop of flattening or declining sales growth in developed markets like the U.S. and Europe, Boston Scientific is gradually strengthening its presence in the emerging markets, in countries like Brazil, Russia, India and China (BRIC). In third-quarter 2019, business from the emerging markets registered a 20% growth led by strong growth in China, Other Asean countries and Latin America. The company is currently looking forward to a much better performance ahead in China banking on the recent approval of SYNERGY in this region.

The company is gaining strong ground in India as well. It is currently targeting about 10 emerging markets for additional emphasis. Boston Scientific hopes to sustain its strong overall international performance taking into consideration several key new product launches that are in the early stages of their rollout. The company is also optimistic about its core cardiology segment which is gradually stabilizing with growth in the BRIC nations.

Reasons To Sell:

- ▼ **Legal Hassle Puts Pressure on Bottom Line:** Boston Scientific continues to incur escalating operating cost on its constant involvement in handling serious legal problems. For instance, in April 2019, the FDA ordered manufacturers of surgical mesh intended for transvaginal repair of pelvic organ prolapse (POP) to stop sell-ing and distributing these products. The company is currently working to resolve the mesh litigation, with over 95% of all known claims now settled or in the final stages of settlement. On this, the total legal reserve, of which mesh is included, was \$568 million as of Sep 30, 2019, a decline of roughly \$35 million versus June 30 and includes an additional \$25 million reserve for international settlements. Undoubtedly, these legal expenses are putting huge pressure on Boston Scientific's bottom line.
- ▼ **Pacemaker Sales Still Declining:** Declining worldwide pacemaker sales over the recent past continued to weigh on Boston Scientific's CRM results. In the third quarter, the company witnessed a low-single-digit decline in pacemaker performance due to certain product gaps between CRT-D pacing and MRI line. The company currently anticipates a modest pacer headwind for full-year 2019. However, pacemaker sales should gradually improve in with new product launches (including the launch of RESONATE platform) and easier comps.
- ▼ **Exposure to Currency Movement:** With Boston Scientific recording 47% of its sales from the international market, it remains highly exposed to currency fluctuations. Unfavorable currency movements have been a major dampener over the last few quarters, as in the case of other important MedTech players too. In the reported quarter, adverse currency translation had \$26 million negative impact on the company's top line. Boston Scientific currently expects foreign exchange headwind to the tune of \$176 million to \$180 million on full year revenues.
- ▼ **Competitive Landscape:** The presence of a large number of players has made the medical devices market highly competitive. The company participates in several markets, including Cardiovascular, CRM, Endosurgery and Neuromodulation, where it faces competition from large, well-capitalized companies such as Johnson & Johnson, Abbott, Medtronic, Stryker, Smith & Nephew and Edwards Lifesciences, apart from several other smaller companies.

Unfavorable currency movement and product recall were major dampeners during the quarter. Strong competitors in the large medical device market also pose a tough challenge for Boston Scientific.

Last Earnings Report

Boston Scientific Sees Growth In All Lines in Q3

Boston Scientific posted adjusted earnings per share of 39 cents in the third quarter of 2019, up 11.4% from the year-ago quarter. The same exceeded the Zacks Consensus Estimate by a penny as well. Meanwhile, the figure matched the upper end of the company's guided range of 37-39 cents.

Reported earnings per share in the third quarter was 11 cents compared with earnings of 31 cents per share in the year-ago quarter.

Quarter Ending **09/2019**

Report Date	Oct 23, 2019
Sales Surprise	2.36%
EPS Surprise	2.63%
Quarterly EPS	0.39
Annual EPS (TTM)	1.52

Revenues in Detail

Revenues in the third quarter rose 13.1% year over year reportedly, up 14.2% on an operational basis (at constant exchange rate or CER) and up 9.3% on an organic basis (adjusted for foreign currency fluctuations and certain recent acquisitions) to \$2.71 billion. Revenues also surpassed the Zacks Consensus Estimate of \$2.64 billion by 2.7%.

Excluding the impact of BTG buyout, in the third quarter, the company achieved 10.6% growth in the United States on a reported basis (same operationally); 6.3% improvement in the Europe, Middle East and Africa region (up 10.8%); 13.8% growth in the Asia Pacific zone (up 14.2%), 6.9% rise in Latin America and Canada (up 9.1%) and 16.1% increase in the emerging markets (up 19.3%).

Segmental Analysis

Boston Scientific currently has three global reportable segments: Cardiovascular, Rhythm and Neuro plus MedSurg.

The company generates maximum revenues from Cardiovascular. Sales from its subsegments — Interventional Cardiology and Peripheral Interventions — were \$700 million (up 14.6% year over year organically) and \$311 million (up 8.2%), respectively, in the third quarter.

Boston Scientific's Rhythm and Neuro business comprises Cardiac Rhythm Management (CRM), Electrophysiology and Neuromodulation. CRM reflected a 1.8% year-over-year increase in organic sales to \$478 million in the reported quarter.

Electrophysiology sales went up 7% year over year organically to \$81 million. Neuromodulation sales grew 7.9% year over year organically to \$222 million.

Other segments like Endoscopy plus Urology and Pelvic Health (under the MedSurg broader group) recorded sales of \$486 million (up 10.4% organically) and \$359 million (up 10.5%), respectively.

Boston Scientific noted that its operational results include the outcomes of BTG following the acquisition date of Aug 19, 2019. BTG currently has two reporting segments: Interventional Medicine and Specialty Pharma. From Aug 19 to the quarter end, Interventional Medicine registered revenues of \$48 million while Specialty Pharma reported revenues of \$23 million.

Margins

Gross margin in the third quarter contracted 62 basis points (bps) year over year to 71.3% due to a 15.6% rise in the cost of products sold.

Adjusted operating margin declined 72 bps to 22.1% in the reported quarter. Selling, general and administrative expenses increased 16.3% to \$1.01 billion while research and development expenses rose 5.9% to \$306. Meanwhile, royalty expenses of \$15 million fell 11.8% year over year.

Guidance

Boston Scientific has raised its earlier-provided reported revenues outlook for 2019. The company projects revenue growth in the 9-9.5% range on a reported basis (earlier guidance was 7-8%). Organically, revenues are projected to be 7.5%, the mid-point of the earlier range of 7-8%. The Zacks Consensus Estimate for 2019 revenues is pegged at \$10.68 billion.

The company has also narrowed its 2019 adjusted earnings per share expectation to a band of \$1.55-\$1.58 (earlier expectation was \$1.54-\$1.58). The Zacks Consensus Estimate of \$1.56 is within the guided range.

The company also provided its fourth-quarter 2019 financial outlook. It envisions revenue growth in the range of 13-15% on a reported basis and at 8-9% on an organic basis. Adjusted earnings per share is anticipated within 42-45 cents. The consensus mark for earnings per share stands at 44 cents while the same for revenues is pegged at \$2.9 billion.

Recent News

On **Dec 13, 2019**, Boston Scientific attained FDA clearance for world's first single-use duodenoscope, Exalt Model D.

On **Nov 5, 2019**, Boston Scientific announced favorable data for two devices within the peripheral drug-eluting product portfolio during separate late-breaking clinical trial presentations at Vascular InterVentional Advances (VIVA) meeting in Las Vegas. The positive results presented were from the studies on RANGER II SFA trial of the Ranger Drug-Coated Balloon (DCB) and the IMPERIAL trial of the Eluvia Drug-Eluting Vascular Stent (DES).

Valuation

Boston Scientific shares are up 1.3% in the six months period and up 14.9% in the trailing 12-month periods. Stocks in the Zacks sub-industry and Zacks Medical sector are up 1.6% and 7.3% in the six months period, respectively. Over the past year, the Zacks sub-industry and sector are up 13.5% and up 4.3%, respectively.

The S&P 500 index is up 10.5% in the six months period and up 22.3% in the past year.

The stock is currently trading at 23.9X Forward 12-months earnings, which compares to 25.1X for the Zacks sub-industry, 21.7X for the Zacks sector and 18.9X for the S&P 500 index.

Over the past five years, the stock has traded as high as 28.9X and as low as 15.2X, with a 5-year median 20X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$45 price target reflects 24.9x forward 12-months earnings.

The table below shows summary valuation data for BSX

Valuation Multiples - BSX					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	23.92	25.13	21.74	18.97
	5-Year High	28.93	25.30	21.74	19.34
	5-Year Low	15.15	17.01	15.88	15.17
	5-Year Median	20.04	19.53	18.95	17.44
P/S F12M	Current	5.00	3.98	2.87	3.53
	5-Year High	5.89	3.98	3.81	3.53
	5-Year Low	2.49	2.88	2.42	2.54
	5-Year Median	3.88	3.22	2.93	3.00
P/B TTM	Current	6.21	3.14	4.58	4.50
	5-Year High	6.90	4.30	5.02	4.50
	5-Year Low	2.94	2.21	3.42	2.85
	5-Year Median	5.18	2.77	4.28	3.61

As of 01/16/2020

Industry Analysis Zacks Industry Rank: Top 44% (111 out of 254)



Top Peers

Abbott Laboratories (ABT)	Neutral
Baxter International Inc. (BAX)	Neutral
Bio-Rad Laboratories, Inc. (BIO)	Neutral
DexCom, Inc. (DXCM)	Neutral
Hologic, Inc. (HOLX)	Neutral
Johnson & Johnson (JNJ)	Neutral
Medtronic PLC (MDT)	Neutral
Smith & Nephew SNATS, Inc. (SNN)	Neutral

Industry Comparison Industry: Medical - Products				Industry Peers		
	BSX Neutral	X Industry	S&P 500	ABT Neutral	BAX Neutral	MDT Neutral
VGM Score	A	-	-	C	B	C
Market Cap	60.21 B	325.19 M	24.22 B	156.12 B	45.94 B	159.32 B
# of Analysts	11	2	13	10	10	13
Dividend Yield	0.00%	0.00%	1.75%	1.63%	0.98%	1.82%
Value Score	C	-	-	C	C	C
Cash/Price	0.00	0.08	0.04	0.03	0.07	0.07
EV/EBITDA	26.82	0.33	14.11	24.17	19.29	18.67
PEG Ratio	2.21	2.75	2.06	2.26	2.09	2.89
Price/Book (P/B)	6.21	4.18	3.34	4.88	5.86	3.14
Price/Cash Flow (P/CF)	20.00	20.18	13.57	18.37	19.54	16.35
P/E (F1)	24.00	26.41	18.90	24.45	24.05	21.22
Price/Sales (P/S)	5.79	5.38	2.65	4.98	4.12	5.16
Earnings Yield	4.17%	0.24%	5.29%	4.09%	4.16%	4.71%
Debt/Equity	0.99	0.10	0.72	0.55	0.72	0.49
Cash Flow (\$/share)	2.16	-0.00	6.94	4.81	4.61	7.27
Growth Score	B	-	-	C	B	C
Hist. EPS Growth (3-5 yrs)	15.02%	10.04%	10.56%	7.68%	NA	6.06%
Proj. EPS Growth (F1/F0)	14.63%	13.60%	7.59%	11.31%	10.80%	7.30%
Curr. Cash Flow Growth	14.92%	5.21%	14.73%	1.30%	14.69%	6.26%
Hist. Cash Flow Growth (3-5 yrs)	6.75%	9.81%	9.00%	11.45%	-5.21%	15.58%
Current Ratio	1.14	2.78	1.24	1.54	2.78	2.77
Debt/Capital	49.72%	13.16%	42.99%	35.52%	41.88%	32.80%
Net Margin	10.49%	-15.64%	11.14%	10.50%	13.80%	15.11%
Return on Equity	23.10%	-6.74%	17.16%	17.65%	22.99%	14.52%
Sales/Assets	0.43	0.64	0.55	0.46	0.68	0.34
Proj. Sales Growth (F1/F0)	11.82%	11.86%	4.23%	6.63%	4.52%	3.17%
Momentum Score	A	-	-	B	A	F
Daily Price Chg	1.48%	0.25%	0.27%	1.03%	0.48%	1.30%
1 Week Price Chg	1.53%	0.00%	0.39%	-0.62%	0.47%	4.18%
4 Week Price Chg	-3.64%	3.20%	2.17%	1.06%	9.45%	4.73%
12 Week Price Chg	6.56%	9.36%	6.65%	8.51%	13.80%	12.89%
52 Week Price Chg	17.36%	0.00%	22.43%	25.18%	30.19%	35.69%
20 Day Average Volume	6,365,427	131,322	1,545,017	4,349,108	2,305,422	3,533,057
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.34%	0.00%
(F1) EPS Est 4 week change	0.20%	0.00%	0.00%	0.00%	0.48%	0.00%
(F1) EPS Est 12 week change	0.59%	-1.59%	-0.41%	-0.25%	-0.94%	0.69%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	0.00%	0.00%	-0.03%

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	B
Momentum Score	A
VGM Score	A

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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