

## Keysight Technologies (KEYS)

**\$102.92** (As of 05/20/20)

Price Target (6-12 Months): **\$108.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 01/27/20)

Prior Recommendation: Outperform

Short Term: 1-3 Months

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

**2-Buy**

Zacks Style Scores:

VGM:B

Value: C

Growth: B

Momentum: A

## Summary

KeySight is benefiting from solid demand for electronic design and test instrumentation systems. It is focused on launching new solutions for growth markets like 5G, IoT, next-generation wireless, high-speed datacenters and automotive & energy is a positive. Further, collaborations with Qualcomm, Xilinx and AT&T are expected to fortify presence in the 5G network emulation market. The acquisitions of Ixia, Anite and AT4 Wireless have enriched Keysight's 5G solutions portfolio. However, the coronavirus outbreak in China is likely to impede Keysight's near-term growth prospects, as the company is exposed to the demand environment in the country. Markedly, the company withdrew fiscal second-quarter guidance due to the impact of the coronavirus crisis. Notably, shares have underperformed the industry on a year to date basis.

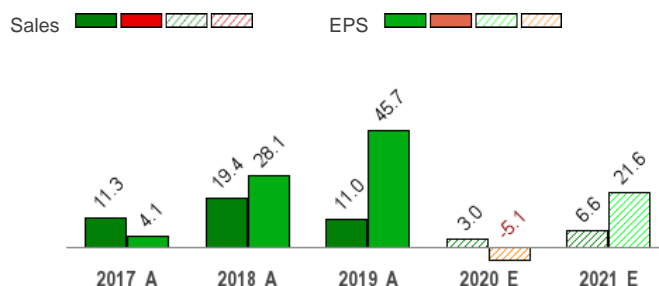
## Price, Consensus & Surprise



## Data Overview

52 Week High-Low	<b>\$110.00 - \$71.03</b>
20 Day Average Volume (sh)	<b>1,395,402</b>
Market Cap	<b>\$19.3 B</b>
YTD Price Change	<b>0.3%</b>
Beta	<b>1.09</b>
Dividend / Div Yld	<b>\$0.00 / 0.0%</b>
Industry	<b><a href="#">Electronics - Measuring Instruments</a></b>
Zacks Industry Rank	<b>Top 33% (83 out of 254)</b>

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



Last EPS Surprise	<b>16.7%</b>
Last Sales Surprise	<b>3.3%</b>
EPS F1 Est- 4 week change	<b>0.0%</b>
Expected Report Date	<b>05/26/2020</b>
Earnings ESP	<b>11.4%</b>
P/E TTM	<b>20.3</b>
P/E F1	<b>23.0</b>
PEG F1	<b>2.3</b>
P/S TTM	<b>4.4</b>

## Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	1,149 E	1,227 E	1,224 E	1,284 E	4,725 E
2020	1,095 A	1,092 E	1,072 E	1,175 E	4,434 E
2019	1,006 A	1,090 A	1,087 A	1,120 A	4,303 A

## EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$1.32 E	\$1.45 E	\$1.45 E	\$1.54 E	\$5.45 E
2020	\$1.26 A	\$1.00 E	\$1.09 E	\$1.38 E	\$4.48 E
2019	\$0.93 A	\$1.22 A	\$1.25 A	\$1.33 A	\$4.72 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 05/20/2020. The reports text is as of 05/21/2020.

## Overview

Based in Santa Rosa, CA, Keysight Technologies, Inc. is a provider of electronic design and test instrumentation systems. In 2013, Agilent Technologies announced that it will split into two independent companies. One of the companies was named Keysight Technologies, which became a fully independent electronic measurement company on Nov 1, 2014 and got listed on the New York Stock Exchange on Nov 3, 2014, with ticker symbol KEYS.

In fiscal 2019, the company generated non-GAAP revenues of \$4.312 billion. In first-quarter fiscal 2020, the company generated non-GAAP revenues of \$1.095 billion.

Beginning first-quarter fiscal 2020, the company's financial reporting comprises two segments — Electronic Industrial Solutions Group (EISG) and Communications Solutions Group (CSG).

Under CSG segment (74.7% of the non-GAAP revenues in first-quarter fiscal 2020), the company offers radio frequency (RF) and microwave test instruments and allied software, and electronic design automation (EDA) software instruments, laser source products, optical amplifiers, and other software solutions.

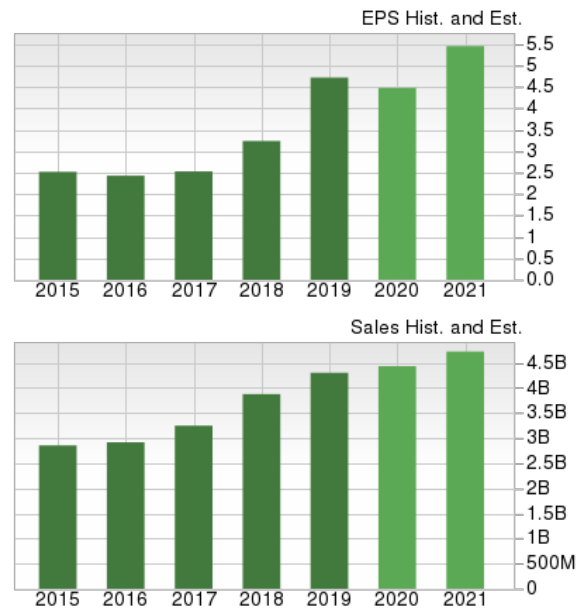
Notably, Ixia Solutions Group (ISG) segment reporting has been aligned with the CGS segment. ISG was formed after conclusion of Ixia buyout in Apr 18, 2017. Keysight's test and visibility solutions, and software maintenance services, were formerly under ISG.

CSG includes commercial communications (CC) and aerospace, defense & government (ADG) end markets.

In first-quarter fiscal 2020, CC and ADG revenues came in at \$573 million and \$245 million, respectively.

EISG (25.3%) accounts for design verification devices; general purpose test and measurement equipments; end-to-end manufacturing systems, and material analysis devices.

The company generated 40.8% of non-GAAP revenues from Americas in first-quarter fiscal 2020. Meanwhile, revenues from Europe and Asia Pacific came in at 17% and 42.2%, respectively.



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## Reasons To Buy:

- ▲ Electronic devices form the very fulcrum of Internet of Things (IoT) services, wireless devices, data centers and 5G technologies. The rapid adoption of these devices is increasing demand for electronics testing equipment. Further, ongoing technical advancement in mobile communications, semiconductors and automotive markets are likely to drive growth. Moreover, rising demand for power management applications is a key catalyst. Sturdy efforts toward the ongoing modification of the Internet infrastructure, evolution of smart cars & autonomous-driving vehicles bode well. Additionally, medical devices and pharmaceutical markets hold immense potential, thanks to growing usage of electronics based testing equipment in these markets. In fact, per MarketsandMarkets data, test and measurement equipment market is projected to be \$32.3 billion by 2024 at a CAGR of 3.9% from the estimated valuation of approximately \$25.7 billion in 2018.
- ▲ Keysight is gaining from strong industry wide growth. The company is witnessing solid adoption of its electronic design and test solutions. Strong demand for its solutions has been a key catalyst behind robust top-line growth. The company boasts a solid clientele comprising Alphabet, Amazon, Boeing, Facebook, MediaTek, Microsoft, Nvidia, Samsung, TSMC, and Tesla, to mention a few. Moreover, the company has a strong pipeline of new business bookings.
- ▲ Keysight boasts of a robust 5G portfolio. The company's 5G product design validation solutions ranging from Layer 1 to 7 enable telecom and semiconductor companies to accelerate their 5G initiatives. Further, Keysight's 5G network emulation solutions facilitate end-to-end processes from development to deployment, accelerating the 5G device architecture. The solutions offer cost-efficient test techniques with high flexibility and control capabilities, reducing time-to-market. Notably, over past three years, Keysight witnessed CAGR of more than 60% in order growth in 5G domain. Intensive infrastructure investments in 5G deployment and positive trial testing results hold promise. In fact, per ResearchAndMarkets data, global 5G market is expected to reach \$277 billion by 2025, witnessing a CAGR of around 111% between 2019 and 2025. Based on its portfolio strength, we believe that the company is well poised to gain from this robust growth prospect.
- ▲ Apart from strength in 5G domain, Keysight's efforts in other emerging growth markets like Internet of Things (IoT) and high-speed data centers, bodes well for the top line. Particularly, management's focus on Automotive and Energy, and Aerospace and Defense domains augur well in the long haul. In fact, growth in revenues from Aerospace, Defense and Government end-market deserves a special mention. In first-quarter fiscal 2020, the non-GAAP revenues from this vertical came in at \$245 million, up 10% year over year. Moreover, estimated higher spending on aerospace and defense globally in 2020 bodes well in this regard. The company is expected to benefit from the growing proliferation of electronic content in vehicles, momentum in space and satellite applications, and rising adoption of driver-assistance systems globally.
- ▲ The company has been active on the acquisition front. Keysight recently acquired Thales Calibration Services, a subsidiary of Thales Group. The buyout is likely to expand the company's current electrical portfolio, aiding Keysight in gaining foothold in the defense and security space. Similarly buyouts like Ixia (January 2017), Electroservices Enterprises and Anite (August 2015), and Eagleware-Elanix (August 2005) have aided growth by expanding product portfolio at various levels and adding competence and domain expertise.
- ▲ Keysight is also expanding its business through collaborations with established sector players. Notably, the company is extending Ixia's CloudLens visibility platform capabilities, enabling it to offer access to packet data in leading cloud platforms including Amazon Web Services ("AWS"), Microsoft Azure, Google Cloud Platform, Alibaba Cloud, among others. This move is expected to augment adoption of CloudLens, which in turn favors top-line growth. Furthermore, Keysight's collaborations with the likes of Softbank, OPPO, ASUS, Motorola, Verizon Communications and Qualcomm Technologies, are enabling it to achieve 5G commercialization related milestones. Additionally, tie-ups with fabless semiconductor companies engaged in providing 5G chipsets, like UNISOC, MediaTek, among others, enhances Keysight's prospects in the 5G domain, favoring top-line growth. Moreover, the company is also part of China-based Phase I Step 3 5G trials led by IMT-2020 Promotion Group. The extended collaborations augur well for the company in the long haul.

Robust adoption driven by high demand for 5G design and test solutions primarily from telecom vendors, and a strong pipeline for new business bookings are key catalysts.

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## Reasons To Sell:

- ▼ Keysight derives a significant proportion of its revenues from outside the United States (59.2% of total non-GAAP revenues in first-quarter fiscal 2020), subjecting the company to exchange rate volatility. Unfavorable movement in exchange rates of foreign currencies like renminbi, euro, pound sterling, Costa Rican colon, and yen related to the U.S. dollar can adversely impact results and undermine its growth potential to some extent.
- ▼ Keysight is considerably exposed particularly to the demand environment in China (19.1% of revenues in fiscal 2019), which is at present quite sluggish. Further, imposition of tariffs owing to trade war between the United States and China is anticipated to negatively impact growth prospects. The uncertainty over the recent trade war truce has impacted investors' confidence and is likely to remain an overhang on the company's performance.
- ▼ Keysight's frequent acquisitions have escalated integration risks. Moreover, we note that the buyouts negatively impacted the company's balance sheet in the form of high level of goodwill and net intangible assets, which comprised of 24.1% of total assets as of Jan 31, 2020.
- ▼ Acquisitions have also negatively impacted Keysight's balance sheet, as indebtedness adds to the risk of investing in the company. As of Jan 31, 2020, net debt amounted to \$97 million, compared with \$190 million as of Oct 31, 2019. Moreover, debt-to-capital stands at 38.4%, up from the prior quarter's figure of 37.3%. Consequently, the company has to constantly generate adequate amount of operating cash flow to service its debt.
- ▼ Although, shares have outperformed the industry in the past year, the company is trading at premium in terms of Price/Book (P/B). Keysight currently has a trailing 12-month P/B ratio of 6.17. This level compares unfavorably with what the industry witnessed in the prior year. Consequently, the valuation looks slightly stretched from P/B perspective.

Exposure to foreign currency fluctuations, integration risks and a leveraged balance sheet remain major concerns.

## Last Earnings Report

### Keysight Q1 Earnings Surpass Estimates, Revenues Up Y/Y

Keysight Technologies delivered first-quarter fiscal 2020 non-GAAP earnings of \$1.26 per share, which surpassed the Zacks Consensus Estimate by 16.7%. The bottom line improved 35.5% from the year-ago quarter. The figure was also above the higher end of management's guidance of \$1.04-\$1.10 per share.

Non-GAAP revenues improved 9% year over year to \$1.095 billion, above the higher end of management's guided range of \$1.045-\$1.065 billion. Non-GAAP core revenues (excluding the impact of currency and revenues from acquisitions in a year's time) increased 8% year over year to \$1.088 billion. Meanwhile, GAAP revenues advanced 9% from the year-ago quarter to \$1.095 billion.

The Zacks Consensus Estimate for revenues was pegged at \$1.061 billion.

Robust adoption of the company's solutions across diversified end-markets, including 5G, aerospace defense, network visibility and general electronics, primarily drove the fiscal first-quarter results. Further, the company is well poised to sustain momentum, courtesy of its differentiated and broad portfolio of solutions across several end-markets.

### Quarter in Detail

Orders grew 12% year over year to approximately \$1.141 billion during the reported quarter. Notably, core orders improved 11%.

Beginning first-quarter fiscal 2020, the company's financial reporting comprises two segments — Electronic Industrial Solutions Group (EISG) and Communications Solutions Group (CSG). Ixia Solutions Group (ISG) segment reporting has been aligned with the CGS segment.

**CSG** includes commercial communications (CC) and aerospace, defense & government (ADG) end markets. CSG revenues of \$818 million improved 9% year over year and 8% on a core basis. CSG contributed 74.7% to total non-GAAP revenues in the fiscal first quarter. CC revenues of \$573 million improved 8% year over year on the back of strong growth in the wireless ecosystem primarily fueled by advancement in 5G investment. Moreover, robust 5G order growth and strong demand for Ixia's Network Applications & Security solutions favored revenues. ADG revenues came in at \$245 million, increasing 10% year over year. Higher government spending and momentum in investments aimed at technology modernization supported the upside. Management noted demand strength globally.

**EISG** revenues increased 8% to \$277 million. This can primarily be attributed to robust demand for the company's solutions in process node technology testing, considering semiconductor vertical. Investments in next-generation automotive and energy technologies, and momentum in first-to-market solutions, also contributed to the rally. EISG contributed 25.3% to total non-GAAP revenues in first-quarter fiscal 2020.

Non-GAAP revenues from Americas came in at \$447 million, up 10% year over year. Non-GAAP revenues from Europe and Asia Pacific of \$179 million and \$425 million, improved 4% and 9%, respectively, on a year-over-year basis. Americas, Europe and Asia Pacific contributed 40.8%, 17% and 42.2%, respectively, to total revenues in the reported quarter.

### Margin Highlights

Non-GAAP gross margin expanded 280 basis points (bps) to 64.6% during the reported quarter. CSG and EISG's gross margin of 65.7% and 61.1% expanded 290 bps and 220 bps, respectively, on a year-over-year basis.

Non-GAAP operating expenses increased 3.1% to \$433 million. As a percentage of revenues, the figure contracted 220 bps to 39.5%.

Consequently, non-GAAP operating margin expanded 480 bps to 25%.

### Balance Sheet & Cash Flow

As of Jan 31, 2020, Keysight had cash & cash equivalents of \$1.691 billion, up from \$1.598 billion as of Oct 31, 2019. As on Jan 31, 2020, the company reported long-term debt of \$1.788 billion, which remained unchanged sequentially.

Cash flow from operations during the quarter came in at \$197 million compared with \$263 million reported in the prior quarter. Free cash flow was \$165 million compared with the previous quarter's \$233 million.

### Guidance

For second-quarter fiscal 2020, the company expects revenues to be \$1.138-\$1.178 billion. The guidance includes impact from ongoing coronavirus crisis. Non-GAAP earnings per share are projected to be \$1.28-\$1.38.

Quarter Ending **01/2020**

Report Date	Feb 24, 2020
Sales Surprise	3.25%
EPS Surprise	16.67%
Quarterly EPS	1.26
Annual EPS (TTM)	5.06

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## Recent News

On May 20, Keysight announced that its 5G device testing solutions have been selected by China Unicom to ensure 5G smartphones and consumer premises equipment (CPE) comply to the latest 5G new radio (NR) standards.

On May 12, Keysight announced the launch of the Infiniium MXR-Series mixed signal oscilloscope, the first ever oscilloscope with 8 analog channels at 6 GHz and 16 simultaneous digital channels which provides greater accuracy and performance.

On May 11, Keysight announced the launch of a new simulation workflow that connects PathWave Advanced Design System (ADS) with VPI Design Suite from VPIphotonics, and enables designers to predict the signal integrity of Electrical-Optical-Electrical data links.

On May 5, Keysight unveiled PathWave Waveform Analytics, an edge-to-cloud computing application, which accelerates anomaly detection and reduces data storage costs in pre-silicon validation with sacrificing reliability.

On May 4, Keysight announced that it has become the first company to gain approval from 3GPP for 5G new radio (NR) protocol test cases that support carrier aggregation (CA) technology.

On Apr 29, Keysight announced the launch of Open RAN Studio, the first emulation software for validating O-RAN compliant radio units (O-RUs).

On Apr 16, Keysight announced that its Scienlab Charging Discovery System (CDS) has been adopted by DEKRA to test and certify the charging technology within an electric vehicle (EV) or electric vehicle supply equipment (EVSE).

On Apr 7, Keysight announced that its 5G test solutions have been selected by China Telecommunication Technology Laboratory (CTTL) to certify 5G devices as per 5G new radio (NR) 3GPP specifications.

On Mar 31, Keysight announced the launch of its Innovate Anywhere program, which includes 90-day software trials, remote learning and scalable live network testing to help clients maintain business continuity amid the COVID-19 pandemic.

On Mar 26, Keysight announced that its user equipment (UE) solutions have been selected by NVIDIA to accelerate the development of flexible virtualized networks and high-value mobile services.

On Mar 24, Keysight announced that its end-to-end test solutions have been adopted by DEKRA to certify 5G new radio (NR) and vehicle-to-everything (V2X) devices to ensure regulatory compliance and enhance safety.

On Mar 18, Keysight announced that due to the coronavirus pandemic, it may not be able to meet second-quarter fiscal 2020 guidance provided in the last earnings call. The company had to temporarily shut down many of its locations globally until at least the end of March. For second-quarter fiscal 2020, the company initially expected revenues in the range of \$1.138-\$1.178 billion. Moreover, non-GAAP earnings per share were projected in the range of \$1.28-\$1.38.

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## Valuation

Keysight's shares are up 0.3% in the year-to-date period and 35.9% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Computer & Technology sector are up 9.9% and 1% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and sector are up 25.9% and 18%, respectively.

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The S&P 500 index is down 9.1% in the year-to-date period and up 4% in the past year.

The stock is currently trading at 4.2X forward 12-month sales, which compares to 3.3X for the Zacks sub-industry, 3.68X for the Zacks sector and 3.36X for the S&P 500 index.

Over the past five years, the stock has traded as high as 4.51X and as low as 1.19X, with a 5-year median of 2.26X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$108 price target reflects 4.4X forward 12-month sales.

The table below shows summary valuation data for KEYS

Valuation Multiples - KEYS					
		Stock	Sub-Industry	Sector	S&P 500
P/S F12M	Current	4.2	3.3	3.68	3.36
	5-Year High	4.51	3.3	3.68	3.44
	5-Year Low	1.19	0.98	2.32	2.53
	5-Year Median	2.26	1.72	3.1	3.01
P/B TTM	Current	6.17	5.27	5.18	4.06
	5-Year High	6.81	7.67	5.38	4.56
	5-Year Low	2.62	2.2	3.16	2.83
	5-Year Median	4.14	3.42	4.31	3.65
EV/Sales TTM	Current	4.44	3.45	4.16	2.9
	5-Year High	4.8	3.73	4.43	3.46
	5-Year Low	1.44	1.1	2.58	2.15
	5-Year Median	2.92	2.16	3.58	2.82

As of 05/20/2020

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## Industry Analysis Zacks Industry Rank: Top 33% (83 out of 254)



## Top Peers

Company (Ticker)	Rec	Rank
AAON, Inc. (AAON)	Neutral	3
ASML Holding N.V. (ASML)	Neutral	3
Amtech Systems, Inc. (ASYS)	Neutral	2
Canon, Inc. (CAJ)	Neutral	4
Cadence Design Systems, Inc. (CDNS)	Neutral	2
Garmin Ltd. (GRMN)	Neutral	3
Lam Research Corporation (LRCX)	Neutral	3
Nova Measuring Instruments Ltd. (NVMI)	Underperform	4

## Industry Comparison Industry: Electronics - Measuring Instruments

	KEYS	X Industry	S&P 500	ASML	ASYS	CAJ
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	2	-	-	3	2	4
VGM Score	B	-	-	F	A	B
Market Cap	19.29 B	65.74 M	20.26 B	136.71 B	74.17 M	21.91 B
# of Analysts	3	1	14	3	1	3
Dividend Yield	0.00%	0.00%	2.09%	0.76%	0.00%	5.73%
Value Score	C	-	-	F	B	C
Cash/Price	0.10	0.20	0.07	0.04	0.71	0.19
EV/EBITDA	17.69	8.83	12.22	37.61	4.01	5.29
PEG Ratio	2.30	3.27	2.72	1.96	NA	4.72
Price/Book (P/B)	6.42	2.95	2.79	9.89	0.93	0.88
Price/Cash Flow (P/CF)	17.00	17.00	10.87	40.14	13.21	6.60
P/E (F1)	22.97	22.67	20.21	44.65	264.00	21.24
Price/Sales (P/S)	4.39	1.14	2.07	10.23	0.97	0.69
Earnings Yield	4.35%	4.35%	4.73%	2.24%	-17.42%	4.71%
Debt/Equity	0.61	0.11	0.76	0.31	0.06	0.13
Cash Flow (\$/share)	6.05	0.68	7.01	8.11	0.40	3.12
Growth Score	B	-	-	F	B	B
Hist. EPS Growth (3-5 yrs)	16.11%	28.12%	10.87%	22.72%	NA	-1.90%
Proj. EPS Growth (F1/F0)	-5.08%	-0.71%	-10.31%	5.85%	-428.57%	-8.49%
Curr. Cash Flow Growth	-28.59%	-24.28%	5.51%	-4.32%	-45.26%	-27.71%
Hist. Cash Flow Growth (3-5 yrs)	15.69%	14.33%	8.55%	14.58%	20.49%	-6.35%
Current Ratio	3.39	3.18	1.29	2.72	8.41	1.71
Debt/Capital	37.99%	9.63%	44.54%	23.60%	5.76%	11.60%
Net Margin	15.26%	0.75%	10.54%	21.83%	-14.12%	3.29%
Return on Equity	29.65%	4.03%	16.27%	21.49%	2.68%	4.03%
Sales/Assets	0.68	0.90	0.54	0.55	0.64	0.73
Proj. Sales Growth (F1/F0)	3.05%	0.00%	-2.49%	0.98%	-18.70%	-1.17%
Momentum Score	A	-	-	B	D	B
Daily Price Chg	7.21%	3.92%	1.89%	6.33%	3.33%	1.13%
1 Week Price Chg	-5.87%	-3.51%	-4.56%	-3.90%	-6.64%	-3.19%
4 Week Price Chg	8.03%	8.88%	6.22%	10.40%	18.92%	2.69%
12 Week Price Chg	9.41%	-9.40%	-11.76%	13.73%	4.14%	-18.74%
52 Week Price Chg	35.85%	15.06%	-6.30%	70.02%	-11.41%	-28.22%
20 Day Average Volume	1,395,402	45,155	2,611,239	795,942	39,271	485,165
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.00%	-4.53%	-4.10%	0.14%	150.00%	-17.33%
(F1) EPS Est 12 week change	-1.62%	-7.52%	-16.63%	-16.62%	150.00%	-34.90%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	-9.35%	0.00%	-450.00%	NA



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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	C
Growth Score	B
Momentum Score	A
VGM Score	B

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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### Disclosures

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