Medtronic plc (MDT)

$116.62 (As of 03/19/21)

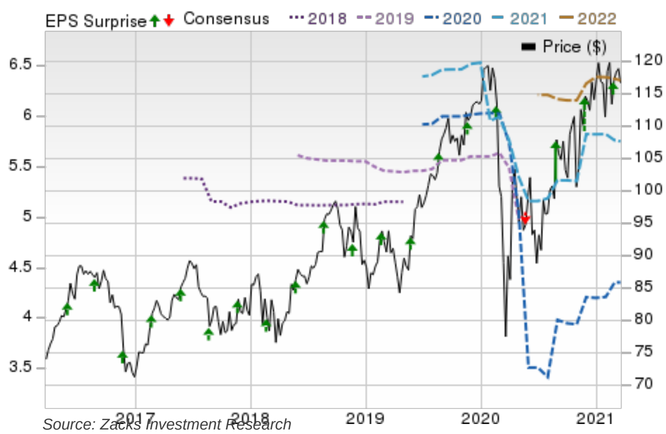
Price Target (6-12 Months): **$122.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 08/26/20) Prior Recommendation: Underperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM:C
	Value: C | Growth: D | Momentum: B	

Summary

While Medtronic's third-quarter fiscal 2021 earnings were ahead of the Zacks Consensus Estimate, revenues came in line with the same. The company registered year-over-year decline but sequential improvement in both the figures. Respiratory, Gastrointestinal, & Renal as well as Specialty Therapies, Neuromodulation and Diabetes Group registered year-over-year growth on an organic basis. However, performance of the rest of the business segments deteriorated. Overall, the company is winning shares in an increasing number of its businesses. The company's performance was primarily impacted by deferred procedures due to the pandemic during December and January. Escalating costs and expenses put pressure on its margins. Over the past three months, Medtronic underperformed its industry.

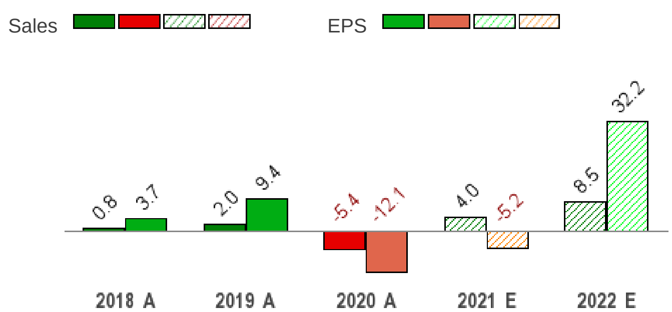
Price, Consensus & Surprise



Data Overview

52-Week High-Low	**$120.53 - $72.16**
20-Day Average Volume (Shares)	**4,789,463**
Market Cap	**$157.2 B**
Year-To-Date Price Change	**-0.4%**
Beta	**0.73**
Dividend / Dividend Yield	**$2.32 / 2.0%**
Industry	**Medical - Products**
Zacks Industry Rank	**Bottom 40% (151 out of 253)**
Last EPS Surprise	**12.2%**
Last Sales Surprise	**-0.0%**
EPS F1 Estimate 4-Week Change	**3.4%**
Expected Report Date	**NA**
Earnings ESP	**0.0%**
P/E TTM	**33.2**
P/E F1	**26.8**
PEG F1	**3.8**
P/S TTM	**5.6**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2022	7,846 E	8,163 E	8,170 E	8,392 E	32,617 E
2021	6,507 A	7,647 A	7,775 A	8,149 E	30,070 E
2020	7,493 A	7,706 A	7,717 A	5,998 A	28,913 A

EPS Estimates

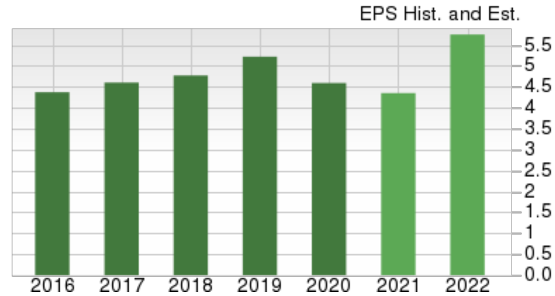
	Q1	Q2	Q3	Q4	Annual*
2022	$1.31 E	$1.43 E	$1.48 E	$1.55 E	$5.75 E
2021	$0.62 A	$1.02 A	$1.29 A	$1.42 E	$4.35 E
2020	$1.26 A	$1.31 A	$1.44 A	$0.58 A	$4.59 A

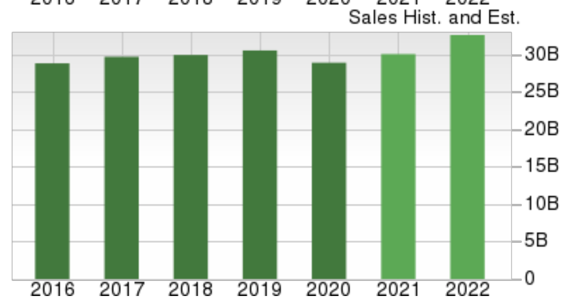
*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 03/19/2021. The report's text and the analyst-provided price target are as of 03/22/2021.

Overview

In 2015, Medtronic, Inc. (the legacy NYSE-listed parent company, incorporated in Minnesota) acquired Ireland-based Covidien plc for cash-and-stock of $49.9 billion. The acquisition resulted in the formation of a new holding company incorporated in Ireland – Medtronic plc (the new Irish tax resident, NYSE-listed parent company holding both the legacy Medtronic and Covidien).





The combined business currently operates in 4 major groups, viz. **Cardiac & Vascular Group** (**CVG**) (36.2% of total revenues in fiscal 2020; down 7.6% from 2019 at CER), **Minimally Invasive Therapies Group** (**MITG**) (28.9%; up 0.2%), **Restorative Therapies Group** (**RTG**) (26.7%; down 5.4%) and **Diabetes Group** (8.2%; up 0.8%).

The company's largest business CVG, following the acquisition of Covidien, has emerged as a market dominant particularly banking on its Cardiac Rhythm & Heart Failure business that captures worldwide market share of more than 26%.

Apart from Cardiac Rhythm & Heart Failure, CVG comprises Coronary & Structural Heart, and Aortic & Peripheral Vascular divisions. MITG was formed following the completion of the Covidien acquisition and includes both the Surgical Solutions division and the Patient Monitoring & Recovery division, formerly referred to as Medical Care Solutions by Covidien prior to the takeover.

RTG includes the Spine, Neuromodulation, Surgical Technologies, and Neurovascular segments while the Diabetes Group includes the Intensive Insulin Management, Non-Intensive Diabetes Therapies, and Diabetes Services & Solutions divisions.

Notably, the legacy Medtronic used to derive revenues from 2 broad groups – Cardiac and Vascular Group and Restorative Therapies Group.

Source: Zacks Investment Research

Reasons To Buy:

All major business groups are contributing to consistent revenue growth at CER, which highlights sustainability across groups and regions,

- **Strong Recovery in the Cards**: As Medtronic is heading in to the fourth quarter, the company expects its recovery and ability to return to growth will outpace its competitors. This expected recovery over the coming quarters is just not driven by recovery from the pandemic, but by the strong new product flow that Medtronic expects to bring to the market over this period. Further, increasing cadence of tuck-in M&As and implementation of new operating model should add to the recovery momentum. The company in this regard, noted about seeing signs that hospital customers are preparing for a robust recovery. Purchases of capital equipment in the fiscal third quarter have been notably strong.

- **Strong Market Share Gain**: Of late, Medtronic is winning share in an increasing number of its businesses. With its pipeline coming to fruition, it is benefiting from recent product approvals across its business segments. Since fiscal third quarter, the company received 46 product approvals, bringing total to over 226 regulatory approvals in the U.S., Europe, Japan and China, since the start of the calendar year 2020.

  In Coronary, while the ongoing issue related to the China drug-eluting stent national tender, the company is currently winning share globally. In the fiscal third quarter, DES unit share was up 3 points year over year and 2 points sequentially, led by strong share gains in the United States on one-month dual-antiplatelet therapy labeling and expanded indication for high bleeding risk patients.

  In Gastrointestinal, the company had some modest share gains, driven in part by its partnership with the NHS in England. The NHS is using Medtronic's PillCam Colon to help reduce large patient backlogs for colorectal screenings. Renal Care business grew in the high-single digits, with share gains in Renal Access.

  In Restorative Therapies Group, Medtronic registered seeing share gains across several businesses. In Cranial and Spinal Technologies, while share was stable year over year, it was up sequentially. With Mazor Robotics in hand, the company estimates to outsell its nearest competitor, Globus, within the spine robotics space. In Neuromodulation, the recent product rollouts are leading to share gains in both brain modulation and pain stim. Within pelvic health, Medtronic has continued to win share back from Axonics based on the differentiation of InterStim Micro device.

- **Ventilator Production Gets a Boost Amid Coronavirus**: On inflating worldwide demand to meet the COVID-19 related patient needs, Medtronic has significantly ramped up its ventilator production. According to the company, in the third quarter, the Respiratory Interventions business grew over 75% primarily banking on robust ventilator sales. Ventilator sales nearly tripled year-over-year and the PB 980 model gained share in the high-acuity ventilator market.

- **Diabetes Arm Prospects Bright**: Medtronic in the fiscal-third-quarter, registered considerable progress in its turnaround efforts, and also it has returned to growth this quarter in this business. This business is particularly gaining momentum with the successful launches of 770G system in the United States and the 780G, which is available in 26 countries across four continents. The company currently expects the fiscal fourth-quarter organic growth within Diabetes to be in the high-single digits.

  In terms of product pipeline, Medtronic has submitted the adult and the pediatric 780G insulin pump and Zeus sensor to the FDA.

- **Enterprise Excellence Plan Looks Promising**: Medtronic has recently launched a restructuring initiative called Enterprise Excellence plan aimed at $3 billion of annual growth run rate savings by the end of fiscal 2022. According to the company, this new program has been designed to increase its effectiveness and enabled reinvestment for growth along with driving continued margin expansion and EPS leverage.

- **Signs of Stability in Cardiac Rhythm & Heart Failure (CRHF) market**: Over more than a year, Medtronic is observing a consistently and gradually stabilizing trend in the global CRHF market. Despite the first-quarter debacle due to the pandemic outbreak, we are hopeful about the long-term potential of this business banking on Arrhythmia Management on consistent adoption of the company's Micra transcatheter pacing system as well as strong base of AF Solutions.

- **Foray into TMVR market**: The transcatheter mitral valve replacement (TMVR) technology has bright prospects all over the world. Mitral valve regurgitation, a heart valve disorder characterized by backflow of blood, affects approximately 7 million people in the U.S. and they represent almost 2% of the nation's population. Alarmingly, most of the U.S. citizens suffering from heart valve-related disorders are afflicted by this. According to Grand View Research, the CAGR for transcatheter aortic valve replacement (TAVR) market will surge 22.6% from 2017 to more than $6 billion in 2025. Since the TMVR patient population is almost four times that of TAVR, the TMVR market is undoubtedly more lucrative.

- **Focus on Emerging Markets to Add Value**: Medtronic is currently executing well its strategy of emerging market diversification leading to consistent delivery of double-digit growth every quarter, overcoming economic cycles over the years in the different countries. Despite the coronavirus outbreak that have significantly dented worldwide revenues in the third quarter, this geography reported 1% organic growth. Overall, Medtronic remains confident and enthusiastic about its long-term outlook for emerging markets. According to the company, its differentiated strategies of public and private partnerships and optimizing the distribution channel are paying-off and making a real difference in emerging markets around the world.

- **Strong Solvency with Payout Load**: Medtronic exited the third quarter of fiscal 2021 with cash and cash equivalents, and investments of $14.64 billion compared with $14.28 billion at the end of the fiscal second quarter. Meanwhile, total debt came up to $30.32 billion for the period, compared to $30 billion in the sequentially last reported quarter.

  This figure is much higher than the quarter-end cash and cash equivalent, and investments level, apparently indicating weak solvency. However, if we go by the company's near-term payable debt level of $3.82 million, this comes pretty low compared to the cash in hand. This is good news in terms of solvency position of the company, at least during the year of economic downturn, implying that the company is holding sufficient cash for debt repayment.

Debt comparison with the industry is, however, unfavorable as industry's total debt of $9.99 billion is much lower than the company's debt level.

The quarter's total debt-to-capital ratio stands at a moderately high level of 0.37, indicating a moderately leveraged balance sheet. It matches with the sequentially last quarter's debt-to-capital. The total debt-to-capital ratio of the industry is in line with the company's ratio.

The times interest earned for the company stands at 3.7%, representing a sequential decline from 4% at the end of the fiscal second quarter. This, however, compares unfavorably with the times interest earned for the industry which stands at a higher level (5.6%).

The current payout ratio stands at a moderately high level of 65%. Amid the pandemic-led economic crisis, if production and supply halt along with lockdowns continue through the next few months, the company might find paying its regular quarterly dividends to be over-burdened. However, this compares unfavorably with the payout rate of the industry which stands at a lower level (37.1%).

Reasons To Sell:

> Headwinds like unfavorable currency movement and global economic uncertainties continue to adversely affect Medtronic. Also, several legal and regulatory issues are intimidating in the short term.

- **Share Price Performance**: Over the past three months, Medtronic has underperformed the industry it belongs to. As per the last share price movement, the stock has gained 2.4% compared to the industry's 3.7% rise. Medtronic registered year-over-year decline in its third-quarter fiscal 2021 earnings and revenues. Barring Respiratory, Gastrointestinal, & Renal; Specialty Therapies; Neuromodulation and Diabetes Group, all other segments registered year-over-year decline in revenues on an organic basis reflecting the impact of the COVID-19 resurgence on procedure volumes in late December and January. Escalating costs and expenses put pressure on its margins.

  Also, the company noted that, while it expects the impact from the COVID resurgence to diminish, the effect from the ongoing pandemic to the businesses remains challenging to predict.

- **Factors Hampering Sales**: Amid the pandemic, Medtronic's business has been adversely affected by three main factors. The first is the mix of urgent procedures versus those that are more deferrable. Almost all of Medtronic's businesses are affected by the decline in procedure volumes. Medtronic's businesses that had a larger mix of products using urgent procedures saw an impact. However, the company noted that, in the first quarter, procedural volume has started to rebound.

  The second factor that hampered growth is the loss of large bulk purchases due to depressed demand related to the pandemic. The third factor is centered around capital equipment. While capital equipment represents a small amount of Medtronic's overall revenue, there are certain businesses that have a higher mix and felt the impact of hospitals and surgery centers delaying their capital evaluation and purchases.

- **Exposure to Currency Movement**: With Medtronic recording a significant portion of its sales from the international market, it remains highly exposed to currency fluctuations. Unfavorable currency movements have been a major dampener over the last few quarters, as in the case of other important MedTech players too. Fiscal fourth-quarter EPS are expected to get adversely impacted by currency translation of 4 cents.

- **Regulatory Issues Hampering Growth**: In May 2015, the U.S. Food and Drug Administration (FDA) filed a consent decree against Medtronic, the company's CEO Omar Ishrak and neuromodulation divisional head, Thomas M. Tefft. The consent decree was based on Medtronic repeatedly failing to correct certain violations related to the manufacture of Synchromed II Implantable Infusion Pump Systems – a device used to treat primary or metastatic cancer, chronic pain and severe spasticity. These violations determined on grounds of quality control and manufacturing were arrived at during 2006–2013, in the course of five FDA inspections at Medtronic's Minnesota plant. Subsequently, three warning letters were issued in this regard. The consent decree now requires Medtronic to halt the manufacturing, designing and distribution of new Synchromed II Implantable Infusion Pump Systems barring certain cases (when a physician decides that the Synchromed II Implantable Infusion Pump System is medically necessary for treatment). Although Medtronic is currently working on improving the quality, the consent decree will remain in effect till the FDA is convinced that Medtronic has met all the provisions listed therein.

- **Competitive Landscape**: The presence of a large number of players has made the medical devices market highly competitive. Medtronic earns the majority of revenues from CRDM, Spinal and Cardio Vascular segments. The company faces intense competition in the CRDM segment from players such as Boston Scientific Corporation, and St. Jude Medical. Players such as Johnson & Johnson, Stryker Corporation, Zimmer and NuVasive have intensified competition particularly in the Spinal segment.

- **Economic Uncertainty:** Macroeconomic conditions in many of the developed countries have led to reduction in healthcare budgets and increased pressure on utilization. This leads to fewer procedures, a trend that is expected to continue in the near future and affect revenue growth at the company.

Last Earnings Report

Medtronic Q3 Earnings Top, Revenues Match Estimates

Quarter Ending	01/2021
Report Date	Feb 23, 2021
Sales Surprise	-0.03%
EPS Surprise	12.17%
Quarterly EPS	1.29
Annual EPS (TTM)	3.51

Medtronic reported third-quarter fiscal 2021 adjusted earnings per share of $1.29, beating the Zacks Consensus Estimate by 12.2%. Adjusted earnings however plunged 10.4% year over year. Currency-adjusted earnings per share came in at $1.35 for the quarter.

Without certain one-time adjustments — including restructuring, acquisition, amortization expenses and certain litigation charges — GAAP earnings per share was 94 cents, reflecting a 33.8% decline from the year-ago reported figure.

Total Revenues

Worldwide revenues in the reported quarter grossed $7.78 billion, down 1% on an organic basis (excluding the impacts of currency) but up 0.8% on a reported basis. The top line matched the Zacks Consensus Estimate.

In the quarter under review, U.S. sales (51% of total revenues) declined 2% year over year on a reported basis (same on an organic basis) to $3.94 billion. Non-U.S. developed market revenues totaled $2.52 billion (32% of total revenues), depicting a 6.1% improvement on a reported basis (down 0.2% on an organic basis).

Emerging market revenues (17% of total revenues) amounted to $1.31 billion, up 0.3% on a reported basis (up 0.8% organically).

Segment Details

In the fiscal third quarter, CVG revenues declined 5.9% at CER to $2.71 billion, reflecting the impact of the COVID-19 resurgence on procedure volumes in late December and January. CRHF sales totaled $1.37 billion, down 3.7% year over year at CER. Revenues from CSH were down 9.5% at CER to $873 million. APV revenues were down 5% at CER to $463 million.

In MITG, worldwide sales totaled $2.31 billion, marking a 4.6% year-over-year improvement at CER. Increased demand for COVID-19 related diagnostics and therapies was offset by the impact of the COVID-19 resurgence on procedure volumes in late December and January. Surgical Innovations declined 5.3% while RGR registered an improvement of 25.4% both at CER.

In RTG, worldwide revenues of $2.13 billion were down 0.8% year over year at CER, impacted by pandemic-led decline in procedure volumes. Cranial and Spinal Technologies reported 4.5% drop at CER. Sales in Specialty Therapies improved 3.2% while Neuromodulation were up 3.4% year over year at CER.
Revenues at the Diabetes group increased 0.8% at CER to $630 million.

Margins

Gross margin in the reported quarter contracted 261 basis points (bps) to 66.3% on a 3.1% decline in gross profit to $5.15 billion. Adjusted operating margin contracted 202 bps year over year to 25.9%. Selling, general and administrative expenses fell 1.9% to $2.54 billion, while research and development expenses increased 4.9% to $601 million.

Guidance

Due to the uncertainty spurred by the COVID-19 pandemic, this time too, Medtronic has decided not to provide any annual or quarterly financial guidance.

Recent News

Medtronic Gets FDA Nod for Revised Neuromodulation Labeling: Mar 17, 2021

Medtronic received revised commercial labeling approval from the FDA for its Intellis Platform that works with Differential Target Multiplexed (DTM) Spinal Cord Stimulation (SCS) programming.

Medtronic Announces IDE Pivotal Trial of PulseSelect: Mar 4, 2021

Medtronic announced the first procedures in the investigational device exemption (IDE) pivotal trial to assess the PulseSelect Pulsed Field Ablation System, a technology that uses pulsed electric fields to treat atrial fibrillation.

Medtronic's REVERSE Trial Indicates CRT's Benefits for HF: Mar 2, 2021

Medtronic announced the new results from its REVERSE (REsynchronization reVErses Remodeling in Systolic left vEntricular dysfunction) clinical trial, which assesses outcomes of cardiac resynchronization therapy (CRT) for patients with mild heart failure (HF). The trial demonstrates that patients whose HF stabilizes with CRT live longer, similar to patients whose condition improves with CRT.

Medtronic Gets FDA Nod for Expanded MRI Labeling of InterStim SureScan MRI Leads: Feb 18, 2021

Medtronic announced the receipt of FDA approval with updated MRI guidelines allowing for a wider range of MRI scanning parameters and shorter wait time between MRI scans.

Medtronic Recall Unused Valiant Navion Thoracic Stent Graft System: Feb 17, 2021

Medtronic informed physicians to cease the use of Valiant Navion Thoracic Stent Graft System until further notice.

Medtronic Announces Early Site Release of New Radial Artery Access Portfolio: Feb 1, 2021

Medtronic announced expansion of its limited site release of the recently acquired radial artery access portfolio from privately-held RIST Neurovascular.

Medtronic Receives FDA Approval of DiamondTemp Ablation System: Jan 29, 2021

Medtronic announced the receipt of FDA approval of the DiamondTemp Ablation system which treats patients with recurrent, symptomatic paroxysmal atrial fibrillation and those unresponsive to drug therapy.

Medtronic Launches Adaptive Deep Brain Stimulation (aDBS) Trial : Jan 14, 2021

Medtronic announced the first enrollment in ADAPT-PD (Adaptive DBS Algorithm for Personalized Therapy in Parkinson's Disease). This trial is evaluating the safety and efficacy of adaptive deep brain stimulation in patients with Parkinson's Disease.

Valuation

Medtronic shares are down 0.4% and up 59.9% in the year-to-date period and the trailing 12-month periods, respectively. Stocks in the Zacks subindustry are up 4% while the Zacks Medical sector is up 0.9% in the year-to-date period. Over the past year, the subindustry is up 60.9% and sector is up 39.3%.

The S&P 500 index is up 4.6% in the year-to-date period and up 76.6% in the past year.

The stock is currently trading at 20.8X Forward 12-months earnings, which compares to 26.5X for the Zacks sub-industry, 21.6X for the Zacks sector and 22.2X for the S&P 500 index.

Over the past five years, the stock has traded as high as 27.8X and as low as 12.2X, with a 5-year median 17.3X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $122 price target reflects 21.8X forward 12-months earnings.

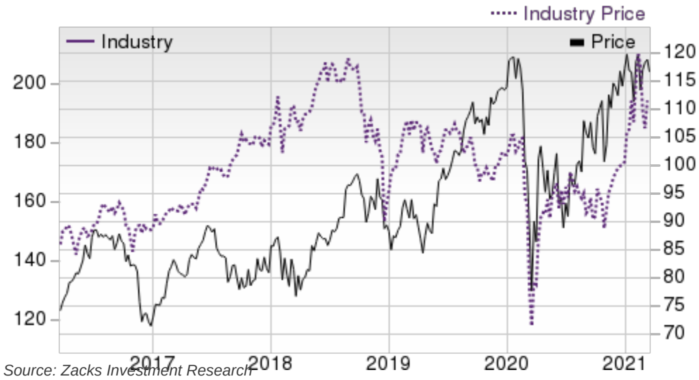
The table below shows summary valuation data for MDT.

Valuation Multiples - MDT

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	20.83	26.46	21.60	22.17
	5-Year High	27.82	31.26	22.83	23.80
	5-Year Low	12.18	17.09	15.90	15.30
	5-Year Median	17.29	21.60	19.24	17.90
P/S F12M	Current	4.86	3.96	2.74	4.52
	5-Year High	5.06	4.03	3.17	4.52
	5-Year Low	3.00	2.90	2.26	3.21
	5-Year Median	3.89	3.37	2.81	3.69
P/B TTM	Current	3.08	3.55	3.86	6.61
	5-Year High	3.20	3.76	5.11	6.71
	5-Year Low	1.88	2.28	3.02	3.83
	5-Year Median	2.38	2.97	4.35	4.97

As of 03/19/2021 *Source: Zacks Investment Research*

Industry Analysis **Zacks Industry Rank:** Bottom 40% (151 out of 253)



Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
ABIOMED, Inc. **(ABMD)**	Neutral	3
Abbott Laboratories **(ABT)**	Neutral	2
Baxter International Inc. **(BAX)**	Neutral	3
The Cooper Companies, Inc. **(COO)**	Neutral	2
DaVita Inc. **(DVA)**	Neutral	3
Stryker Corporation **(SYK)**	Neutral	3
Boston Scientific Corporation **(BSX)**	Underperform	4
Intuitive Surgical, Inc. **(ISRG)**	Underperform	4

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

Industry Comparison Industry: Medical - Products

	MDT	X Industry	S&P 500	ABT	BSX	COO
				Industry Peers		
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Underperform	Neutral
Zacks Rank (Short Term)	3	-	-	2	4	2
VGM Score	C	-	-	C	B	D
Market Cap	157.21 B	581.77 M	28.48 B	213.03 B	54.09 B	18.87 B
# of Analysts	14	3	13	10	13	10
Dividend Yield	1.99%	0.00%	1.38%	1.50%	0.00%	0.02%
Value Score	C	-	-	C	B	D
Cash/Price	0.09	0.10	0.06	0.03	0.03	0.01
EV/EBITDA	21.65	-1.03	15.90	25.38	31.73	34.13
PEG F1	3.76	2.43	2.36	1.68	2.67	2.71
P/B	3.09	4.31	3.90	6.46	3.57	3.15
P/CF	17.62	21.25	15.91	21.57	17.83	26.76
P/E F1	26.81	29.05	21.22	23.73	24.91	29.86
P/S TTM	5.63	6.54	3.30	6.16	5.46	7.66
Earnings Yield	3.73%	0.67%	4.61%	4.22%	4.01%	3.35%
Debt/Equity	0.52	0.07	0.67	0.56	0.60	0.24
Cash Flow ($/share)	6.62	0.00	6.78	5.57	2.14	14.35
Growth Score	D	-	-	B	B	D
Historical EPS Growth (3-5 Years)	-1.20%	4.94%	9.32%	11.59%	4.84%	6.41%
Projected EPS Growth (F1/F0)	-5.23%	27.94%	14.54%	38.85%	59.61%	33.41%
Current Cash Flow Growth	-9.02%	2.01%	0.72%	11.96%	-9.43%	-14.79%
Historical Cash Flow Growth (3-5 Years)	7.68%	8.09%	7.32%	15.87%	8.10%	6.56%
Current Ratio	2.10	3.22	1.39	1.72	1.82	1.35
Debt/Capital	34.23%	14.02%	41.42%	35.95%	37.33%	19.10%
Net Margin	10.36%	-10.48%	10.59%	12.99%	-1.46%	91.23%
Return on Equity	9.37%	-3.59%	14.75%	20.83%	9.23%	11.63%
Sales/Assets	0.30	0.52	0.51	0.50	0.32	0.34
Projected Sales Growth (F1/F0)	4.00%	15.49%	7.02%	22.59%	15.35%	15.54%
Momentum Score	B	-	-	F	C	D
Daily Price Change	-1.86%	0.78%	-0.12%	1.81%	-0.05%	1.38%
1-Week Price Change	0.47%	5.21%	2.96%	-0.46%	-1.75%	-3.03%
4-Week Price Change	1.07%	-6.58%	3.72%	-4.11%	1.73%	-1.22%
12-Week Price Change	2.27%	19.08%	8.75%	10.98%	10.35%	7.16%
52-Week Price Change	47.21%	78.33%	72.55%	61.41%	35.02%	40.59%
20-Day Average Volume (Shares)	4,789,463	319,503	2,394,762	4,846,174	8,883,260	323,448
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	3.45%	0.00%	0.00%	0.00%	-0.12%	3.79%
EPS F1 Estimate 12-Week Change	3.66%	-1.54%	2.10%	15.63%	-6.38%	4.08%
EPS Q1 Estimate Monthly Change	-0.42%	0.00%	0.00%	0.00%	0.00%	2.77%

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	C
Growth Score	D
Momentum Score	B
VGM Score	C

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

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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 mediumterm 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 mostrecent 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 a 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.