

Eli Lilly & Company (LLY)

\$150.91 (As of 09/04/20)

Price Target (6-12 Months): **\$158.00**

Long Term: 6-12 Months

Zacks Recommendation:
Neutral

(Since: 07/16/20)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:A

Value: B

Growth: A

Momentum: C

Summary

Lilly still expects revenue growth to be driven by higher demand for its growth drugs like Trulicity, Taltz, and others and from product launches in diabetes, autoimmune diseases and cancer. Lilly is making significant pipeline progress including its efforts to make therapies to treat COVID-19. Lilly is regularly adding promising new pipeline assets through business development deals. Though new prescription volume of several medicines declined in Q2 due to COVID-19, the trends are expected to improve in the second half. However, generic competition for several drugs, rising pricing pressure in the United States, and price cuts in some international markets like China, Japan and Europe are some top-line headwinds expected. The stock has outperformed the industry this year so far.

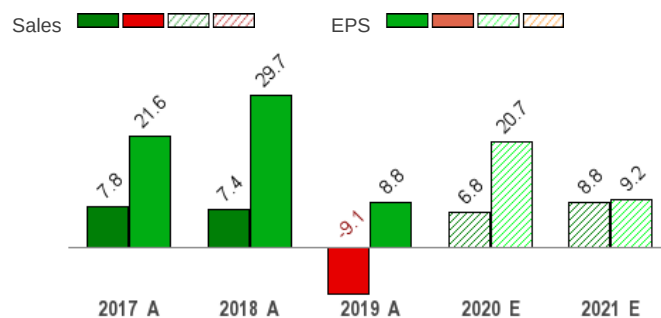
Price, Consensus & Surprise



Data Overview

52-Week High-Low	\$170.75 - \$101.36
20-Day Average Volume (Shares)	2,482,233
Market Cap	\$144.3 B
Year-To-Date Price Change	14.8%
Beta	0.18
Dividend / Dividend Yield	\$2.96 / 2.0%
Industry	Large Cap Pharmaceuticals
Zacks Industry Rank	Top 49% (123 out of 251)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	19.6%
Last Sales Surprise	-2.2%
EPS F1 Estimate 4-Week Change	0.2%
Expected Report Date	10/28/2020
Earnings ESP	3.0%
P/E TTM	22.0
P/E F1	20.7
PEG F1	2.0
P/S TTM	6.3

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021					25,939 E
2020	5,860 A	5,499 A	5,875 E	6,547 E	23,832 E
2019	5,092 A	5,637 A	5,477 A	6,114 A	22,320 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021					\$7.96 E
2020	\$1.75 A	\$1.89 A	\$1.76 E	\$1.88 E	\$7.29 E
2019	\$1.33 A	\$1.50 A	\$1.48 A	\$1.73 A	\$6.04 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 09/04/2020. The reports text is as of 09/08/2020.

Overview

Indianapolis, IN based Eli Lilly and Company, one of the world's largest pharmaceutical companies, boasts a diversified product profile including a solid lineup of new successful drugs. It also has a dependable pipeline as it navigates through challenges like patent expirations of several drugs and rising pricing pressure on its U.S. diabetes franchise.

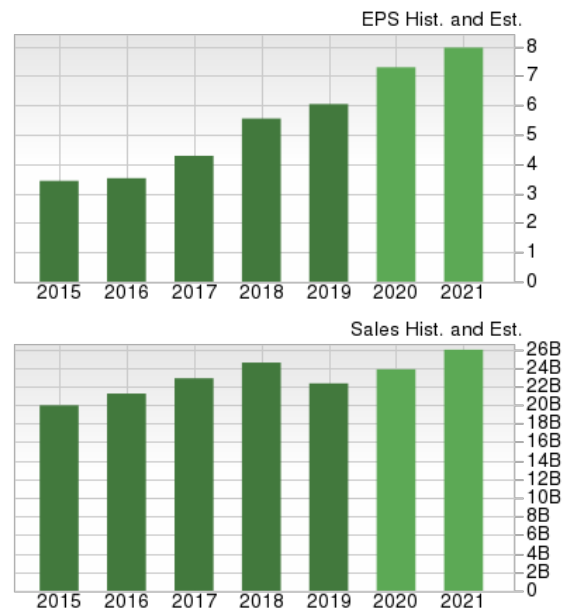
Its pharmaceutical product categories are neuroscience (Zyprexa, Cymbalta, Emgality), diabetes (Humalog, Humulin, Trulicity and others), oncology (Alimta, Cyramza, Verzenio), immunology (Taltz and Olumiant) and others (Cialis).

Over the past few years, Lilly has been actively seeking acquisitions and in-licensing deals to boost its product portfolio and pipeline. The \$6.5 billion purchase of ImClone Systems in November 2008 brought with it blockbuster cancer compound, Erbitux. The January 2007 acquisition of ICOS Corporation gave Lilly full control over erectile dysfunction drug, Cialis. Its other acquisitions include Hypnion, Inc. (a neuroscience drug discovery company focused on sleep disorders), CoLucid Pharmaceuticals (which added lasmiditan for acute migraine) and Loxo Oncology (added Retevmo/selpercatinib for RET-altered lung and thyroid cancers).

Lilly has collaboration agreements with several companies including Pfizer (tanezumab), Incyte (Olumiant), Boehringer Ingelheim (diabetes), among others.

Lilly divested its Elanco animal health unit as an independent publicly traded company - Elanco Animal Health Incorporated - via an initial public offering (IPO) of a minority stake in 2018. Elanco Animal Health started trading with the ticker symbol ELAN on NYSE from Sep 20. Lilly divested the remaining 80.2% stake in the new company through a "tax-efficient transaction" in March 2019.

Lilly's 2019 revenues increased 4% to \$22.3 billion. Among the key drugs, Trulicity accounted for 18% of Lilly's 2019 revenues, Humalog accounted for around 13%, Alimta accounted for 9% and Taltz accounted for 6% of the top line.



Source: Zacks Investment Research

Reasons To Buy:

▲ **Shares Outperforming Industry:** Lilly's share price has risen 14.0% this year so far, outperforming the industry's decrease of 0.5%.

▲ **Key Products Target a Wide Range of Therapeutic Areas:** Lilly boasts of a wide range of products that serve a vast number of therapeutic areas. The company focuses primarily on central nervous system disorders, metabolic diseases, autoimmune diseases, cardiovascular diseases and cancer, which are all high growth areas and represent significant commercial potential.

▲ **Successful Diabetes Business:** Lilly has a strong portfolio of medicines to treat diabetes that includes drugs like Tradjenta, Jardiance, Trulicity, Synjardy, Synjardy XR, Glyxambi (a fixed dose combination of Jardiance/metformin), Basalgar and Humalog U-200 KwikPen. Trulicity, its highest revenue generating product, recorded sales of \$4.1 billion in 2019. With the inclusion of the cardiovascular indication in Jardiance's label in 2017, there has been a surge in the drug's sales. Lilly is also developing an automated insulin delivery system (phase II) to automate insulin dosing in type I diabetes in order to make diabetes management easier. It also launched Insulin Lispro, a lower priced version of Humalog in the United States in May 2019 and lower-priced versions of Humalog Mix75/25 and KwikPen and Humalog Junior KwikPen in April.

▲ **Working on Building Its Pipeline:** Lilly has been working on building its pipeline and has a wide range of compounds in different stages of development. Lilly believes it has the potential to launch 20 new products in a 10-year time frame from 2014 through 2023. The company is also looking to launch an average of two new indications or line extensions for approved products every year during this time period.

Lilly's key areas of focus are diabetes, oncology, immunology and neurodegeneration. Notable pipeline agents include tanezumab (osteoarthritis pain – under review in United States and Europe, cancer pain - phase III), mirikizumab (psoriasis – phase III, ulcerative colitis – phase III and Crohn's disease – phase III) and lebrikizumab (atopic dermatitis – phase III). A novel diabetes candidate in Lilly's pipeline is tirzepatide, a dual GIP and GLP-1 receptor agonist (GIP/GLP-1 RA), which showed impressive blood sugar reductions and weight loss in type II diabetes patients in October. Phase III studies began in late 2018. The company also initiated a cardiovascular outcome study for tirzepatide in June 2020. Tirzepatide is also in phase III studies for obesity and phase II in NASH.

New drugs, Olumiant (in Europe) for rheumatoid arthritis, Verzenio (abemaciclib) for metastatic breast cancer, and Emgality (galcanezumab), its CGRP antibody, for the preventive treatment of migraine are off to strong starts. In July 2019, Lilly gained FDA approval for Baqsim, its glucagon nasal powder to treat severe hypoglycemia in diabetes patients. Baqsim is the first and only nasally administered glucagon to be approved by the FDA. In October 2019, the FDA granted approval to Lilly's Reyvow (lasmiditan) oral tablets to treat acute migraine, thus boosting its portfolio of pain medicines. In 2020 so far, Lilly has already launched Retevmo/selpercatinib (RET-altered lung and thyroid cancers) and Lymjev/Ultra-rapid Lispro (type I and type II diabetes).

Meanwhile, relatively newer drugs are also being evaluated or have been approved for additional indications/label expansions. These include Taltz (approved for radiographic/non-radiographic axial spondyloarthritis in August 2019/May 2020 and launched for psoriatic arthritis in 2017/2018), Cyramza (approved in United States for first-line EGFR mutation positive NSCLC in May 2020), and Verzenio (phase III for adjuvant breast cancer). Meanwhile, two phase III EMPEROR studies (outcomes studies) of Jardiance for chronic heart failure and a phase III study for chronic kidney disease are also ongoing. Olumiant is under review in Europe and Japan for atopic dermatitis and will be filed for the same in the United States later in 2020. It is also being studied in phase III studies for systemic lupus erythematosus.

▲ **Committed to Dividend and Cost Savings:** Even though quite a few of Lilly's drugs are facing generic competition, the company returned to annual dividend hikes in December 2016 and regularly returns excess cash through share repurchases. Cash distribution to shareholders, through dividends and share buybacks, was around \$2.6 billion in 2017, \$1.7 billion in 2018 and \$7 billion in 2019.

Lilly is actively pursuing in-licensing deals and acquisitions to drive near-to-medium term growth. The company is also resorting to cost cutting and headcount reduction to drive the bottom line. Lilly is regularly investing the savings in new drugs and overall growth of the company.

▲ **Emerging Markets and Japan to Drive Long-Term Growth:** Lilly is looking toward Japan and emerging markets to drive growth in the coming years. Cyramza and Verzenio are bringing in robust sales in Japan given high unmet need. The company also launched Trulicity, Taltz, Jardiance and Olumiant in Japan, which are driving sales growth in the country.

▲ **Favorable Debt Profile:** As of Jun 30, 2020, the company had \$16.33 billion in total debt (long term debt + current debt) and \$2.39 billion in cash plus short-term investments. Its cash is sufficient to pay its short-term debt of \$1.26 billion in case of insolvency. Meanwhile, its debt-to-total capital ratio was 77.9 as of Jun 30, 2020, which was lower than 81.4 as of Mar 31, 2020. A lower ratio indicates lower financial risk.

In 2020, Lilly's sales should be driven by higher demand for newer drugs including Trulicity, Taltz, Basaglar, Emgality and also newly launched Baqsimi and Reyvow.

Reasons To Sell:

▼ **Generic Threat to Key Products:** We are concerned about the patent expiration faced by several products in Lilly's portfolio. Products like Zyprexa, Cymbalta, Evista, and Gemzar are all facing declining sales due to generic competition. In 2017, Lilly lost patent protection for key drugs like Strattera, Axiron and Effient in the United States, which resulted in generic competition and consequent loss of sales. Lilly lost exclusivity for Cialis in September 2018 and generic versions entered the market in the same month resulting in rapid erosion of sales. Lilly lost exclusivity for Forteo in August 2019, making way for generic competition. Alimta sales outside the United States are being hurt due to loss of exclusivity in several countries. The drug's U.S. sales are also being affected by the entry of immuno-oncology agents in the market. The compound patent for Alimta expired in the United States in January 2017 and in major European countries and Japan in December 2015. Many generic manufacturers are looking for approval of generic versions of Alimta prior to the expiration of the vitamin regimen patent (expiring in June 2021 in Japan and European countries and in the United States in May 2022). Though the company has resolved several challenges in the United States, two remain in active litigation. An unfavorable outcome in either of these litigations will open doors for generic competition for Alimta, following the loss of effective patent protection and will cause a rapid decline in revenues from the product.

Generic competition for several drugs, rising pricing pressure in the United States, and price cuts in some international markets are some top-line headwinds in 2020.

▼ **Pipeline Setbacks:** Lilly has had its share of development and regulatory setbacks. In October 2015, Lilly announced the termination of the development of its late-stage CETP inhibitor, evacetrapib. Lilly's decision was based on the recommendation of an independent data monitoring committee, which suggested that chances of meeting the primary endpoint were low.

In November 2016, Lilly's key candidate solanezumab failed to meet the primary endpoint in a late-stage study that was conducted in patients with mild dementia due to AD. Lilly decided to drop the development of solanezumab. In June 2018, Lilly discontinued two late-stage studies on Alzheimer's disease lanabecestat on recommendation of the independent data monitoring committee (IDMC).

In early 2018, Lartruvo, which had won conditional approval in 2016, failed to improve survival in patients with advanced soft tissue sarcoma in a late-stage confirmatory study, ANNOUNCE. With ANNOUNCE failing to confirm clinical benefit, Lilly stopped promoting Lartruvo, which sharply hurt sales of the drug in 2019.

▼ **Intense Competition:** In addition to generic threats, Lilly's products already face intense competition in the market from both large pharma companies as well as small and mid-sized companies. Competition for Lilly's diabetes care products has increased with the entry of Novo Nordisk's Victoza. Novo Nordisk's Ozempic/semaglutide, which was launched in 2018, is posing strong competition to Lilly's key growth driver, Trulicity. In fact, Lilly is seeing pricing pressure across all its diabetes products, which creates uncertainty around the franchise's long-term growth prospects. A number of competitors are entering the diabetes space. For example, with the approval of Merck/Pfizer's, Steglatro and its combinations, competition in the SGLT2 inhibitors class has increased.

Meanwhile, cancer drugs like Alimta and Cyramza are being impacted by competition from immuno-oncology agents in the United States.

▼ **Global Pricing Pressure:** Global efforts toward health care cost containment are creating pricing pressure on drugs and market access. While many of the company's drugs face pricing pressures in the United States, in many markets outside the U.S., government-mandated pricing actions have led to lowering of generic and patented drug prices. All these factors are creating pressure on sales and profits of pharma companies. Also, changes in the U.S. healthcare system as part of the health care reforms could further create pricing pressure.

This pricing pressure is expected to continue and hurt the top line in the future quarters

Last Earnings Report

Lilly Q2 Earnings Top Estimates, Sales Lag

Lilly reported second-quarter 2020 adjusted earnings per share of \$1.89, which comprehensively beat the Zacks Consensus Estimate of \$1.58. Earnings rose 26% year over year boosted by higher other income and lower SG&A costs.

Revenues of \$5.50 billion missed the Zacks Consensus Estimate of \$5.62 billion. Sales decreased 2% year over year as volume increases were offset by the impact of lower realized prices of several of its drugs. Lower realized prices had a negative impact of 7% on sales. Volumes rose 6%. Foreign exchange had a negative impact of 1% on revenue growth this quarter.

Reduction in new prescription trends (as fewer patients visited a doctor) hurt the top line in the second quarter by approximately \$250 million. Coronavirus-related stockpiling benefits, which increased sales of medicines like diabetes medicine, Trulicity and psoriasis medicine, Taltz in the first quarter reversed in the second quarter and hurt total revenues by another \$250 million.

Lilly said that the number of patient visits to doctors declined to roughly 50% of pre-COVID-19 levels with a peak impact in late April and May. However, trends improved through a combination of Telehealth and in-person visits, as patient visits were back to 85% of pre-COVID-19 levels in June.

Meanwhile, generic erosion of Forteo and Cialis and increased competitive pressure also hurt the top line.

Quarter in Detail

Key growth products (products launched since 2014) drove 9% of revenue growth and 12% of volume growth and represented nearly 54% total revenues, up from 51% in the previous quarter.

U.S. revenues declined 3% to \$3.15 billion while ex-U.S. revenues declined 1% to \$2.36 billion.

Among the established products, Forteo sales declined 30% to \$252.7 million. Humalog sales dropped 18% to \$555.1 million. Humulin sales declined 3% to \$313.6 million. Alimta sales declined 7% to \$539.1 million.

Among the growth products, Trulicity generated revenues of \$1.23 billion, up 20% year over year driven by higher volumes, which offset the impact of lower realized prices. The lower realized prices were a result of higher contracted rebates and changes in segment mix.

Cyramza revenues were \$256.7 million, up 6% year over year primarily driven by higher realized prices and increased demand in the United States and higher volumes in ex-U.S. markets.

Jardiance sales rose 13% to \$262.0 million driven by increased demand trends within the SGLT2 class of diabetes medicines in the United States and increased volume outside the United States.

Basaglar recorded revenues of \$290.4 million, flat year over year as higher sales in ex-U.S. market offset the impact of lower U.S. revenues.

Taltz brought in sales of \$395.2 million, up 12% year over year as U.S. sales gained from higher demand, which offset the impact of lower realized prices. Ex-U.S. sales were driven by increased volume, which offset the impact of lower realized prices.

Olumiant generated sales of \$145.0 million in the quarter compared with \$139.7 million in the previous quarter, backed by increased volume in international markets. Revenues outside the United States were \$131.8 million compared with \$128.4 million in the previous quarter.

Verzenio generated sales of \$208.6 million in the quarter, up 56% driven by increased demand in U.S. markets.

Emgality generated revenues of \$87.4 million in the quarter compared with \$74.0 million in the previous quarter.

Newly launched product, Baqsimi generated sales of \$13.6 million in the quarter compared with \$17.8 million in the previous quarter.

Retevmo, launched in the second quarter, generated sales of \$6.3 million in the second quarter.

Gross Margin & Operating Income

Adjusted gross margin was 79.6% in the quarter, down 140 basis points primarily due to the impact of lower realized prices on revenues.

Operating income declined 2% year over year to \$1.54 billion due to lower revenues, which offset the benefit from lower SG&A costs.

Operating margin was 28% in the quarter, down 110 bps year over year.

Marketing, selling and administrative expenses declined 9% billion due to reduced marketing and travel meeting expenses. R&D expense declined 1% in the quarter due to pause in clinical studies, which has shifted the timing of the expenses to the second half of the year.

Adjusted effective tax rate was 13.4%, higher than 10% in the year-ago quarter.

Quarter Ending	06/2020
Report Date	Jul 30, 2020
Sales Surprise	-2.22%
EPS Surprise	19.62%
Quarterly EPS	1.89
Annual EPS (TTM)	6.85

2020 Guidance

The company raised its earnings guidance for the year due to expectations of higher other income and lower SG&A costs while keeping its sales guidance intact.

Lilly upped its 2020 adjusted earnings guidance from a range of \$6.70-\$6.90 to \$7.20-\$7.40. The revised earnings guidance indicates year-over-year growth in the range of 19% to 23%.

However, the 2020 revenue guidance was maintained in the range of \$23.7 billion-\$24.2 billion. Gross margin is expected to be approximately 80% (previously approximately 81%). Adjusted tax rate is expected to be approximately 14% (previously 15%). Adjusted operating margin is expected to be 31% in 2020 (maintained).

Marketing, selling and administrative expense guidance was lowered from a range of \$6.2 to \$6.4 billion to \$6.0 to \$6.2 billion, reflecting cost savings from travel and promotional activities. Research and development expense is still expected to be in the range of \$5.6 billion to \$5.9 billion.

Lilly expects improvement in new prescription volume trends for its key products in the second half of 2020, which it expects will cross pre-pandemic levels by the fourth quarter. It still expects revenue growth to be driven by higher demand for its growth drugs including Trulicity, Taltz, Basaglar, Jardiance, Verzenio, Cyramza, Olumiant, Emgality, Baqsimi as well as potential revenues from new product launches. However, generic competition for several drugs, rising pricing pressure in the United States due to rebates and legislated increases in Medicare Part D cost sharing, price reductions from increased utilization of patient affordability programs, and price cuts in some international markets like China, Japan and Europe are some top-line headwinds expected in 2020. In the United States, prices are now expected to decline in a mid-single digit range versus prior expectation of low-single digit range.

Lilly has resumed enrolment in the majority of existing clinical studies (with the exception of mirikizumab for Crohn's disease and ulcerative colitis), as well as initiated new clinical studies after pausing them in the first quarter. As a result, it expects R&D costs to rise in the second half of 2020 as it resumed the clinical trial starts and enrolment activity in the second quarter.

Lilly anticipates rising unemployment to result in increased utilization of Medicaid versus commercial insurance, which will be a moderate headwind to revenue growth in 2021 of approximately \$200 million

Coronavirus Related Research Efforts

In June, the first patient was dosed in a phase III study to evaluate Olumiant (baricitinib) as a potential treatment for hospitalized patients diagnosed with COVID-19. The study will complement an already ongoing study of Olumiant with Gilead's remdesivir being conducted by the National Institute of Allergy and Infectious Diseases (NIAID), part of the National Institutes of Health (NIH) for hospitalized patients with COVID-19 infections.

Lilly is developing an antibody therapy candidate, LYCoV555 in collaboration with AbCellera. The company has completed dosing of a phase I study and has initiated a phase II study on the candidate. Lilly also has a separate collaboration with China-based Junshi Biosciences to co-develop therapeutic antibodies for COVID-19. The companies have completed dosing in a phase I study on LY-CoV016, the lead antibody from the collaboration.

Lilly is also conducting a phase II study of an antibody that targets Angiotensin 2, which has been observed to be elevated in COVID-19 patients with acute respiratory distress syndrome or ARDS.

Recent News

FDA Approves Higher Doses of Trulicity – Sep 3

Lilly announced that the FDA has granted approval to two higher doses (3 mg and 4.5 mg) of Trulicity. The approval was based on data from the AWARD-11 phase III study. 36-week data from the study published in May showed that higher doses of Trulicity pen were well-tolerated and led to A1C reductions of up to 1.9% and weight reductions of up to 10.4 pounds in type II diabetes patients. The additional doses will be available from late September.

Detailed Data from Jardiance Outcomes Study at ESC Meeting – Aug 29

Lilly announced that full data from the EMPEROR-Reduced phase III study on Jardiance were presented at the annual meeting of the European Society of Cardiology, and published in The New England Journal of Medicine. The study Jardiance in adults with heart failure with reduced ejection fraction, with and without diabetes.

The data showed that treatment with Jardiance led to a significant 25% relative risk reduction in the primary endpoint of time to cardiovascular death or hospitalization due to heart failure. Meanwhile, Jardiance (empagliflozin) also significantly reduced the relative risk of first and recurrent hospitalization for heart failure by 30% and significantly slowed kidney function decline.

Expands Tyvyt Deal with China Partner – Aug 18

Lilly announced a global expansion of its deal with Innovent Biologics for their immuno-oncology medicine, Tyvyt, which they developed in China. Lilly and Innovent currently co-market Tyvyt in China for relapsed or refractory classic Hodgkin's lymphoma after at least two lines of systemic chemotherapy. Per the expanded deal, Lilly will obtain exclusive rights to Tyvyt for geographies outside of China from Innovent for an upfront payment of \$200 million and up to \$825 million in potential milestone payments. Lilly plans to seek approval of Tyvyt in the United States and other markets.

Begins Late-Stage Study on Coronavirus Candidate in Nursing Homes – Aug 3

Lilly announced the initiation of a phase III (BLAZE-2) study on LYCoV555, the lead antibody from its collaboration with AbCellera, for prevention of COVID-19 at long-term care facilities, more commonly known as nursing homes. The study will be conducted in partnership with the National Institute of Allergy and Infectious Diseases (NIAID). The study will enroll 2,400 residents and staff at nursing homes who live or work at these facilities where a recently diagnosed case of Covid-19 has been reported and who are now vulnerable to get the infection.

Lilly completed dosing of a phase I study on LYCoV555 in hospitalized patients with COVID-19 and has initiated a phase II study (BLAZE-2) on the candidate in people recently diagnosed with COVID-19 in the ambulatory setting.

Valuation

Lilly's shares are 14.0% in the year-to-date period and 35.9% over the trailing 12-month period. Stocks in the Zacks sub-industry and sector are down 0.5% and 1.7%, respectively in the year-to-date period. Over the past year, the Zacks sub-industry is up 12.2% while the sector is up 7.2%.

The S&P 500 Index is up 6.6% in the year-to-date period and 15.7% in the past year.

The stock is currently trading at 19.47X forward 12-month earnings per share which compares to 14.57X for the Zacks sub-industry, 21.6X for the Zacks sector and 22.84X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 25.71X and as low as 14.86X, with a 5-year median of 19.45X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$158 price target reflects 20.4X forward 12-month earnings per share.

Valuation Multiples - LLY					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	19.47	14.57	21.6	22.84
	5-Year High	25.71	16.62	23.2	22.84
	5-Year Low	14.86	13.61	15.89	15.26
	5-Year Median	19.45	15.3	19.01	17.63
P/S F12M	Current	5.71	4.65	2.74	4.19
	5-Year High	6.53	4.85	3.25	4.29
	5-Year Low	3.33	3.88	2.23	3.11
	5-Year Median	4.22	4.41	2.89	3.66
P/B TTM	Current	33.79	5.33	3.82	5.9
	5-Year High	52.42	7.37	5.07	6.17
	5-Year Low	4.66	3.69	2.95	3.75
	5-Year Median	6.63	5.26	4.29	4.83

As of 9/07/2020

Industry Analysis Zacks Industry Rank: Top 49% (123 out of 251)



Top Peers

Company (Ticker)	Rec	Rank
AbbVie Inc. (ABBV)	Neutral	3
AstraZeneca PLC (AZN)	Neutral	3
Bristol Myers Squibb Company (BMY)	Neutral	3
GlaxoSmithKline plc (GSK)	Neutral	3
MerckCo., Inc. (MRK)	Neutral	2
Novo Nordisk AS (NVO)	Neutral	3
Novartis AG (NVS)	Neutral	3
Sanofi (SNY)	Neutral	3

The positions listed should not be deemed a recommendation to buy, hold or sell.

Industry Comparison Industry: Large Cap Pharmaceuticals				Industry Peers		
	LLY	X Industry	S&P 500	AZN	BMJ	NVO
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	A	-	-	B	A	A
Market Cap	144.34 B	148.83 B	23.38 B	140.61 B	135.65 B	153.32 B
# of Analysts	5	2	14	4	7	4
Dividend Yield	1.96%	2.34%	1.62%	1.64%	3.00%	1.13%
Value Score	B	-	-	C	B	B
Cash/Price	0.02	0.05	0.07	0.04	0.15	0.02
EV/EBITDA	24.16	14.31	13.13	22.27	23.19	17.18
PEG F1	1.95	2.04	2.96	1.59	1.11	2.56
P/B	33.79	5.04	3.22	10.30	2.76	17.29
P/CF	21.31	11.86	12.65	16.92	13.66	23.05
P/E F1	20.70	14.53	21.59	26.49	9.61	24.14
P/S TTM	6.29	4.12	2.44	5.47	3.89	8.18
Earnings Yield	4.83%	6.89%	4.42%	3.77%	10.41%	4.15%
Debt/Equity	3.53	0.78	0.70	1.14	0.85	0.05
Cash Flow (\$/share)	7.08	4.22	6.93	3.17	4.39	2.82
Growth Score	A	-	-	A	A	A
Historical EPS Growth (3-5 Years)	17.69%	7.34%	10.41%	-2.71%	23.36%	6.46%
Projected EPS Growth (F1/F0)	20.73%	7.54%	-4.75%	15.57%	32.99%	9.65%
Current Cash Flow Growth	-7.51%	2.90%	5.22%	2.12%	36.74%	-0.50%
Historical Cash Flow Growth (3-5 Years)	9.27%	7.37%	8.49%	-0.86%	22.46%	7.63%
Current Ratio	1.22	1.16	1.35	0.82	1.47	1.09
Debt/Capital	77.91%	43.76%	42.95%	53.34%	45.99%	4.36%
Net Margin	24.48%	19.20%	10.25%	8.36%	-1.61%	32.73%
Return on Equity	183.80%	31.21%	14.59%	37.72%	28.47%	73.42%
Sales/Assets	0.57	0.43	0.50	0.43	0.31	0.98
Projected Sales Growth (F1/F0)	6.78%	5.05%	-1.42%	7.75%	60.20%	4.82%
Momentum Score	C	-	-	C	B	C
Daily Price Change	1.27%	-0.50%	-0.30%	-1.07%	-0.17%	0.05%
1-Week Price Change	-1.29%	-1.14%	2.59%	-0.04%	0.29%	-0.74%
4-Week Price Change	-1.29%	-1.92%	2.00%	-4.68%	-2.25%	2.23%
12-Week Price Change	4.74%	1.89%	10.57%	3.90%	5.71%	1.07%
52-Week Price Change	31.68%	6.62%	1.69%	19.71%	23.58%	23.43%
20-Day Average Volume (Shares)	2,482,233	2,083,790	1,827,096	3,800,726	9,254,547	787,988
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	-0.27%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	0.20%	0.00%	0.00%	-0.27%	0.85%	1.12%
EPS F1 Estimate 12-Week Change	7.10%	1.87%	3.89%	0.22%	1.42%	0.28%
EPS Q1 Estimate Monthly Change	-1.13%	0.00%	0.00%	3.27%	-3.25%	0.00%

Source: Zacks Investment Research

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 maintain a 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	B
Growth Score	A
Momentum Score	C
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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Returns quoted represent past performance which is no guarantee of future results. Investment returns and principal value will fluctuate so that when shares are redeemed, they may be worth more or less than their original cost. Current performance may be higher or lower than the performance shown.

Investing involves risk; principal loss is possible. There is no guarantee that companies that can issue dividends will declare, continue to pay or increase dividends.

Glossary of Terms and Definitions

52-Week High-Low: The range of the highest and lowest prices at which a stock has traded during the past year. This range is determined based on the stock's daily closing price which may differ from the intra-day high or low. Many investors use it as a technical indicator to determine a stock's current value and future price movement. The idea here is that if price breaks out from the 52-week range, in either direction, the momentum may continue in the same direction.

20-Day Average Volume (Shares): The average number of shares of a company traded in a day over the last 20 days. It is a direct indication of a security's overall liquidity. The higher the average daily trading volume, the easier it is to enter or exit the stock at a desired price with more buyers and sellers being available.

Daily Price Change: This is the percentage difference between a trading day's closing price and the prior trading day's closing price. This item is updated at 9 p.m. EST each day.

1-Week Price Change: This is the percentage change in a stock's closing price over the last 5 trading days. This change reflects the collective buying and selling sentiment over the 1-week period.

A strong weekly price increase for the stock, especially when accompanied by increased volume, is an indication of it gaining momentum.

4-Week Price Change: This is the percentage change in a stock's closing price over the last 20 trading days or past 4 weeks. This is a medium-term price change metric and an indication of the stock gaining momentum.

12-Week Price Change: This is the percentage change of a stock's closing price over the last 60 trading days or past 12 weeks. Similar to 4-week price change, this is a medium-term price change metric. It shows whether a stock has been enjoying strong investor demand, or if it has been in consolidation, or distress over this period.

52-Week Price Change: This is the percentage change in a stock's closing price over the last 260 trading days or past 52 weeks. This long-term price change metric is a good reference point for investors. Some investors seek stocks with the best percentage price change over the last 52 weeks, expecting the momentum to continue.

Market Cap: The number of outstanding common shares of a company times its latest price per share. This figure represents a company's size, which indicates various characteristics, including price stability and risk, in which investors could be interested.

Year-To-Date Price Change: Change in a stock's daily closing price in the period of time beginning the first day of the current calendar year through to the previous trading day.

of Analysts: Number of EPS estimates used in calculating the current-quarter consensus. These estimates come from the brokerage analysts tracking this stock. However, the number of such analysts tracking this stock may not match the number of estimates, as all brokerage analysts may not come up with an estimate or provide it to us.

Beta: A measure of risk commonly used to compare the volatility of a stock to the overall market. The S&P 500 Index is the base for calculating beta and carries a value of 1. A stock with beta below 1 is less risky than the market as a whole. And a stock with beta above 1 is riskier.

Dividend: The portion of earnings a company is expected to distribute to its common shareholders in the next 12 months for each share they own. Dividends are usually paid quarterly. Dividend payments reflect positively on a company and help maintain investors' trust. Investors typically find dividend-paying stocks appealing because the dividend adds to any market price appreciation to result in higher return on investment (ROI). Moreover, a steady or increasing dividend payment provides investors a cushion in a down market.

Dividend Yield: The ratio of a company's annual dividend to its share price. The annual dividend used in the ratio is calculated based on the most recent dividend paid by the company. Dividend yield is an estimate of the dividend-only return from a stock in the next 12 months. Since dividend itself doesn't change frequently, dividend yield usually changes with a stock's price movement. As a result, often an unusually high dividend yield is a result of weak stock price.

S&P 500 Index: The Standard & Poor's 500 (S&P 500) Index is an unmanaged group of securities considered to be representative of the stock market in general. It is a market-capitalization-weighted index of stocks of the 500 largest U.S. companies. Each stock's weight in the index is proportionate to its market value.

Industry: One of the 250+ groups that Zacks classifies all stocks into based on the nature of business. These groups are termed as expanded (aka "X") industries and map to their respective (economic) sectors; Zacks has 16 sectors.

Zacks Industry Rank: The Zacks Industry Rank is determined by calculating the average Zacks Rank for all stocks in the industry and then assigning an ordinal rank to it. For example, an industry with an average Zacks Rank of 1.6 is better than an industry with an average Zacks Rank of 2.3. So, the industry with the better average Zacks Rank would get a better Zacks Industry Rank. If an industry has the best average Zacks Rank, it would be considered the top industry (1 out of 250+), which would place it at the top 1% of Zacks-ranked industries. Studies have shown that roughly half of a stock's price movement can be attributed to the industry group it belongs to. In fact, the top 50% of Zacks-ranked industries outperforms the bottom 50% by a factor of more than 2 to 1.

Last EPS Surprise: The percentage deviation of a company's last reported earnings per share from the Zacks Consensus Estimate. Companies with a positive earnings surprise are more likely to surprise again in the future (or miss again if they recently missed).

Last Sales Surprise: The percentage deviation of a company's last reported sales from the Zacks Consensus Estimate.

Expected Report Date: This is an estimated date of a company's next earnings release. The information originated or gathered by Zacks Investment Research from its information providers or publicly available sources is the basis of this estimate.

Earnings ESP: The Zacks Earnings ESP compares the Most Accurate Estimate to the Zacks Consensus Estimate for the yet-to-be reported quarter. The Most Accurate Estimate is the most recent version of the Zacks Consensus EPS Estimate. The idea here is that analysts revising their estimates closer to an earnings release have the latest information, which could potentially be more accurate than what they and others contributing to the consensus had predicted earlier. Thus, a positive or negative Earnings ESP reading theoretically indicates the likely deviation of the actual earnings from the consensus estimate. However, the model's predictive power is significant for positive ESP readings only. A positive Earnings ESP is a strong predictor of an earnings beat, particularly when combined with a Zacks Rank #1 (Strong Buy), #2 (Buy) or #3 (Hold). Our research shows that stocks with this combination produce a positive surprise nearly 70% of the time.

Periods:

TTM: Trailing 12 months. Using TTM figures is an effective way of analyzing the most-recent financial data in an annualized format that helps neutralize the effects of seasonality and other quarter-to-quarter variation.

F1: Current fiscal year. This period is used to analyze the estimates for the ongoing full fiscal year.

F2: Next fiscal year. This period is used to analyze the estimates for the next full fiscal year.

F12M: Forward 12 months. Using F12M figures is an effective way of analyzing the near-term (the following four unreported quarters) estimates in an annualized manner. Instead of typically representing estimates for the full fiscal year, which may not represent the nitty-gritty of each quarter, F12M figures suggest an all-inclusive annualized estimate for the following four quarters. The annualization helps neutralize the potential effects of seasonality and other quarter-to-quarter variations.

P/E Ratio: The price-to-earnings ratio measures a company's current market price per share relative to its earnings per share (EPS). Usually, the trailing-12-month (TTM) EPS, current-fiscal-year (F1) EPS estimate, or forward-12-month (F12M) EPS estimate is used as the denominator. In essence, this ratio shows what the market is willing to pay today for each dollar of EPS. In other words, this ratio gives a sense of what the relative value of the company is at the already reported level of earnings or at a future level of earnings.

It is one of the most widely-used multiples for determining the value of a company and helps comparing its valuation with that of a competitor, the industry group or a benchmark.

PEG Ratio: The price/earnings to growth ratio is a stock's P/E ratio using current fiscal year (F1) EPS estimate divided by its expected EPS growth rate over the coming 3 to 5 years. This ratio essentially determines a stock's value by factoring in the company's expected earnings growth and is thus believed to provide a more complete picture than just the P/E ratio, particularly for faster-growing companies.

P/S Ratio: The price-to-sales ratio is calculated as a company's current price per share divided by trailing 12 months (TTM) sales or revenues per share. This ratio shows what the market is willing to pay today for each dollar of TTM sales per share. The P/S ratio is at times the only valuation metric when the company has yet to become profitable.

Cash/Price Ratio: The cash-to-price ratio or Cash Yield is calculated as cash and marketable securities per share divided by the company's current share price. Like the earnings yield, which shows the anticipated yield (or return) on a stock from earnings for each dollar invested, the cash yield does the same, with cash being the source of return instead of earnings. For example, a cash/price ratio of 0.08 suggests a return of 8% or 8 cents for every \$1 investment.

EV/EBITDA Ratio: The EV/EBITDA ratio, also known as Enterprise Multiple, is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by EBITDA (earnings before interest, taxes, depreciation and amortization). Usually, trailing-12-month (TTM) or forward-12-month (F12M) EBITDA is used as the denominator.

EV/Sales Ratio: The enterprise value-to-sales ratio is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by annual sales. It is an expansion of the P/S valuation, which uses market value instead of enterprise value. The EV/Sales ratio is perceived as more accurate than P/S, in part, because the market capitalization does not take a company's debt into account when valuing it.

EV/CF Ratio: The enterprise value-to-cash flow ratio is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by the trailing-12-month (TTM) operating cash flow. It's a measure of how long it would take to buy the entire business if you were able to use all the company's operating cash flow.

The EV/CF ratio is perceived as more accurate than the P/CF ratio, in part, because the market price does not take a company's debt into account when valuing it.

EV/FCF Ratio: The enterprise value-to-free cash flow metric compares a company's enterprise value to its trailing-12-month (TTM) free cash flow (FCF). This metric is very similar to the EV/CF ratio, but is considered a more exact measure owing to the fact that it uses free cash flow, which subtracts capital expenditures (CAPEX) from a company's total operating cash flow, thereby reflecting the actual cash flow available for funding growth activities and payments to shareholders.

P/EBITDA Ratio: The P/EBITDA ratio is calculated as a company's per share market value divided by EBITDA (earnings before interest, taxes, depreciation, and amortization). This metric is very similar to the EV/EBITDA ratio, but is considered a little less exact measure as it uses market price, which does not take a company's debt into account. However, since EBITDA is often considered a proxy for cash income, the metric is used as a measure of what the market is willing to pay today for each dollar of the company's cash profitability in the trailing 12 months (TTM) or forward 12 months (F12M).

P/B Ratio: The price-to-book ratio is calculated as a company's current price per share divided by its book value (total assets – liabilities – preferred stocks) per share. In short, the book value is how much a company is worth. In other words, it reflects the total value of a company's assets that its common shareholders would receive if it were to be liquidated. So, the P/B ratio indicates whether you're paying higher or lower than what would remain if the company went bankrupt immediately. Investors typically use this metric to determine how a company's stock price stacks up to its intrinsic value.

P/TB Ratio: The price-to-tangible-book value ratio is calculated as the per share market value of a company divided by the value of its tangible assets (total assets – liabilities – preferred stocks – intangible assets) per share. Tangible book value is the same thing as book value except it excludes the value of intangible assets to get a step closer to the baseline value of the company.

P/CF Ratio: The price-to-cash flow ratio measures a company's per share market price relative to its trailing-12-month (TTM) operating cash flow per share. This metric is used to determine whether a company is undervalued or overvalued relative to another stock, industry or sector. And like the P/E ratio, a lower number is typically considered better from the value perspective.

One of the reasons why P/CF ratio is often preferred over P/E ratio is the fact that operating cash flow adds back non-cash expenses such as depreciation and amortization to net income. This feature helps valuing stocks that have positive cash flow but are not profitable because of large noncash charges.

P/FCF Ratio: The price-to-free cash flow ratio is an extension of P/CF ratio, which uses trailing-12-month (TTM) free cash flow per share instead of operating cash flow per share. This metric is considered a more exact measure than P/CF ratio, as free cash flow subtracts capital expenditures (CAPEX) from a company's total operating cash flow, thereby reflecting the actual cash flow available for funding activities that generate additional revenues.

Earnings Yield: The earnings yield is calculated as current fiscal year (F1) EPS estimate divided by the company's current share price. The ratio, which is the inverse of the P/E ratio, measures the anticipated yield (or return) from earnings for each dollar invested in a stock today.

For example, earnings yield for a stock, which is trading at \$35 and expected to earn \$3 per share in the current fiscal year (F1), would be 0.0857 ($3/35 = 0.0857$) or 8.57%. In other words, for \$1 invested in the stock today, the yield from earnings is anticipated to be 8.57 cents.

Investors most commonly compare the earnings yield of a stock to that of a broad market index (such as the S&P 500) and prevailing interest rates, such as the current 10-year Treasury yield. Since bonds and stocks compete for investors' dollars, stock investors typically demand a higher yield for the extra risk they assume compared to investors of U.S. Treasury-backed securities that offer virtually risk-free returns. This additional return is referred to as the risk premium.

Debt/Equity Ratio: The debt-to-equity ratio is calculated as a company's total liabilities divided by its shareholder equity. This metric is used to gauge a company's financial leverage. In other words, it is a measure of the degree to which a company is financing its operations through debt versus its own funds. The higher the ratio, the higher the risk for shareholders.

However, this ratio is difficult to compare across industry groups where ideal amounts of debt vary. Some businesses are more capital intensive than others and typically require higher debt to finance their operations. So, a company's debt-to-equity ratio should be compared with other companies in the same industry.

Cash Flow (\$/share): Cash flow per share is calculated as operating cash flow (after-tax earnings + depreciation + other non-cash charges) divided by common shares outstanding. It is used by many investors as a measure of a company's financial strength. Since cash flow per share takes into consideration a company's ability to generate cash by adding back non-cash expenses, it is regarded by some as a more accurate measure of a company's financial situation than earnings per share, which could be artificially deflated.

Current Ratio: The current ratio or liquidity ratio is a company's current assets divided by its current liabilities. It measures a company's ability to pay short-term obligations. A current ratio that is in line with the industry average or slightly higher is generally considered acceptable. A current ratio that is lower than the industry average would indicate a higher risk of distress or default. A higher number is usually better. However, a very high current ratio compared to the industry average could be an indication of inefficient use of assets by management.

Debt/Capital Ratio: Debt-to-capital ratio is a company's total debt (interest-bearing debt + both short- and long-term liabilities) divided its total capital (interest-bearing debt + shareholders' equity). It is a measure of a company's financial leverage. All else being equal, the higher the debt-to-capital ratio, the riskier the stock.

However, this ratio can vary widely from industry to industry, the ideal amount of required debt being different. Some businesses are more capital intensive than others and typically require higher debt to finance their operations. So, a company's debt-to-capital ratio should be compared with the same for its industry.

Net Margin: Net margin is calculated as net income divided by sales. It shows how much of each dollar in sales generated by a company translates into profit. For example, if a company's net margin is 15%, its net income is 15 cents for every \$1 of sales it makes.

A change in margin can reflect either a change in business conditions, or a company's cost controls, or both. If a company's expenses are growing faster than sales, its net margin will decline. However, different net margin rates are considered good for different industries, so it's better to compare net margin rates of companies in the same industry group.

Return on Equity: Return on equity (ROE) is calculated as trailing-12-month net income divided by trailing-12-month average shareholder equity (including reinvested earnings). This metric is considered a measure of how effectively management is using a company's assets to generate profits. For example, if a company's ROE is 10%, it creates 10 cents profits for every \$1 shareholder equity, which is basically the company's assets minus debt. A company's ROE deemed good or bad depends on what's normal for its peers or industry group.

Sales/Assets Ratio: The sales-to-assets ratio or asset utilization ratio or asset turnover ratio is calculated as a company's annual sales divided by average assets (average of assets at the beginning of the year and at the year's end). This metric helps investors understand how effectively a company is using its assets to generate sales. For example, a sales-to-assets ratio of 2.5 indicates that the company generated \$2.50 in sales for every \$1 of assets on its books.

The higher the sales-to-assets ratio, the better the company is performing. However, similar to many other ratios, the asset turnover ratio tends to be higher for companies in certain industries/sectors than in others. So, a company's sales-to-assets ratio should be compared with the same for its industry/sector.

Historical EPS Growth (3-5 Years): This is the average annual (trailing-12-month) EPS growth rate over the last 3-5 years. This metric helps investors see how a company's EPS has grown from a long-term perspective.

Note: There are many factors that can influence short-term numbers — a recession will reduce this number, while a recovery will inflate it. The longterm perspective helps smooth out short-term events.

Projected EPS Growth (F1/F0): This is the estimated EPS growth rate for the current financial year. It is calculated as the consensus estimate for the current fiscal year (F1) divided by the reported EPS for the last completed fiscal year (F0).

Current Cash Flow Growth: It measures the latest year-over-year change in operating cash flow. Cash flow growth tells an investor how quickly a company is generating inflows of cash from operations. A positive change in the cash flow is desired and shows that more 'cash' is coming in than going out.

Historical Cash Flow Growth (3-5 Years): This is the annualized change in cash flow over the last 3-5 years. The change in a longer period helps put the current reading into proper perspective. By looking at the rate, rather than the actual dollar value, the comparison across the industry and peers becomes easier.

Projected Sales Growth (F1/F0): This metric looks at the estimated sales growth for the current year. It is calculated as sales estimate for the current fiscal year (F1) divided by the reported sales for the last completed fiscal year (F0).

Like EPS growth, a higher rate is better for sales growth. A look at a company's projected sales growth instantly tells you what the outlook is for their products and services. However, different sales growth rates are considered good for different industries, so it's better to compare sales growth rates of companies in the same industry group.

EPS F1 Estimate 1-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past week. The change in a company's consensus EPS estimate (or earnings estimate revision) has proven to be strongly correlated with the near-term price movement of its shares. It is an integral part of the Zacks Rank.

If a stock's consensus EPS estimate is \$1.10 now versus \$1.00 a week ago, that will be reflected as a 10% upward revision. If, on the other hand, it went from \$1.00 to 90 cents, that would be a 10% downward revision.

EPS F1 Estimate 4-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past four weeks.

A stock's earnings estimate revision in a 1-week period is important. But it's more meaningful to look at the longer-term revision. And, of course, the 4-week change helps put the 1-week change into proper perspective.

EPS F1 Estimate 12-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past 12 weeks.

This metric essentially shows how the consensus EPS estimate has changed over a period longer than 1 week or 4 weeks.

EPS Q1 Estimate Monthly Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal quarter over the past four weeks.

While the revision in consensus EPS estimate for the current fiscal year is strongly correlated with the near-term price movement of its shares, the estimate revision for the current fiscal quarter is an important metric as well, especially over the short term, and particularly as a stock approaches its earnings date. If a stock's Q1 EPS estimate decreases ahead of its earnings release, it's usually a negative sign, whereas an increase is a positive sign.