

## Danaher Corporation (DHR)

**\$173.23** (As of 06/05/20)

Price Target (6-12 Months): **\$182.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 10/15/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

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

**3-Hold**

Zacks Style Scores:

VGM:D

Value: D

Growth: C

Momentum: C

### Summary

Year to date, Danaher's shares have outperformed the industry. The company is expected to benefit from Danaher Business System ("DBS"), shareholder-friendly policies and inorganic activities, going forward. Also, the pandemic-induced demand for certain products might benefit it in the second quarter. For second-quarter 2020, Danaher expects core revenues to decline 10% to flat year over year. Also, businesses in Western Europe and North America will be hit badly (sequentially) due to the pandemic. Further, high debt levels. Woes related to unfavorable movements in foreign currencies and rise in costs and expenses might be concerning. In the past 60 days, earnings estimates for Danaher have been lowered for the second quarter and 2020.

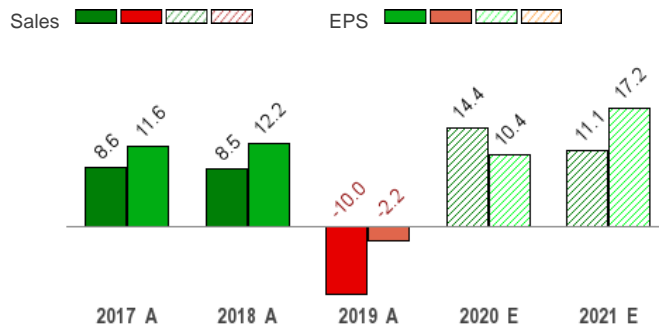
### Price, Consensus & Surprise



### Data Overview

52 Week High-Low	\$174.10 - \$119.60
20 Day Average Volume (sh)	3,435,532
Market Cap	\$120.8 B
YTD Price Change	12.9%
Beta	0.91
Dividend / Div Yld	\$0.72 / 0.4%
Industry	<a href="#">Diversified Operations</a>
Zacks Industry Rank	Bottom 17% (209 out of 253)

### Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	5.0%
Last Sales Surprise	-0.2%
EPS F1 Est- 4 week change	-0.0%
Expected Report Date	07/16/2020
Earnings ESP	3.7%
P/E TTM	37.0
P/E F1	35.5
PEG F1	3.3
P/S TTM	6.2

### Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	5,454 E	5,273 E	5,526 E	6,188 E	22,760 E
2020	4,343 A	4,945 E	5,251 E	5,951 E	20,482 E
2019	4,880 A	5,157 A	5,037 A	4,868 A	17,911 A

### EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$1.40 E	\$1.34 E	\$1.41 E	\$1.60 E	\$5.72 E
2020	\$1.05 A	\$1.02 E	\$1.27 E	\$1.58 E	\$4.88 E
2019	\$1.07 A	\$1.19 A	\$1.16 A	\$1.28 A	\$4.42 A

\*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 06/05/2020. The reports text is as of 06/08/2020.

## Overview

Danaher Corporation is a global conglomerate that designs, manufactures and markets diverse lines of professional, industrial, commercial and consumer products. It is headquartered in Washington, DC. The company's segmental details are provided below:

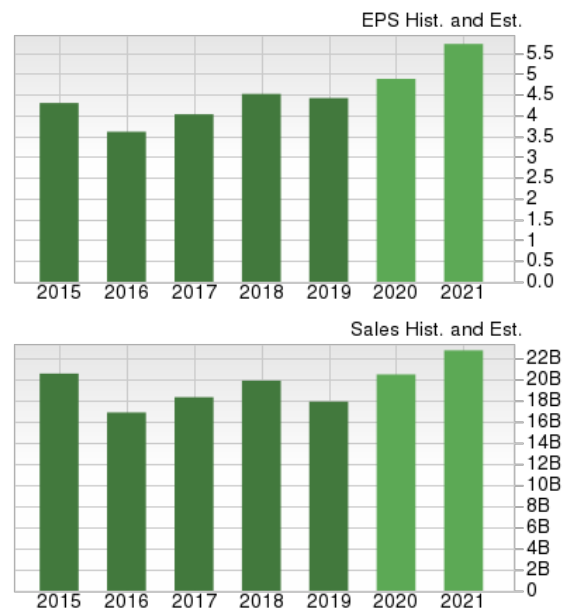
**Life Sciences** (38% of revenues generated in first-quarter 2020): The segment offers a broad range of research tools used to analyze a range of critical areas — including genes, proteins, metabolites and cells — to understand the causes of diseases, identify new therapies, and test new drugs and vaccines. It also provides filtration, separation and purification technologies to a range of industries, such as biopharmaceutical, food and beverage, medical, aerospace, microelectronics, and general industrial.

**Diagnostics** (37.5%): The segment offers analytical instruments, reagents, consumables, software and services that are deployed in hospitals, physicians' offices, reference laboratories and other critical care settings. It helps to diagnose diseases and take suitable treatment decisions.

**Environmental & Applied Solutions** (24.5%): The segment offers products and services to keep global food and water supplies safe. It offers instrumentation, consumables, services and disinfection systems to help analyze, treat and manage the quality of ultra-pure, potable, waste, ground, source and ocean water. Moreover, the product identification businesses develop and manufacture equipment, consumables and software for various printing, marking, coding, packaging, design and color management applications.

It is worth noting here that Danaher completed the divestment of its dental assets and transferred those to Envista Holdings Corporation in September 2019. Further, Danaher completed the divestiture of its stake in Envista Holdings in December 2019. Envista trades on the NYSE under the ticker symbol "NVST".

Also, in March, Danaher acquired the BioPharma business of General Electric Company.



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## Reasons To Buy:

- ▲ Year to date, Danaher's shares have gained 12.8% against the industry's decline of 9%. In first-quarter 2020, the company's earnings surpassed estimates by 5%. On a year-over-year basis, earnings expanded 6.1% on sales growth of 2.9%. The top-line performance was driven by a 4.5% increase in organic sales on the back of healthy growth in Radiometer, Cepheid, Pall and ChemTreat businesses. Going forward, DBS initiatives — which enabled the company to focus more on product innovation, superior product quality, building an efficient workforce and enhancing shareholder value — might be beneficial.
- ▲ For its Life Sciences segment, Danaher expects growth in core sales of bioprocessing, genomic and automation products in the second quarter of 2020. The prediction is based on the company's preliminary results for April 2020. Similarly, for the Diagnostics segment, the company believes that healthy demand for products related to acute care diagnostics and molecular diagnostics will favor results. Further, the company believes that growth in sales for water testing and treatment consumable products as well as those related to coding and marking of medicines, and consumer goods will benefit the Environmental & Applied Solutions segment.
- ▲ Over time, Danaher has relied on inorganic activities to boost its competency. In this regard, the buyouts of Integrated DNA Technologies (in April 2018), Blue Software (in July 2018) and Labcyte Corporation (in January 2019) are worth mentioning. The takeover of Labcyte has been fortifying Danaher's automation capabilities. Further, Danaher completed the acquisition of General Electric's BioPharma business in March this year. The buyout is anticipated to complement Danaher's biologics workflow solutions of the Life Sciences segment. The acquired assets will work as an operating company (stand-alone) — called Cytiva — in Danaher's Life Sciences segment. Further, Danaher divested its dental business to Envista in September 2019 and later closed the disposition of its stake in Envista in December. The transaction is projected to work in the best interests of Danaher's shareholders. Also, in April 2020, the company completed the divestment of certain assets belonging to its Life Sciences segment to Sartorius AG. For second-quarter 2020, the company anticipates Cytiva to contribute 2% to core sales growth.
- ▲ Danaher remains committed to rewarding its shareholders handsomely through dividend payments. In the first quarter of 2020, the company used \$138.1 million of funds to pay out dividends, which is higher than \$112.2 million distributed in the previous-year quarter. It is worth mentioning here that the company announced a hike of one cent per share in the quarterly dividend rate in February 2020.

Danaher is expected to benefit from its DBS initiatives, inorganic moves and shareholder-friendly policies. Also, favorable segmental trends in April might continue for the second quarter.

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## Reasons To Sell:

- ▼ On a P/E (TTM) basis, Danaher's stock looks overvalued compared with the industry, with respective tallies of 37.02x and 22.84x. Also, its shares are trading above the industry's year-to-date highest level of 22.98x. The company noted that its core revenues will likely decline 10% to flat year over year in the second quarter of 2020. Businesses in Western Europe and North America will be hit badly due to the pandemic as compared with the previous quarter. Projections for 2020 were withdrawn by the company in April. In the past 60 days, earnings estimates for Danaher have declined by 18.4% for the second quarter, by 2.8% for 2020 and by 2.1% for 2021. This makes us cautious about the stock.
- ▼ In the second quarter, Danaher believes that lower testing volumes (in clinical laboratories) and shutdown of academic laboratories will hurt the Life Sciences segment. This prediction is based on the company's preliminary results for April 2020. For Diagnostics, it believes that demand for instruments and consumables will suffer from lower volumes in reference labs and hospital labs. However, the company believes that customers' postponing equipment purchase will hurt the Environmental & Applied Solutions segment. In addition, rising cost of sales has been a major cause of concern for Danaher. Its cost of sales increased on a year-over-year basis for the four quarters of 2019. Notably, the metric expanded 1.9% year over year in the first quarter of 2020. Also, operating expenses (including selling, general and administrative, and research and development expenses) increased 6.7% year over year in the first quarter. Escalating costs, if unchecked, will continue to erode the company's margins in the quarters ahead.
- ▼ In order to finance buyout activities and working capital needs, sometimes Danaher generates funds through the issuance of long-term debt instruments and equities. This, in turn, could affect its cost of funds, liquidity and access to capital markets in case of a downgrade in investment grade ratings. To fund the acquisition of the BioPharma business, the company raised funds through the issuance of common and preferred shares. Also, it priced senior notes offerings of €6.25 billion last September and \$4 billion in October, while offered €1.75 billion senior notes in March 2020 and €750 million in April. In May, the company offered 9.5 million common shares and 1.6 million of 5.00% Series B mandatory convertible preferred stocks. It is worth mentioning here that Danaher's long-term debt at the end of the first quarter of 2020 stood at \$22.7 billion, reflecting a sequential increase of 5.7%. During the first quarter, the company raised \$4,371.4 million through borrowings, with maturity of more than 90 days. Its total-debt to total capital stood at 42.3% at first-quarter end, up from 41.5% in the previous quarter. Also, its times interest earned decreased to 25.3x in the first quarter of 2020 from 31.4x in the fourth quarter of 2019.
- ▼ International operations exposed Danaher to risks arising from unfavorable movements in foreign currencies and geopolitical issues. Sales in the first quarter dipped 1.5% due to forex woes. Persistence of the headwind might be detrimental to Danaher in the quarters ahead. Also, the company's business is overseen by a number of U.S. and non-U.S. governmental and self-regulatory entities. The entities ensure Danaher's compliance with multiple regulations related to import laws, export control and economic sanctions laws, restricting its scope. Further, any change in governmental regulations may curb demand for the company's product or service portfolio and elevate expenses.

Annual projections have been withdrawn due to the coronavirus outbreak-related worries. Also, huge debts and unfavorable movements in foreign currencies pose threats.

## Last Earnings Report

### Danaher Beats Q1 Earnings Estimates, Provides Bleak View

Danaher has reported better-than-expected results for the first quarter of 2020, with earnings surpassing estimates by 5%.

The company's adjusted earnings were \$1.05 per share in the reported quarter, which outpaced the Zacks Consensus Estimate of \$1.00. The same also grew 6.1% from the year-ago quarter's figure of 99 cents on sales growth.

Quarter Ending **03/2020**

Report Date	May 06, 2020
Sales Surprise	-0.16%
EPS Surprise	5.00%
Quarterly EPS	1.05
Annual EPS (TTM)	4.68

### Revenue Details

In the quarter under review, the company's net sales were \$4,343.1 million, which grew 2.9% from the year-ago quarter. Organic sales in the quarter grew 4.5%, partially offset by 1.5% adverse impact of foreign-currency translations. Notably, the organic performance was boosted by healthy growth in Radiometer, Cepheid, Pall and ChemTreat businesses.

However, the company's top line lagged the Zacks Consensus Estimate of \$4,382 million.

Effective third-quarter 2019, it started reporting net sales under three segments — Life Sciences, Diagnostics, and Environmental & Applied Solutions. The segmental information is briefly discussed below:

Revenues for the **Life Sciences** segment totaled \$1,650.4 million, rising 1.5% year over year. Results were driven by 2.5% growth in core sales, partially offset by a 1% adverse impact of foreign-currency translations.

Revenues in the **Diagnostics** segment grossed \$1,627 million, increasing 6% year over year. The improvement came on the back of an 8% rise in core sales, which was partially offset by a 2% negative impact of foreign-currency translations.

Revenues in the **Environmental & Applied Solutions** segment totaled \$1,065.7 million, rising 1% year over year. The uptick can be attributed to 2.5% growth in core sales. However, foreign-currency translations had an adverse impact of 1.5%.

### Margin Profile

In the quarter under review, Danaher's cost of sales rose 1.9% year over year to \$1,900.3 million. It represented 43.8% of net sales compared with 44.2% in the year-ago quarter. Gross profit increased by 3.7% year over year to \$2,442.8 million, while margin rose 40 basis points (bps) year over year to 56.3%.

Selling, general and administrative expenses of \$1,458.3 million reflect a year-over-year increase of 6.6%. As a percentage of net sales, it represented 33.6% versus 32.4% in the year-ago quarter. Research and development expenses were \$287 million, which rose 7.3% year over year. It represented 6.6% of net sales versus 6.3% in the year-ago quarter.

Operating income in the quarter under review declined 3.1% year over year to \$697.5 million. Operating margin decreased 100 bps to 16.1% in the quarter. The results were adversely impacted by a 5-bps adverse impact of acquisitions and 120-bps impact of miscellaneous sources, partially offset by 25-bps contribution from the core business.

Interest expenses more than doubled year over year to \$47.4 million.

### Balance Sheet and Cash Flow

Exiting the first quarter, Danaher had cash and cash equivalents of \$4,367.7 million, down from \$19,912.3 million at the end of the last reported quarter. Long-term debt balance rose 5.7% sequentially to \$22,737.2 million.

During the quarter, the company raised \$4,371.4 million through borrowings, with maturity of more than 90 days.

In the quarter, it generated net cash of \$819 million from operating activities, increasing 16.5% from the previous-year quarter. Capital used for purchasing property, plant and equipment totaled \$132.5 million versus \$140.1 million in the previous year.

Free cash flow in the quarter improved 21% year over year to \$694 million.

In the quarter, the company paid out dividends worth \$138.1 million to its shareholders.

### Outlook

In the quarters ahead, Danaher expects to benefit from solid product portfolio, operational efficiency and dedicated workforce.

For the second quarter of 2020, the company expects core revenues to be down 10% to flat year over year. The projection includes positive contribution of 2% from Cytiva.

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## Recent News

### Danaher's Stock Offering

On **May 12, 2020**, Danaher announced the completion of offerings of common shares and 5.00% Series B mandatory convertible preferred stock. Notably, the public offerings were announced on May 7, 2020.

As disclosed, the company priced each common share for \$163.00 and each 5.00% Series B mandatory convertible preferred stock for \$1,000. The company sold as many as 9.5 million common shares and 1.72 million preferred stocks (including 0.17 million preferred stocks sold to underwriters). In addition, the company noted that underwriters of common stock offerings have exercised their option to purchase extra 1.4 million shares on May 12.

Danaher received net proceeds of \$1.50 billion from the common stock offering, while got \$1.67 billion from preferred stock offering. Notably, the net proceeds from preferred stock offerings were after including the impacts of underwriter option and deducting for discounts and issuance costs.

The company anticipates using the net proceeds for satisfying general corporate purposes — including capital expenditures, buyouts, working capital needs, shares repurchases, refinancing of debts, dividends and others.

### Dividend

On **May 5, 2020**, Danaher announced that its board of directors approved the payment of a quarterly cash dividend of 18 cents per share to shareholders of record as of Jun 26. The payment will be made on Jul 31.

### Divestment of Assets to Sartorius

On **Apr 30, 2020**, Danaher announced the completion of the divestment of certain assets belonging to its Life Sciences segment to Sartorius AG. The transaction value was \$825 million.

As noted, the divested businesses — including chromatography hardware and resins, stainless steel hollow fiber tangential flow filtration systems, label-free biomolecular characterization, single-use tangential flow filtration systems, and microcarriers and particle validation standards — generated revenues of \$170 million in 2019.

The divestment agreement was a precondition for getting the regulatory nod for the GE BioPharma buyout. Further, the completion of the buyout (on Mar 31, 2020) was required for the completion of the divestment deal with Sartorius.

### Danaher Senior Notes Offering

On **Apr 8, 2020**, Danaher closed the offerings of €750 million worth of senior notes.

As noted, the offerings comprised €150 million of 1.700% senior notes due to expire on Mar 30, 2024; €300 million of 2.100% senior notes due to expire on Sep 30, 2026; and €300 million of 2.500% senior notes due to expire on Mar 30, 2030.

Notes due to expire in 2024 were priced at 100.298% of the principal amount plus interest (accrued). Moreover, the 2026 notes were priced at 100.842% of the principal amount plus accrued interest. Also, the notes due 2030 were offered to the public at 102.166% of the principal amount plus accrued interest.

Interest on the senior notes will be paid out annually. The first interest payment will be made on Mar 30, 2021, for the 2024 notes; on Sep 30, 2020, for the 2026 notes; and on Mar 30, 2021, for the 2030 notes.

Post the closing of the offerings, the company's outstanding balance of 1.700% senior notes due to expire in 2024 is €900 million. The outstanding balance for both 2.100% senior notes due 2026 and 2.500% senior notes due 2030 are €800 million.

Danaher anticipates using net proceeds from the notes offerings for satisfying general corporate purposes — including repaying borrowings under the revolving credit facility and commercial papers.

### Completion of BioPharma Buyout

On **Mar 31, 2020**, Danaher announced that it completed the acquisition of General Electric's BioPharma business. Notably, the buyout deal was revealed in February 2019 by the parties involved.

The BioPharma business originally belonged to General Electric's GE Life Sciences business under the ambit of the Healthcare segment. The BioPharma business comprises single-use technologies, process chromatography hardware and related consumables, development instrumentation and related consumables, and cell culture media and service.

**Details:** For the completion of the transaction, Danaher secured approvals from various regulatory authorities, including the European Commission as well as the antitrust authorities of Korea, Brazil, Russia, China, Israel and Japan. Also, the U.S. Federal Trade Commission gave a green signal to the buyout on Mar 19.

Danaher used cash on hand, proceeds from shares and preferred stock issuances, and funds raised through debts and credit facilities to pay \$21 billion for the buyout. The company also assumed certain pension liabilities of General Electric. The total transaction value for the buyout was \$21.4 billion.

The acquired BioPharma business will be included in Danaher's Life Sciences segment. It will be called Cytiva and work as an operating

company (stand-alone).

Danaher anticipates the acquisition to strengthen its biologics workflow solutions. Earnings accretion of 60 cents per share is anticipated in 2020 (disclosed in January 2020) from the buyout. Previously, the company had expected 45-50 cents per share earnings accretion for the first year of the deal completion.

### Senior Notes Offering

On **Mar 30, 2020**, Danaher closed the offerings of €1.75 billion worth of senior notes.

As noted, the offerings comprised €750 million of 1.700% senior notes due to expire in 2024, €500 million of 2.100% senior notes due to expire in 2026 and €500 million of 2.500% senior notes due to expire in 2030.

Notes due to expire in 2024 were priced at 99.931% of the principal amount, whereas 2026 notes were priced at 99.717% and 2030 notes at 99.642%.

Interest on the senior notes will be paid out annually.

Danaher anticipates using the net proceeds from the notes offerings for satisfying general corporate purposes — including repaying borrowings under the revolving credit facility and commercial papers.

### SARS-CoV-2 Test Information

On **Mar 21, 2020**, Danaher's business subsidiary Cepheid announced the receipt of Emergency Use Authorization (EUA) from the U.S. Food & Drug Administration (FDA) for Xpert Xpress SARS-CoV-2. Notably, Xpert Xpress SARS-CoV-2 is a rapid molecular diagnostic test for qualitative detection of SARS-CoV-2, the virus responsible for causing COVID-19.

## Valuation

Danaher shares are up 12.8% and 25.6% in the year-to-date period and over the trailing 12-month period, respectively. Stocks in both the Zacks sub-industry and the Zacks Conglomerates sector have moved down 9% in the year-to-date period. Over the past year, both the Zacks sub-industry and sector have declined 3%.

The S&P 500 index has declined 1.1% year to date and increased 10.4% in the past year.

The stock is currently trading at 24.82x forward 12-month EBITDA, which compares to 31.17x for both the Zacks sub-industry and the Zacks sector, and 13.52x for the S&P 500 index.

Over the past five years, the stock has traded as high as 24.82x and as low as 11.08x, with a 5-year median of 16.15x. Our Neutral recommendation indicates the stock to perform in line with the market. Our \$182 price target reflects 34.66x forward 12-month earnings per share.

The table below shows summary valuation data for DHR.

Valuation Multiples - DHR					
		Stock	Sub-Industry	Sector	S&P 500
EV/EBITDA F12M	Current	24.82	31.17	31.17	13.52
	5-Year High	24.82	99	99	14.17
	5-Year Low	11.08	16.98	16.98	9.02
	5-Year Median	16.15	21.75	21.75	10.92
P/E F12M	Current	33.01	28.39	28.39	23.08
	5-Year High	33.01	28.39	28.39	23.08
	5-Year Low	15.64	15.76	15.76	15.23
	5-Year Median	21.48	18.34	18.34	17.49
EV/Sales F12M	Current	6.55	3.39	3.39	3.21
	5-Year High	6.55	4.1	4.1	3.52
	5-Year Low	2.61	2.53	2.53	2.28
	5-Year Median	3.91	3.39	3.39	2.82

As of 06/05/2020



## Industry Analysis Zacks Industry Rank: Bottom 17% (209 out of 253)



## Top Peers

Company (Ticker)	Rec	Rank
Bunzl PLC (BZLFY)	Neutral	4
Icahn Enterprises L.P. (IEP)	Neutral	3
China Resources Enterprise Ltd. (CRHKY)	NA	3
First Pacific Co. (FPAFY)	NA	NA
Grupo Carso SA de CV (GPOVY)	NA	NA
Koninklijke KPN NV (KKPNF)	NA	3
Noble Group Ltd. (NOBGY)	NA	NA
Orkla Asa (ORKLY)	NA	NA

Industry Comparison Industry: Diversified Operations				Industry Peers		
	DHR	X Industry	S&P 500	GE	MMM	PH
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	D	-	-	F	B	A
Market Cap	120.83 B	4.51 B	23.09 B	68.93 B	96.29 B	25.06 B
# of Analysts	9	3	14	8	7	9
Dividend Yield	0.42%	1.70%	1.82%	0.51%	3.51%	1.80%
Value Score	D	-	-	C	C	A
Cash/Price	0.04	0.25	0.06	1.56	0.05	0.03
EV/EBITDA	30.59	9.49	13.17	4.17	15.29	12.64
PEG Ratio	3.24	3.37	3.13	42.45	2.23	1.72
Price/Book (P/B)	4.10	1.29	3.15	1.87	9.43	3.97
Price/Cash Flow (P/CF)	27.88	6.85	12.43	6.11	13.92	12.55
P/E (F1)	35.24	21.20	22.80	191.03	21.14	20.25
Price/Sales (P/S)	6.23	0.79	2.52	0.70	2.98	1.76
Earnings Yield	2.82%	4.30%	4.19%	0.51%	4.73%	4.94%
Debt/Equity	0.77	0.77	0.76	1.80	1.94	1.28
Cash Flow (\$/share)	6.21	2.43	7.01	1.29	12.02	15.57
Growth Score	C	-	-	F	A	B
Hist. EPS Growth (3-5 yrs)	2.50%	10.44%	10.87%	-21.62%	5.11%	17.20%
Proj. EPS Growth (F1/F0)	10.43%	-21.63%	-10.79%	-93.65%	-12.97%	-18.53%
Curr. Cash Flow Growth	1.84%	2.77%	5.48%	-8.00%	-11.15%	6.37%
Hist. Cash Flow Growth (3-5 yrs)	5.87%	5.78%	8.55%	-12.27%	1.67%	7.55%
Current Ratio	1.32	1.65	1.29	1.91	1.65	1.49
Debt/Capital	42.26%	42.26%	44.75%	64.30%	66.04%	56.22%
Net Margin	16.85%	3.62%	10.59%	-2.39%	15.37%	9.32%
Return on Equity	11.52%	11.52%	16.26%	13.66%	50.24%	24.30%
Sales/Assets	0.32	0.76	0.55	0.36	0.75	0.72
Proj. Sales Growth (F1/F0)	2.71%	0.00%	-2.61%	-24.38%	-5.32%	-6.53%
Momentum Score	C	-	-	F	C	A
Daily Price Chg	2.63%	2.13%	2.89%	1.81%	2.99%	-0.72%
1 Week Price Chg	5.28%	2.60%	4.60%	2.50%	6.83%	7.84%
4 Week Price Chg	5.96%	13.70%	15.60%	28.97%	14.87%	25.30%
12 Week Price Chg	34.40%	13.08%	29.34%	8.99%	25.33%	49.88%
52 Week Price Chg	28.39%	-18.70%	2.76%	-20.56%	1.63%	20.64%
20 Day Average Volume	3,435,532	68,779	2,537,324	118,592,240	4,250,995	1,443,901
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	-0.04%	0.00%	-0.08%	-69.16%	0.36%	0.88%
(F1) EPS Est 12 week change	-10.40%	-33.53%	-16.19%	-92.63%	-16.23%	-8.31%
(Q1) EPS Est Mthly Chg	-13.53%	0.00%	0.00%	-34.55%	-0.29%	-1.52%



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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	D
Growth Score	C
Momentum Score	C
VGM Score	D

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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