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Jan 27, 2020

Medtronic plc (MDT)

$119.26 (As of 01/24/20)

Price Target (6-12 Months): **$125.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 11/15/18) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM:C
	Value: C | Growth: C | Momentum: D	

Summary

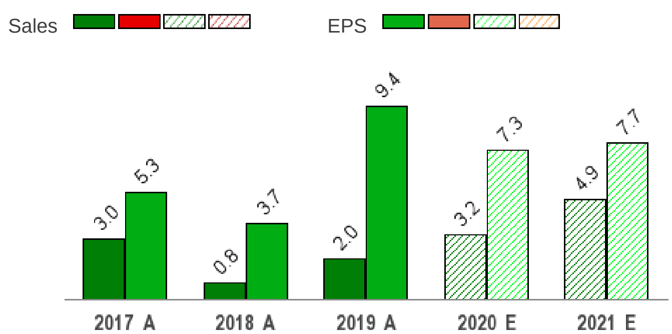
In recent times, all major business groups at Medtronic contributed to solid top-line growth at CER, which highlighted sustainability across groups and regions, in addition to displaying successful achievement of synergy targets. In the second quarter fiscal 2019, within RTG, strong sales within spine and brain therapies more than offset slower growth in pain therapies. Within CVG, despite ongoing challenges, the company registered 1.3% growth at CER. MITG arm demonstrated sturdy growth on strength in across all businesses. The 2020 guidance also looks promising. Medtronic has been outperforming the industry it belongs to for the past three months. On the flips side, the declining CRHF revenue raises concern for Medtronic. Escalating costs persistently put pressure on gross margin.

Price, Consensus & Surprise

Data Overview

52 Week High-Low	**$122.15 - $82.77**
20 Day Average Volume (sh)	**3,559,251**
Market Cap	**$159.9 B**
YTD Price Change	**5.1%**
Beta	**0.60**
Dividend / Div Yld	**$2.16 / 1.8%**
Industry	**Medical - Products**
Zacks Industry Rank	**Top 44% (111 out of 255)**
Last EPS Surprise	**2.3%**
Last Sales Surprise	**0.4%**
EPS F1 Est- 4 week change	**0.0%**
Expected Report Date	**02/18/2020**
Earnings ESP	**-0.3%**
P/E TTM	**22.1**
P/E F1	**21.3**
PEG F1	**3.0**
P/S TTM	**5.2**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2021	7,849 E	8,047 E	8,170 E	8,874 E	33,059 E
2020	7,493 A	7,706 A	7,817 E	8,506 E	31,526 E
2019	7,384 A	7,481 A	7,546 A	8,146 A	30,557 A

EPS Estimates

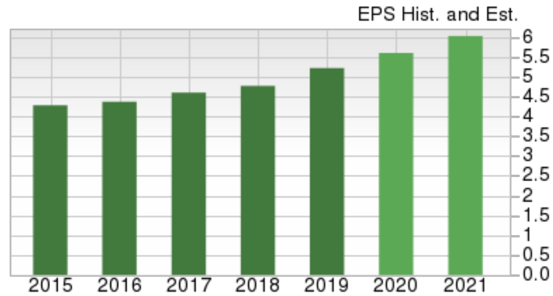
	Q1	Q2	Q3	Q4	Annual*
2021	$1.37 E	$1.42 E	$1.49 E	$1.74 E	$6.03 E
2020	$1.26 A	$1.31 A	$1.38 E	$1.64 E	$5.60 E
2019	$1.17 A	$1.22 A	$1.29 A	$1.54 A	$5.22 A

*Quarterly figures may not add up to annual.

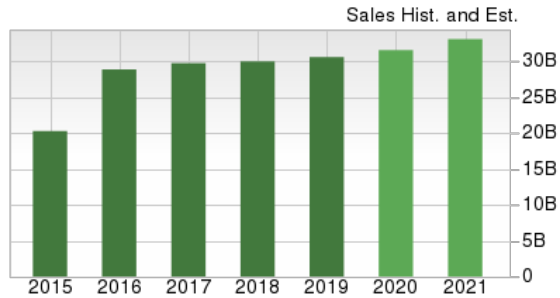
The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 01/24/2020. The reports text is as of 01/27/2020.

Overview

On Jan 26, 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).



Per the terms of this agreement, Medtronic, Inc. and Covidien plc have now become wholly-owned subsidiaries of the new combined holding company – **Medtronic plc**, with its principal executive offices based in Ireland. However, the combined company's operational headquarters will remain in Minnesota.



The combined business currently operates in 4 major groups, viz. **Cardiac & Vascular Group (CVG)** (37.7% of total revenues in fiscal 2019; up 2.9% from 2018 at CER), **Minimally Invasive Therapies Group (MITG)** (27.7%; up 5.8%), **Restorative Therapies Group (RTG)** (26.8%; up 6.6%) and **Diabetes Group** (7.8%; up 13.4%).

CVG comprises Cardiac Rhythm & Heart Failure, 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.

Reasons To Buy:

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

▲ **Price Movement**: Over the past three months, Medtronic has been observed to outperform the industry it belongs to. As per the last share price movement, the stock has grown 12.3% as compared to the industry's 7.7% rise. Medtronic showcased a strong performance in the second quarter of fiscal 2020 with better-than-expected numbers. All major business groups contributed to solid top-line growth at CER, which highlighted sustainability across groups and regions, in addition to displaying successful achievement of synergy targets. Within RTG, strong sales within spine and brain therapies more than offset slower growth in pain therapies. Neurosurgery business posted double-digit growth at all three of the company's offerings, Robotics, Navigation and Imaging.

Within CVG, despite ongoing challenges, the company registered 1.3% growth at CER, in line with its expectation. On visible signs of overcoming these headwinds, we expect a rebound in this trend any time soon. Meanwhile, multiple product lines within Pacing and TAVR showed strength in the quarter. MITG arm demonstrated sturdy growth in the reported quarter on strength in Surgical Innovations (SI) and the Respiratory, Gastrointestinal & Renal (RGR) divisions.

Within Diabetes group, International business grew 19% banking on strong rollout of the MiniMed 670G in new markets. In addition, the company double-digit growth in CGM and other consumables in the reported quarter. In fiscal 2020, Medtronic expects to launch its MiniMed 780G (its advanced hybrid closed-loop system with bluetooth connectivity).

▲ **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.

At the end of the second quarter, Medtronic stated that the Enterprise Excellence program is getting executed successfully, especially in SG&A. According to the company, it is confident about delivering the estimated 40 basis points of full year underlying operating margin expansion mitigating the impact of unfavorable pricing and product mix.

▲ **Heart Failure Business Flourishes**: Medtronic has been witnessing growth in the Heart Failure division in the recent time led by strong growth in pacemaker business on continued rollout of Micra Transcatheter Pacing System. Beyond Micra, the company's global pacemaker share is benefiting from unique feature differentiation in conventional pacemakers, including the Reactive ATP feature that resulted in differential reimbursement in Japan. This apart, Medtronic is registering robust growth in Infection Control, AF Solutions and Mechanical Circulatory Support businesses.

▲ **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. Although, in the reported quarter, the company registered year-over-year loss in this business, there was low-single-digit growth in Arrhythmia Management (driven by mid-single digit growth in Pacemakers, on continued strength of the Micra transcatheter pacing system) as well as low-double digit growth in AF Solutions).

According to Medtronic, within CRHF, the company is currently gearing up for two of the biggest launches of fiscal 2021 which are Reveal LINQ 2.0 insertable cardiac monitor and Micra AV transcatheter pacing system.

▲ **Foraying in 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.

▲ **Mazor Robotics Strengthens Robotics Spine Surgery Business:** In a bid to grow in the field of robotics spine surgery, Medtronic acquired Mazor Robotics, an Israel-based robotic surgical guidance systems company for a deal-value of $1.64 billion.

The buyout has combined Medtronic's market-leading spine implants, navigation and intra-operative imaging technology with the acquired company's robotic-assisted surgery (RAS) systems. Following the completion of the transaction, Medtronic launched the Mazor X Stealth Edition robotics guidance platform in January 2019, and has already received positive feedback for this capability. At the end of fiscal 2019, Medtronic's share in spine robotic market increased to more than 70%.

▲ **Focus on emerging markets to add value**: Despite facing severe macroeconomic pressure, Medtronic saw emerging market growth of 12% in the fiscal second quarter representing 16% of the company's revenue this quarter. Businesses in China grew 13%, South Asia 14%, Southeast Asia 12% and Middle East and Africa grew 10%. Further, Eastern Europe grew 14% including 20% growth in Russia.

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. 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.

▲ **Prudent use of cash**: Medtronic exited second quarter of fiscal 2020 with $3.96 billion in cash and cash equivalents, compared with $5.08 billion at the end of fiscal 2019. Year-to-date operating cash flow was $3.38 billion, as compared with $2.87 billion in the year-ago period. Free cash flow for the period was $2.79 billion from $5.87 billion at the end of fiscal 2019.

Going by the long-term capital deployment policy, Medtronic earlier expected to generate $25 billion in free cash flow over the next five years ($17 billion generated in the past five years) and will strive to return 50% to shareholders through dividends and share repurchases. In the second quarter, the company returned $1.1 billion, (71% of the free cash generated) to its shareholders through both dividends and share repurchase. Total shareholder payout for the year was 64% on adjusted net earnings.

Reasons To Sell:

- **Challenges within CVG and Diabetes Dent Growth**: During the fiscal second quarter, Medtronic faced challenges in drug-coated balloons and LVADs as well as CRM replacement devices all of which significantly affected the company's top line performance within CVG. In Diabetes group, the U.S. business declined in the high single-digits resulting from competitive challenges,

- **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. For the full year fiscal 2020, currency fluctuation is expected to negatively impact the top line by 0.8-1.2% million. It is expected to have a 9-cent adverse impact on the full-year adjusted EPS.

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.

- **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

Solid Overall Growth Drives Medtronic's Q2 Earnings

Quarter Ending	10/2019
Report Date	Nov 19, 2019
Sales Surprise	0.38%
EPS Surprise	2.34%
Quarterly EPS	1.31
Annual EPS (TTM)	5.40

Medtronic reported second-quarter fiscal 2020 adjusted earnings per share (EPS) of $1.31, beating the Zacks Consensus Estimate by 2.3%. Adjusted earnings also rose 7.4% year over year.

After adjusting the foreign exchange headwind of 2 cents, adjusted EPS increased 9% year over year.

Without certain one-time adjustments including restructuring, acquisition and amortization expenses, GAAP EPS was $1.01, reflecting a 23.2% rise from the year-ago reported figure.

Total Revenues

Worldwide revenues in the reported quarter grossed $7.71 billion, up 4.1% on an organic basis (excluding the impact of currency and significant acquisitions including Titan Spine)(up 3% on a reported basis). The top line also exceeded the Zacks Consensus Estimate by a marginal 0.3%. Revenues at constant exchange rate or CER improved 4.3% in the quarter considering adjustments for a $97-million negative impact from foreign currency.

In the quarter under review, U.S. sales (54% of total revenues) inched up 2.1% year over year on a reported basis to $4.13 billion. While non-U.S. developed market revenues summed $2.32 billion (30% of total revenues), depicting a 1.4% improvement reportedly (up 4.6% at CER). Again, the emerging market revenues (16% of total revenues) amounted to $1.26 billion, up 9.4% reportedly (up 11.6% at CER).

Segment Details

The company currently generates revenues from four major groups, namely Cardiac and Vascular Group (CVG), Minimally Invasive Therapies Group (MITG), Restorative Therapies Group (RTG) and Diabetes Group.

CVG comprises Cardiac Rhythm & Heart Failure (CRHF), Coronary & Structural Heart (CSH) and Aortic & Peripheral Vascular divisions (APV). MITG includes the Surgical Innovations (SI) and the Respiratory, Gastrointestinal & Renal (RGR) divisions. RTG consists of the Spine, Brain Therapies, Specialty Therapies and Pain Therapies segments while the Diabetes Group incorporates the Intensive Insulin Management (IIM), Non-Intensive Diabetes Therapies (NDT) and Diabetes Service & Solutions (DSS) divisions.

In the fiscal second quarter, CVG revenues improved 1.3% at CER (down 0.1% as reported) to $2.86 billion, driven by high-single digit growth in CSH, offset by flat results in APV and a low-single digit decline in CRHF, all at CER.

CRHF sales totaled $1.43 billion, down 1.9% year over year at CER (down 3.1% as reported). The low-single digit's growth in Arrhythmia Management was countered by a low-double digit fall in Heart Failure.

CSH revenues were up 7.2% at CER (up 5.4% as reported) to $955 million, driven by low-20s' growth in transcatheter aortic valves. However, this growth was partially offset by mid-single digit's year-over-year deterioration in drug-eluting stents sales during the quarter.

APV revenues registered a 0.2% dip at CER (down 1.3% as reported) to $474 million. A mid-single-digit's growth in Aortic was offset by high-single digit's decline in Peripheral.

In MITG, worldwide sales totaled $2.14 billion, marking a 6.1% year-over-year increase at CER (up 4.6% on a reported basis), banking on mid-single digit growth in both SI (Surgical Innovations) and RGR (Respiratory, Gastrointestinal & Renal).

In RTG, worldwide revenues of $2.11 billion were up 6.8% year over year at CER (up 6% as reported) on low-double digit growth in Brain Therapies, mid-single digit growth in Specialty Therapies and Spine and low-single digit growth in Pain Therapies.

Moreover, revenues at the Diabetes group increased 4.3% at CER (up 2.2% as reported) to $596 million.

Margins

Gross margin in the reported quarter contracted 162 basis points (bps) to 68.9% on 8.7% rise in the cost of revenues to $2.39 billion. Adjusted operating margin shrank 173 bps year over year to 25.2%. Meanwhile, there was a 0.5% rise in selling, general and administrative expenses (to $2.62 billion) while research and development expenses inched up 2.2% (to $603 million). Other expenses in the quarter under discussion totaled $149 million compared with the $70-million expense a year ago.

Fiscal 2020 Guidance

The company reiterated its fiscal 2020 revenue outlook. For the full year, organic revenue growth is expected to be 4%. Medtronic projects revenue rise to accelerate in the second half of the year relative to the first.
Adverse currency fluctuation is projected to affect the top line by 0.8-1.2% (unchanged). The current Zacks Consensus Estimate for revenues is pegged at $31.5 billion.

Fiscal 2020 adjusted EPS view has been raised to $5.57-$5.63 (earlier range was $5.54-$5.6). Currency volatility is expected to have a 9-cent adverse impact on the full-year adjusted EPS (earlier prediction was a negative impact of 10 cents). The Zacks Consensus Estimate of $5.56 for the metric is below the guided range.

Recent News

On **Jan 23, 2020,** Medtronic Launched Efficio Software to help clinicians efficiently manage Targeted Drug Delivery Therapy with SynchroMed II.

On **Jan 21, 2020,** Medtronic attained FDA nod for Micra AV to treat AV block.

On **Nov 21, 2019**, Medtronic announced that, it has received FDA approval of the IN.PACT AV drug-coated balloon (DCB),for the treatment of failing arteriovenous (AV) access in patients with end-stage renal disease (ESRD) undergoing dialysis.

On **Nov 11, 2019**, Medtronic announced favorable data from its study on MARVEL 2 (Micra Atrial Tracking Using A Ventricular accELerometer). The study results demonstrate that an investigational set of algorithms in the Micra Transcatheter Pacing System ("TPS") significantly improves synchrony and cardiac function in patients with impaired electrical conduction between the chambers of the heart, called atrioventricular (AV) block.

On **Nov 5, 2019**, Medtronic announced four-year data from the IN.PACT Global study. The study reinforces the long-term durability and safety of the IN.PACT Admiral drug-coated balloon (DCB) in patients with peripheral artery disease (PAD) in the superficial femoral (SFA) and popliteal arteries.

On **Oct 31, 2019**, Medtronic received the Shonin approval from the Ministry of Health, Labour and Welfare (MHLW). Further, it launched the Valiant Navion thoracic stent graft system in Japan for the minimally invasive repair of thoracic descending aortic aneurysms (TAA) and complicated type B aortic dissections (TBAD).

On **Oct 30, 2019**, Medtronic announced the US launch of its advanced Patient Programmer technology for Deep Brain Stimulation (DBS) therapy at the Samsung Developers Conference in San Jose, CA.

On **Oct 29, 2019**, Medtronic received Breakthrough Device designation from the FDA for the Fully Implantable Left Ventricular Assist Device (LVAD) for patients with advanced heart failure. However, this device is currently under development.

On **Oct 17, 2019**, Medtronic plc launched the GI Genius intelligent endoscopy module, which is the only system till date to use artificial intelligence for detecting colorectal polyps. It provides new and advanced solutions to fight colorectal cancer.

On **Oct 8, 2019**, the company announced receiving the Breakthrough Device designation from the FDA for its Valiant TAAA Stent Graft System. The system is used for minimally invasive repair of thoracoabdominal aortic aneurysm (TAAA), which is a condition leading to the bulging of the aorta.

On **Oct 7, 2019**, Medtronic announced the start of a global pivotal study, which evaluates its investigational Extravascular Implantable Cardioverter Defibrillator (EV ICD) system to treat dangerously fast heart rhythms.

On **Oct 7, 2019**, the company announced filing a pre-market approval (PMA) supplement with the FDA for its approval of InterStim Micro neurostimulator and InterStim SureScan MRI leads.

Valuation

Medtronic shares are up 15.5% in the past six-month period and up 38% in the trailing 12-month period. Stocks in the Zacks sub-industry and Zacks Medical sector are up 1.9% and 5.8% in the past six-month period, respectively. Over the past year, the Zacks sub-industry and sector are up 19.8% and up 5.3%, respectively.

The S&P 500 index is up 9.6% in the past six-month period and up 23.9% in the past year.

The stock is currently trading at 20.2X Forward 12-months earnings, which compares to 25.5X for the Zacks sub-industry, 21.3X for the Zacks sector and 18.9X for the S&P 500 index.

Over the past five years, the stock has traded as high as 20.6X and as low as 14.2X, with a 5-year median 16.9X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $125 price target reflects 21.16x 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	20.15	25.46	21.26	18.94
	5Year High	20.61	25.46	21.26	19.34
	5-Year Low	14.16	17.00	14.16	15.18
	5-Year Median	16.85	19.52	16.85	17.45
P/S F12M	Current	4.89	4.01	2.83	3.52
	5-Year High	5.92	4.01	3.82	3.52
	5-Year Low	3.10	2.87	2.43	2.54
	5-Year Median	3.77	3.21	2.95	3.00
P/B TTM	Current	3.15	3.24	4.53	4.50
	5-Year High	5.60	4.30	5.02	4.55
	5-Year Low	1.73	2.21	3.43	2.85
	5-Year Median	2.28	2.77	4.29	3.62

As of 1/24/2020

Industry Analysis **Zacks Industry Rank:** Top 44% (111 out of 255)

Top Peers

Intuitive Surgical, Inc. **(ISRG)**	Outperform
ABIOMED, Inc. **(ABMD)**	Neutral
Abbott Laboratories **(ABT)**	Neutral
Baxter International Inc. **(BAX)**	Neutral
Boston Scientific Corporation **(BSX)**	Neutral
The Cooper Companies, Inc. **(COO)**	Neutral
DaVita Inc. **(DVA)**	Neutral
Stryker Corporation **(SYK)**	Neutral

Industry Comparison Industry: Medical - Products

Industry Peers

	MDT Neutral	X Industry	S&P 500	ABT Neutral	BSX Neutral	COO Neutral
VGM Score	C	-	-	D	B	C
Market Cap	159.85 B	277.60 M	24.13 B	159.87 B	60.23 B	17.29 B
# of Analysts	13	2	13	10	11	11
Dividend Yield	1.81%	0.00%	1.78%	1.59%	0.00%	0.02%
Value Score	C	-	-	C	C	D
Cash/Price	0.07	0.07	0.04	0.03	0.00	0.01
EV/EBITDA	18.73	0.23	14.02	24.71	26.83	22.34
PEG Ratio	2.99	2.65	2.03	2.33	2.11	2.56
Price/Book (P/B)	3.15	4.13	3.30	4.99	6.21	4.81
Price/Cash Flow (P/CF)	16.41	20.18	13.52	18.81	20.00	19.44
P/E (F1)	21.32	27.78	18.92	25.15	24.09	27.52
Price/Sales (P/S)	5.17	5.25	2.65	5.01	5.80	6.52
Earnings Yield	4.70%	0.36%	5.28%	3.98%	4.14%	3.63%
Debt/Equity	0.49	0.10	0.72	0.55	0.99	0.35
Cash Flow ($/share)	7.27	-0.00	6.94	4.81	2.16	18.13
Growth Score	C	-	-	C	B	A
Hist. EPS Growth (3-5 yrs)	6.06%	10.04%	10.60%	7.68%	15.02%	13.68%
Proj. EPS Growth (F1/F0)	7.30%	13.66%	7.59%	10.96%	14.50%	3.66%
Curr. Cash Flow Growth	6.26%	5.21%	13.90%	1.30%	14.92%	6.09%
Hist. Cash Flow Growth (3-5 yrs)	15.58%	9.81%	9.00%	11.45%	6.75%	12.65%
Current Ratio	2.77	2.78	1.22	1.54	1.14	1.05
Debt/Capital	32.80%	13.16%	42.99%	35.52%	49.72%	25.81%
Net Margin	15.11%	-15.64%	11.35%	11.56%	10.49%	17.59%
Return on Equity	14.52%	-6.74%	17.10%	18.34%	23.10%	17.38%
Sales/Assets	0.34	0.64	0.55	0.47	0.43	0.43
Proj. Sales Growth (F1/F0)	3.17%	12.29%	4.03%	6.94%	12.29%	5.44%
Momentum Score	D	-	-	F	D	D
Daily Price Chg	-1.41%	-0.52%	-1.01%	-0.36%	-0.83%	-1.30%
1 Week Price Chg	0.33%	1.55%	2.29%	4.26%	-3.04%	6.49%
4 Week Price Chg	5.93%	1.04%	1.02%	3.57%	-4.53%	10.11%
12 Week Price Chg	9.51%	5.43%	6.85%	8.12%	3.62%	21.09%
52 Week Price Chg	36.72%	0.00%	20.39%	27.58%	16.06%	29.56%
20 Day Average Volume	3,559,251	143,009	1,536,379	4,940,231	7,117,502	268,347
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	-0.25%	-0.10%	0.00%
(F1) EPS Est 4 week change	0.00%	0.00%	0.00%	-0.25%	0.10%	-0.14%
(F1) EPS Est 12 week change	0.69%	-1.76%	-0.23%	-0.50%	0.34%	-2.79%
(Q1) EPS Est Mthly Chg	-0.03%	0.00%	0.00%	-2.78%	0.00%	0.00%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	C
Growth Score	C
Momentum Score	D
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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