

### 3M Company (MMM)

**\$180.00** (As of 01/02/20)

Price Target (6-12 Months): **\$189.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 07/05/19)

Prior Recommendation: Underperform

Short Term: 1-3 Months

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

**3-Hold**

Zacks Style Scores:

VGM:B

Value: C

Growth: C

Momentum: A

### Summary

Over the past three months, 3M's shares have outperformed the industry. The company stands to gain from the efforts to innovate products, restructuring actions and shareholder-friendly policies. Its acquisition of the technology business of M\*Modal is benefiting the health information systems business, while the Acclivity buyout will likely strengthen the medical solutions business. Recently, 3M divested advanced ballistic-protection business to Avon Rubber. Notably, acquired assets and divestments had a net positive impact of 0.6% on sales in the third quarter of 2019. For 2019, 3M lowered its adjusted earnings per share guidance to \$8.99-\$9.09 from \$9.25-\$9.75 mentioned earlier. Organic sales will likely decline 1-1.5% versus previously mentioned 1% decline to 2% growth. Forex woes will likely adversely impact sales by 2%.

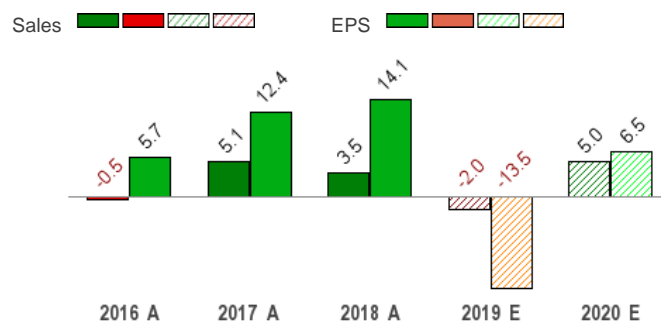
### Price, Consensus & Surprise



### Data Overview

52 Week High-Low	\$219.75 - \$150.58
20 Day Average Volume (sh)	2,469,059
Market Cap	\$103.5 B
YTD Price Change	2.0%
Beta	1.10
Dividend / Div Yld	\$5.76 / 3.2%
Industry	<a href="#">Diversified Operations</a>
Zacks Industry Rank	Top 41% (104 out of 253)

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



Last EPS Surprise	4.5%
Last Sales Surprise	-1.3%
EPS F1 Est- 4 week change	0.5%
Expected Report Date	02/04/2020
Earnings ESP	-0.5%
P/E TTM	19.3
P/E F1	18.7
PEG F1	1.8
P/S TTM	3.2

### Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2020	8,286 E	8,624 E	8,545 E	8,381 E	33,739 E
2019	7,863 A	8,171 A	7,991 A	8,123 E	32,124 E
2018	8,278 A	8,390 A	8,152 A	7,945 A	32,765 A

### EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2020	\$2.23 E	\$2.39 E	\$2.54 E	\$2.42 E	\$9.64 E
2019	\$2.23 A	\$2.20 A	\$2.58 A	\$2.10 E	\$9.05 E
2018	\$2.50 A	\$2.59 A	\$2.58 A	\$2.31 A	\$10.46 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 01/02/2020. The reports text is as of 01/03/2020.

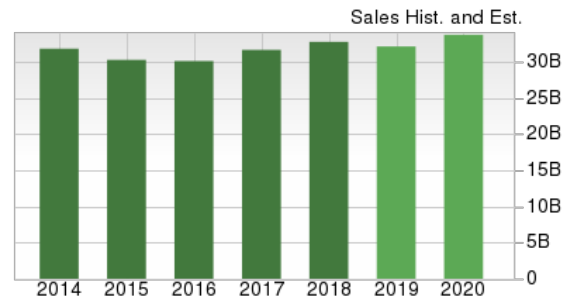
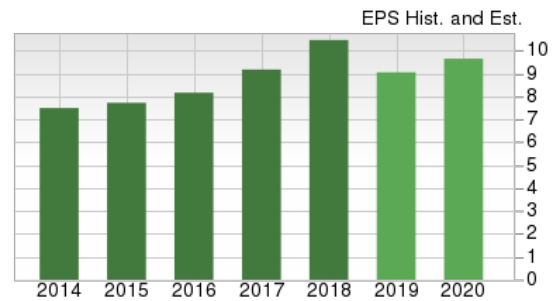
## Overview

Headquartered in St. Paul, MN, and founded in 1902, 3M Company together with its subsidiaries operates as a diversified technology firm. It has manufacturing operations across the globe and serves diversified customer base primarily in the United States, Europe, Middle East and Africa; Latin America/Canada; and the Asia Pacific regions.

Exiting 2018, the company had 93,516 employees, with approximately 37,412 in the United States and other employed internationally.

Effective from the second quarter of 2019, the company realigned its business segments from five to four — including Safety & Industrial; Transportation & Electronics; Health Care; and Consumer. The segmental information is briefly discussed below.

- The **Safety & Industrial** segment mainly serves customers in the electrical, safety and industrial markets across the globe. The segment includes adhesives and tapes, personal safety, abrasives, closure and masking systems, roofing granules, automotive aftermarket, electrical and communication markets, and other related businesses.
- The **Transportation & Electronics** segment primarily serves original equipment manufacturers (OEMs) in the electronics and transportation industries across the globe. The segment includes electronics, commercial solutions, advanced materials, transportation safety, automotive and aerospace, and other related businesses.
- The **Health Care** segment engages in serving customers in the global healthcare industry. Businesses within the segment are oral care, drug delivery, medical solutions, food safety, separation and purification sciences, health information systems, and other miscellaneous healthcare businesses.
- The **Consumer** segment provides office supply products, stationery products, home improvement products, home care products and consumer health care products. In addition, the segment's Construction and Home Improvement Division offers some retail auto care products.



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## Reasons To Buy:

- ▲ Over the past three months, 3M's shares have gained 15.5% compared with the industry's growth of 12.9%. In the quarters ahead, the company intends to become more competent on the back of product-portfolio solidification. The company's household products like Nexcare, Post-it, Scotch, Scotch-Brite and Scotchgard are market leaders in their individual categories. Also, 3M's value model that comprises four priorities — Portfolio (detailed in the next point), Innovation, Transformation, and People and Culture — will help strengthen margins. In addition, the company's realignment of business segments from five to four will likely aid it to better serve global customers and markets.
- ▲ In sync with its Portfolio priority, 3M completed the divestiture of the communication markets business in 2018. Also, in August 2019, it completed the divestment of its gas and flame detection business to Teledyne Technologies, and recently completed divestiture of its advanced ballistic-protection business to Avon Rubber. Also, 3M acquired the technology business of M\*Modal — a prominent healthcare technology provider of conversational Artificial Intelligence-powered systems — in February 2019. The buyout has been strengthening the company's health information systems business and will likely continue aiding it over the long term. In addition, it completed the acquisition of Acelyt Inc and its KCI subsidiaries in October. The buyout will likely boost 3M's medical solutions business under the Health Care segment. Notably, acquired assets and divestments had a net positive impact of 0.6% on sales in the third quarter of 2019. The company anticipates a 1% positive impact from acquisitions (net of impact from divested assets), higher than neutral impact mentioned earlier.
- ▲ 3M worked on restructuring and other actions to cut costs, boost productivity and increase cash flow generation (by lowering capital investments, reducing inventories and increasing indirect cost actions) in the second quarter. Notably, inventory reduction of \$250 million from the previous quarter was recorded in the second quarter of 2019, while the company lowered indirect costs by \$80 million on a year-over-year basis. 3M predicts annual pre-tax savings of \$225-\$250 million from these actions, with approximately \$110 million (or 15 cents per share) to be realized in the second half of 2019.
- ▲ The company remains committed to rewarding shareholders handsomely through dividend payments and share buybacks. In the first three quarters of 2019, it paid out dividends totaling \$2,488 million to shareholders and bought back shares worth \$1,243 million. It is worth mentioning here that the company hiked the quarterly dividend rate by 6% in February 2019. Also, a share buyback program worth \$10 billion was approved in November 2018. For 2019, the company anticipates buying back shares worth \$1-\$1.5 billion.

3M stands to gain from solid product portfolio, the value model, restructuring actions, acquired assets and shareholder-friendly policies.

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## Reasons To Sell:

- ▼ 3M's third-quarter earnings were flat year over year, while declined 2%. The top-line results were negatively influenced by a decline in organic sales resulting from the weakness in automotive and electronics businesses as well as softness in China end markets. Also, forex woes (explained below) and divestitures had negative impacts on sales. For 2019, the company lowered its adjusted earnings projection to \$8.99-\$9.09 per share from the previously mentioned \$9.25-\$9.75. It is worth mentioning here that the Acelity buyout is predicted to adversely impact earnings by 15 cents. Organic sales are predicted to dip 1-1.5% versus previously mentioned 1% decline to 2% growth. These seem to have created bearish sentiments for the stock. In the past 60 days, the company's earnings estimates have been lowered by 0.4% to \$9.05 for 2019 and 0.2% to \$9.64 for 2020.
- ▼ Rising cost of sales was the major cause of concern for 3M over the last few quarters. The company's cost of sales increased 0.7% year over year in the third quarter of 2019, while research, development and related expenses expanded 3%. It witnessed inflation in raw material costs in the quarter but its effective pricing actions came in as a relief. We believe that rising costs, if not checked, might continue to weigh on the company's profitability in the quarters ahead. In addition, it expects an adverse impact of 21 cents per share from restructuring and other actions (undertaken in the second quarter) on 2019 earnings. This will likely be partially offset by related gains.
- ▼ Geographical diversification is reflective of a flourishing business of 3M. However, the diversity exposed the company to headwinds arising from geopolitical issues, macroeconomic challenges and unfavorable movements in foreign currencies. In the third quarter of 2019, forex woes had an adverse 1.3% impact on sales. For 2019, 3M expects unfavorable movements in foreign currencies to adversely impact sales by 2%, higher than previously mentioned 1%. Further, the company faces tremendous local competitive pressure, whether it is in Brazil, China, India or Indonesia. In order to reduce the competitive pressure, it has to invest significantly in R&D to locally develop and manufacture products. These are likely to put pressure on its finances and hence might impact profitability.
- ▼ A highly leveraged balance sheet can inflate 3M's financial obligations and subsequently hurt profitability. In the last five years (2014-2018), the company's long-term debt rose 14.9% (CAGR). Notably, the metric stood at \$17.5 billion at the end of the third quarter of 2019, up 17.2% from the previous quarter and roughly 30.3% above the 2018 level. Net interest expenses in the first three quarters of 2019 increased 28.1% year over year, with the metric expanding roughly 18.6% in the third quarter. Also, the company seems to be more leveraged than the industry, with respective long-term debt-to-capital of 62.7% and 56.5%. It expects an increase in interest expenses for the fourth quarter of 2019.

Weakness in automotive and electronics as well as softness in China end markets are expected to impact organic sales in 2019. Restructuring charges, high debts and forex woes are concerning.

## Last Earnings Report

### 3M Beats Q3 Earnings Estimates, Lowers '19 Projections

3M reported better-than-expected results for the third quarter of 2019, with earnings surpassing estimates by 4.5%. This is the second consecutive quarter of better-than-expected results.

Its adjusted earnings in the reported quarter were \$2.58 per share. The figure surpassed the Zacks Consensus Estimate of \$2.47. However, its bottom line was in line with the year-ago quarter figure.

Quarter Ending **09/2019**

Report Date	Oct 24, 2019
Sales Surprise	-1.32%
EPS Surprise	4.45%
Quarterly EPS	2.58
Annual EPS (TTM)	9.32

### Weak Organic Sales, Divestitures and Forex Woes Hurt Revenues

In the quarter under review, 3M's net sales were \$7,991 million, reflecting a decline of 2% from the year-ago quarter. Results were adversely impacted by a 1.3% decrease in organic sales (results in automotive and electronics businesses as well as China end-markets were soft in the quarter), 0.3% negative impact of divestitures and 1.3% adverse impact of foreign currency translation, partially offset by 0.9% gain from acquisitions.

Also, the company's net sales lagged the Zacks Consensus Estimate of \$8,098 million by 1.3%.

On a geographical basis, sales in the United States grew 0.8% year over year while that in the Asia Pacific declined 5%. Europe, Middle East and Africa's sales declined 4.1% and that of Latin America/Canada improved 0.6%.

Effective from the second quarter of 2019, the company realigned its business segments from five to four — including Safety & Industrial; Transportation & Electronics; Health Care; and Consumer. The segmental information is briefly discussed below.

Revenues from the Safety and Industrial segment totaled \$2,849 million, declining 5.7% year over year. The decline resulted from 1.6% adverse impact of forex woes, 3.3% fall in organic sales and 0.8% negative impact of divestitures.

Revenues from the Transportation & Electronics segment totaled \$2,503 million, declining 4.4% year over year. Results were adversely impacted by a 3.4% fall in organic sales and a 1% decline from forex woes.

Revenues from the Health Care segment were \$1,721 million, rising 4.7% year over year. While organic sales grew 2%, unfavorable currency translation adversely impacted sales by 1.7%. Acquisitions had a positive 4.4% impact.

Revenues from the Consumer segment grew 1.7% year over year to \$1,324 million. Forex woes had an adverse impact of 0.9% while organic sales positively impacted revenues by 2.6%.

### Operating Margin Up Y/Y

In the quarter under review, 3M's cost of sales rose 0.7% year over year to \$4,188 million. It represented 52.4% of net sales compared with 51% in the year-ago quarter. Selling, general and administrative expenses declined 5.9% year over year to \$1,455 million. It represented 18.2% of net sales versus 19% in the year-ago quarter. Research, development and related expenses rose 3% to \$443 million. It represented 5.5% of the quarter's net sales versus 5.3% in the year-ago quarter.

Operating income in the quarter under review declined 0.2% year over year to \$2,011 million. Operating margin grew 50 bps year over year to 25.2%.

### Balance Sheet and Cash Flow

Exiting the third quarter, 3M had cash and cash equivalents of \$7,731 million, significantly above \$2,849 million at the end of the last reported quarter. Long-term debt balance rose 17.2% sequentially to \$17,479 million.

In the reported quarter, the company generated net cash of \$2,022 million, reflecting a year-over-year decline of 5.5%. Capital used for purchasing property, plant and equipment declined 7.4% year over year to \$349 million. Free cash flow in the quarter was \$1,673 million versus \$1,762 generated in the year-ago quarter. Free cash flow conversion was at 106%.

During the first nine months of 2019, the company used \$2,488 million for paying out dividends to shareholders while repurchased \$1,243 million shares.

### Outlook

3M remains committed toward making investments in research and development as well as growth programs. Driving shareholder value is a priority too.

For the fourth quarter, the company predicts organic sales decline of 1-3% year over year while anticipates acquisitions (net of divestiture impact) to positively impact sales by 5%. Forex will pose a 1% headwind. Earnings in the quarter will be \$2.05-\$2.15, including 15 cents per share of adverse impact of the Acclivity buyout.

For 2019, the company lowered its adjusted earnings projection to \$8.99-\$9.09 from the previously mentioned \$9.25-\$9.75 per share. Tax rate is likely to be 20-21% versus the earlier stated 20-22%.

Organic sales are predicted to decline 1-1.5% versus previously mentioned 1% decline to 2% growth. Acquisitions, net of impact from divested assets, will have 1% positive impact (versus a neutral impact mentioned earlier) while forex woes will likely hurt sales by 2% (versus the earlier

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1% impact).

Net cash generated from operating activities is anticipated to be \$6.7-\$6.9 billion (revised from previously mentioned \$6.3-\$7 billion) while capital expenditure will likely total \$1.6-\$1.7 billion (maintained). Free cash flow is predicted to be \$5-\$5.3 billion (versus the prior \$4.6-\$5.4 billion) while free cash flow conversion is at 105-110% versus the earlier mentioned 95-105%.

Further, shares worth \$1-\$1.5 billion will likely be repurchased during 2019. Return on invested capital will likely be 18.5-19.5% versus the previously stated 20-22%.

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## Recent News

### Divestiture of Ballistic Protection Business

On **Jan 2, 2020**, 3M announced that it completed the divestiture of its advanced-ballistic protection business in a \$91-million transaction. The other party to the transaction was Avon Rubber p.l.c.

3M's advanced-ballistic protection business (with annual sales of \$85 million) formerly was under the Advanced Materials Division, which is part of the company's Transportation & Electronics segment.

As part of the transaction, 3M sold its flat armor, body armor, ballistic helmets and various helmet-attachment products. These products are mainly used by law enforcement and government customers. Also, advanced-ballistic protection business' 280 employees will now work for Avon Rubber.

The transaction will enable 3M to concentrate on more relevant businesses. Earnings impact of the advanced-ballistic protection business divestiture will be neutral.

### Divestment of Drug Delivery Business to Altaris Capital Unit

On **Dec 12, 2019**, 3M announced that it has inked an agreement with an affiliate of Altaris Capital Partners, LLC to divest considerably all of its drug delivery business. The deal, worth of about \$650 million, includes cash, a 17% noncontrolling interest in the new company and an interest-bearing security. The deal is subject to customary closing conditions and regulatory approvals, and is projected to close in the first half of 2020.

3M's drug delivery business is engaged in developing and producing pharmaceutical products, leveraging transdermal, inhalation and conventional drug delivery technologies. It's worth noting here that the business considered for divestment has annual global sales of roughly \$380 million. Meanwhile, the company will continue to operate its transdermal drug delivery components business.

As noted by 3M, about 900 employees of its drug delivery business are likely to join the new company as a result of the divestment. As a matter of fact, the deal will enable the company to emphasize on its core health care business.

On completion, the deal is likely to lead to a gain of 45 cents to 50 cents per share for 3M. The company will report its ownership interest in the drug delivery business with the help of the equity method of accounting.

### Dividend

On **Dec 12, 2019**, 3M paid a quarterly cash dividend of \$1.44 per share to shareholders of record as on Nov 22, 2019.

### Establishment Of New committee

On **Nov 25, 2019**, 3M announced the establishment of a new committee for providing oversight of its strategies linked to commercialization, research and development, sustainability, environmental stewardship as well as other related activities.

### Acelity Buyout

On **Oct 11, 2019**, 3M announced that it completed the acquisition of Acelity Inc and its KCI subsidiaries for an enterprise value of \$6.7 billion. The transaction value includes debt assumptions and other adjustments. The other parties to the transaction were affiliates of Canada Pension Plan Investment Board, funds advised by Apax Partners, and the Public Sector Pension Investment Board.

Notably, the buyout agreement was originally announced in May 2019. Acelity specializes in specialty surgical and wound care applications. The main product brand is KCI.

As noted, 3M funded the transaction through debts and available cash. Acelity and its KCI subsidiaries will be integrated with 3M's medical solutions business, under the Health Care segment. The buyout will likely be an added advantage as it enhances 3M's offerings of advanced wound care products.

Also, as discussed in May 2019, the company predicts the buyout to prove accretive to adjusted earnings per share in the first year of the completion.

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## Valuation

3M's shares have moved down 5.9% over the trailing 12 months. On the other hand, stocks in both the Zacks sub-industry and the Zacks Conglomerates sector have moved up 27.7% in the past year.

The S&P 500 index has moved up 26.3% in the past year.

The stock is currently trading at 12.72x forward 12-month EBITDA, which compares to 26.85x for the Zacks sub-industry, 26.85x for the Zacks sector and 12.66x for the S&P 500 index.

Over the past five years, the stock has traded as high as 16.55x and as low as 10.19x, with a 5-year median of 12.76x. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$189 price target reflects 20.87x forward 12-month earnings per share.

The table below shows summary valuation data for MMM.

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### Valuation Multiples - MMM

		Stock	Sub-Industry	Sector	S&P 500
EV/EBITDA F12M	Current	12.72	26.85	26.85	12.66
	5-Year High	16.55	81.18	81.18	12.66
	5-Year Low	10.19	17.61	17.61	9.08
	5-Year Median	12.76	22.01	22.01	10.78
P/E F12M	Current	19.88	19.01	19.01	19.06
	5-Year High	26.25	20.06	20.06	19.34
	5-Year Low	15.31	15.31	15.31	15.17
	5-Year Median	19.39	17.75	17.75	17.44
EV/Sales F12M	Current	3.56	4.22	4.22	3.26
	5-Year High	4.87	4.24	4.24	3.37
	5-Year Low	2.89	2.82	2.82	2.3
	5-Year Median	3.73	3.66	3.66	2.78

As of 01/02/2020



## Industry Analysis Zacks Industry Rank: Top 41% (104 out of 253)



## Top Peers

Avery Dennison Corporation (AVY)	Neutral
Carlisle Companies Incorporated (CSL)	Neutral
Danaher Corporation (DHR)	Neutral
Federal Signal Corporation (FSS)	Neutral
Honeywell International Inc. (HON)	Neutral
IDEX Corporation (IEX)	Neutral
Parker-Hannifin Corporation (PH)	Neutral
United Technologies Corporation (UTX)	Neutral

Industry Comparison Industry: Diversified Operations				Industry Peers		
	MMM Neutral	X Industry	S&P 500	AVY Neutral	CSL Neutral	HON Neutral
<b>VGM Score</b>	<b>B</b>	-	-	<b>B</b>	<b>B</b>	<b>D</b>
Market Cap	103.51 B	7.63 B	23.93 B	10.80 B	9.30 B	129.18 B
# of Analysts	6	4	13	6	3	10
Dividend Yield	3.20%	1.38%	1.78%	1.79%	1.22%	1.99%
<b>Value Score</b>	<b>C</b>	-	-	<b>C</b>	<b>C</b>	<b>C</b>
Cash/Price	0.08	0.13	0.04	0.02	0.07	0.10
EV/EBITDA	13.41	9.63	13.95	15.18	14.83	14.26
PEG Ratio	1.84	2.12	2.12	2.22	1.20	2.23
Price/Book (P/B)	9.62	1.28	3.33	10.21	3.47	7.06
Price/Cash Flow (P/CF)	13.47	11.84	13.67	15.62	17.14	18.43
P/E (F1)	18.67	16.98	19.66	18.33	18.03	20.52
Price/Sales (P/S)	3.24	1.42	2.69	1.53	1.96	3.50
Earnings Yield	5.36%	5.87%	5.08%	5.45%	5.55%	4.87%
Debt/Equity	1.68	0.72	0.72	1.40	0.59	0.61
Cash Flow (\$/share)	13.37	1.94	6.94	8.28	9.57	9.81
<b>Growth Score</b>	<b>C</b>	-	-	<b>A</b>	<b>A</b>	<b>D</b>
Hist. EPS Growth (3-5 yrs)	6.54%	9.00%	10.56%	17.88%	11.65%	8.86%
Proj. EPS Growth (F1/F0)	6.57%	7.36%	0.00%	7.66%	13.75%	8.29%
Curr. Cash Flow Growth	8.64%	7.31%	14.83%	14.05%	9.03%	8.22%
Hist. Cash Flow Growth (3-5 yrs)	5.24%	4.88%	9.00%	8.69%	11.06%	7.62%
Current Ratio	2.30	2.23	1.23	1.03	3.04	1.32
Debt/Capital	62.66%	41.81%	42.92%	58.39%	37.23%	37.76%
Net Margin	15.48%	5.57%	11.08%	3.37%	9.66%	17.06%
Return on Equity	54.02%	9.97%	17.10%	53.79%	17.99%	32.01%
Sales/Assets	0.81	0.78	0.55	1.33	0.88	0.63
Proj. Sales Growth (F1/F0)	5.03%	3.19%	0.00%	2.02%	5.71%	3.59%
<b>Momentum Score</b>	<b>A</b>	-	-	<b>D</b>	<b>D</b>	<b>C</b>
Daily Price Chg	2.03%	0.79%	0.33%	-1.15%	1.37%	2.14%
1 Week Price Chg	1.08%	0.04%	0.13%	-0.23%	-0.02%	0.04%
4 Week Price Chg	9.51%	2.71%	3.67%	-0.45%	3.89%	3.90%
12 Week Price Chg	18.18%	8.90%	10.64%	16.18%	17.19%	12.31%
52 Week Price Chg	-2.05%	2.41%	27.46%	48.51%	65.65%	38.99%
20 Day Average Volume	2,469,059	64,906	1,693,267	404,460	313,945	2,059,513
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.49%	0.00%	0.00%	-0.09%	-1.44%	0.00%
(F1) EPS Est 12 week change	-3.61%	-0.75%	0.14%	-0.52%	1.25%	-0.56%
(Q1) EPS Est Mthly Chg	0.45%	0.00%	0.00%	0.00%	0.67%	0.00%

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## Zacks Stock Rating System

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

### Zacks Recommendation

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

### Zacks Rank

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

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### Zacks Style Scores

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

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

Value Score	C
Growth Score	C
Momentum Score	D
VGM Score	D

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

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### Disclosures

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