

Thermo Fisher (TMO)

\$333.68 (As of 01/24/20)

Price Target (6-12 Months): **\$350.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 01/07/19)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:C

Value: C

Growth: B

Momentum: C

Summary

Over the past three months, Thermo Fisher outperformed its industry. Thermo Fisher registered solid international performance with strong growth in Europe and Asia-Pacific including China. Barring industrial and applied, the company saw strength in all three end markets too. Also, a series of product launches with progress in precision medicine initiatives aided its performance. We are looking forward to the company's recent purchases of Brammer Bio in the field of Gene and Cell Therapy and an active pharmaceutical ingredient manufacturing facility from GlaxoSmithKline. Thermo Fisher put up a better-than-expected performance in the third quarter of 2019. On the flip side, Thermo Fisher's operating segments are getting impacted by unfavorable business mix. Competitive headwinds and escalating costs pose threat.

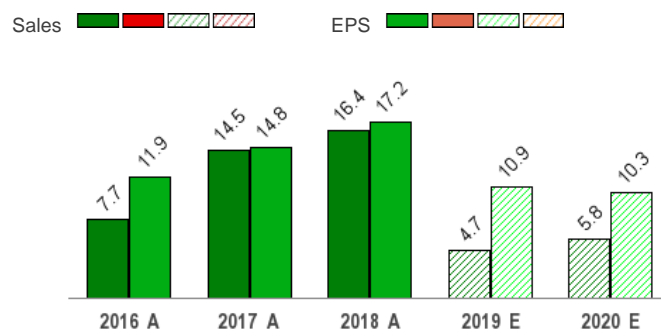
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$342.26 - \$235.90
20 Day Average Volume (sh)	893,637
Market Cap	\$133.8 B
YTD Price Change	2.7%
Beta	1.12
Dividend / Div Yld	\$0.76 / 0.2%
Industry	Medical - Instruments
Zacks Industry Rank	Bottom 36% (162 out of 255)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	2.1%
Last Sales Surprise	1.3%
EPS F1 Est- 4 week change	0.0%
Expected Report Date	01/30/2020
Earnings ESP	0.3%
P/E TTM	27.7
P/E F1	24.5
PEG F1	2.0
P/S TTM	5.3

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2020	6,456 E	6,667 E	6,650 E	7,185 E	26,968 E
2019	6,125 A	6,316 A	6,272 A	6,783 E	25,496 E
2018	5,853 A	6,078 A	5,920 A	6,507 A	24,358 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2020	\$3.10 E	\$3.35 E	\$3.29 E	\$3.88 E	\$13.60 E
2019	\$2.81 A	\$3.04 A	\$2.94 A	\$3.54 E	\$12.33 E
2018	\$2.50 A	\$2.75 A	\$2.62 A	\$3.25 A	\$11.12 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

Headquartered in Waltham, MA, Thermo Fisher Scientific is a scientific instrument maker and a world leader in serving science. In Nov 2006, Thermo Fisher Scientific, Inc. was formed through the merger of Thermo Electron Corporation with Fisher Scientific International Inc. On Feb 3, 2014, Thermo Fisher acquired Life Technologies Corporation.

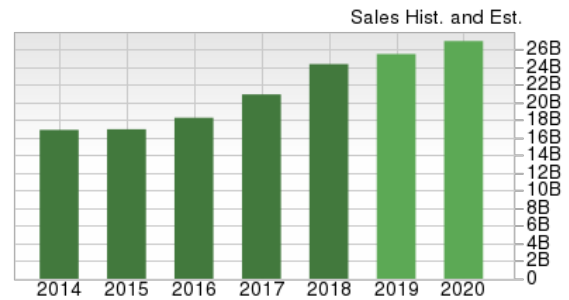
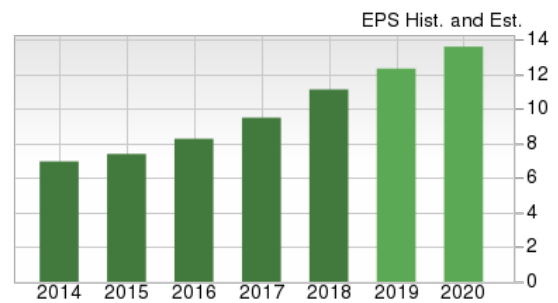
Following the acquisition, the new reporting segments are:

Life Sciences Solutions Segment: This segment (25.7% of total revenues in 2018) was added post the acquisition of Life Technologies. It incorporates majority of the former Life Technologies and Thermo Fisher's Biosciences businesses. In 2018, this business registered growth of 9.4% from 2017.

Analytical Instruments: Formerly known as Analytical Technology, this segment (22.5%) has been renamed in order to reflect the transfer of the bioprocess production business to the newly formed Life Sciences Solutions Segment. In 2018, this business registered growth of 13.4% from 2017.

Specialty Diagnostics (SD): This segment (15.3%), formed after the acquisition of Phadia, serves customers in healthcare and clinical laboratories with a portfolio of diagnostic test kits, reagents and instruments used to increase the speed and accuracy of diagnoses to improve patient care. In 2018, this business registered growth of 6.8% from 2017.

Laboratory Products and Services (LPS): This segment (41.2%) serves laboratory customers with equipment and consumables that improve productivity and a range of BioPharma outsourcing services. This segment also includes the company's research and safety market customer channels. Post-acquisition, Thermo Fisher's Global Chemicals business has moved to the Laboratory Products and Services Segment. In 2018, this business registered growth of 28.2% from 2017.



Reasons To Buy:

▲ **Share Price Performance:** Over the past three months, Thermo Fisher has successfully outperformed its industry. The stock has gained 11.3% compared with the industry's 8.7% rise. Thermo Fisher ended third quarter 2019 on a solid note with both EPS and revenues beating the Zacks Consensus Estimate. We are encouraged that three of its four business segments witnessed strong year-over-year revenue growth. Barring industrial and applied, the company saw strength in all three end markets. In fact, within industrial and applied, growth was flat due to difficult year-over-year comparison. Further, the company registered solid international performance with strong growth in Europe and Asia-Pacific including China. Also, a series of product launches with progress in precision medicine initiatives aided its performance. During the quarter, the company launched a range of products like the TSQ Altis, the Quantis MD mass spectrometers and the Vanquish MD HPLC for clinical diagnostic laboratories. The company also broadened its global market reach by setting up a Biosciences Customer Exploration Center in Shanghai and expanding its clinical trials logistics facility in Suzhou. We are looking forward to the recently-completed acquisition of an active pharmaceutical ingredient manufacturing facility in Cork, Ireland, of GlaxoSmithKline.

With several takeovers including Advanced Bioprocessing buyout from BD and Patheon, Thermo Fisher is expanding inorganic growth profile. The company's strong focus on emerging market is also encouraging.

Banking on an improvement in operational performance, Thermo Fisher has raised its 2019 revenue and earnings guidance. This indicates about the ongoing bullish momentum to continue through the rest of 2019.

▲ **Three-Pronged Strategy Bodes Well:** Thermo Fisher has been progressing well with respect to its three-pronged strategy. The commitment to develop high-impact, innovative products forms the first pillar of the strategy. In this regard, during the third quarter, the company launched new analytical instruments for the diagnostic laboratory. In this regard, Thermo Fisher's USFDA-Class 1 medical devices now includes three new systems- the TSQ Altis and Quantis MD mass spectrometers and the Vanquish MD HPLC. Within structural biology application, the company launched a new generation Krios instrument in Cryo-EM platform. Within Life Science Solutions, the company has expanded its offering for molecular diagnostics with the introduction of new products like real-time PCR pathogen detection system. This apart, the company has launched a scalable bioreactor workflow called Thermo Scientific TruBio Discovery Automation System.

Thermo Fisher is also moving ahead with reference to its second leg of the three-pronged growth strategy that implies leveraging scale in the high growth and emerging markets. In this regard, during the third quarter, the company has reported strong performance in the emerging economies led by 30% growth in China. The company has also enhanced its pharma services capabilities to serve the growing biopharmaceutical industry in China. In Suzhou, its has expanded its clinical trials capabilities to support the growing number of studies being conducted in China. With this investment, Suzhou will become Thermo Fisher's largest clinical trials logistics facility in the region. In Shanghai, the company has opened a Biosciences Customer Exploration Center to help scientists accelerate disease and translational research.

The company's is also progressing with its third leg of the growth strategy that requires it to provide unique customer value proposition. In this regard, within pharma services business, earlier in 2019, the company announced a major expansion of its biologics facility in St Louis, Missouri. This apart, the company's Greenville, North Carolina's pharma services facility has recently opened its new training center. Further, Thermo Fisher has also opened a new transplant diagnostics center of excellence in West Hills, California.

According to Thermo Fisher, successful execution of these growth strategies, while delivering a differentiated experience to customers, is driving meaningful share gains across the company's businesses.

▲ **Strength in All End Markets:** In third-quarter 2019, Thermo Fisher witnessed strength in three out of its four end markets categorized either by customer type or geography. In pharma and biotech, the company witnessed double-digit growth fueled by strength across all of its businesses within this end market.

In diagnostics and healthcare, Thermo Fisher delivered high-single digit growth on broad-based growth in businesses serving this end market, led by transplant diagnostics and immunodiagnostics. Within the academic and government market, the company delivered mid-single-digit growth from ongoing strength in all major geographies. Although, in industrial and applied, growth was flat year over year, the company witnessed continued strong demand in chromatography and mass spectrometry business.

▲ **Bioproduction Business on the Rise:** Thermo Fisher's Gibco Cell Culture for Bioprocessing, Chromatography and Protein Purification are already in high demand. The company has of let made a series of development to augment Bioprocessing growth since then. During the third quarter, the company launched a scalable bioreactor workflow called Thermo Scientific TruBio Discovery Automation System. This apart, the company has made another major investment within this field with the acquisition of Brammer Bio, a leader in viral vector manufacturing, helping pharma and biotech customers provide breakthrough gene and cell therapies to patients with rare diseases. According to Thermo Fisher, Brammer Bio will perfectly complement its biosciences and bioproduction portfolios serving the gene therapy market. Earlier to that, the purchased Advanced Bioprocessing business from BD which is expected to significantly expand the company's Life Sciences Solutions line of offerings.

▲ **Complementary Acquisitions to Add Value:** As part of its strategy to effectively deploy capital, Thermo Fisher has undertaken several acquisitions in the recent past. On top of boosting revenue accretion, these deals have historically benefited the company's operating margin while also resulting in tax synergies. Apart from the buyout of Brammer Bio, recently, the company has also acquired a site in Cork, Ireland from GlaxoSmithKline. The site produces complex Active Pharmaceutical Ingredients used to treat diseases, including childhood cancers, depression and Parkinson's. Recently, the company acquired HighChem, a small business that expands its mass spectrometry software offerings.

▲ **Focus on Emerging Markets:** Thermo Fisher boasts strong international operations and has witnessed consistent growth in the Asia-Pacific and emerging markets. The company plans to continue to strengthen its foothold in emerging markets, such as China and India, and to translate this success to other high-priority opportunities in regions such as South Korea, Russia and Brazil. In the third quarter of 2019, the standout contributor was China, where the company registered 30% growth rate.

We are currently looking forward to Thermo Fisher's 5-year plan, introduced in 2016 that outlines investments in innovation, healthcare and environment. According to the company, increasing growth scale in emerging markets is the key competitive advantage resulting in significant client wins. The company is also looking at expanding manufacturing footprint to serve local markets and capitalize on demand for specialty diagnostics.

▲ **Strong Balance Sheet:** Effective capital deployment has been one of the key contributors to EPS growth. Thermo Fisher exited the third quarter of 2019 with cash and cash equivalents of \$1.27 billion, compared with \$2.29 billion in the second quarter. Year to date, net cash provided by operating activities was \$3.06 billion compared with \$2.74 billion a year ago.

Reasons To Sell:

▼ **Business Divestment Puts Bottom Line Pressure:** Recently, Thermo Fisher has divested its Anatomical Pathology business. PHC Holdings, a Japanese healthcare company, has agreed to buy this business for a cash consideration of \$1.14 billion. The Anatomical Pathology business of Thermo Fisher comes under its Specialty Diagnostics segment that serves customers in healthcare and clinical laboratories. Last year, this segment contributed more than 15% to the company's top line. Over the past year, this segment had steadily generated positive revenue growth. The Anatomical Pathology subsegment alone generates approximately \$350 million in annual revenues.

Undoubtedly, the divestment, upon closing, is going to put pressure on the company's earnings performance. Thermo Fisher currently expects the net dilution of this divestment to 2019 adjusted earnings per share to be approximately 10 cents. In the third quarter, this divestiture had a \$55-million impact on revenue, a \$20-million on adjusted operating income, 10-basis-point impact on adjusted operating margin and a 4-cents of impact on adjusted earnings per share.

▼ **Exposure to Foreign Currency:** Thermo Fisher derives more than 50% of its revenues from the international market, which exposes it to fluctuations in foreign currency. In past several years, the company's earnings were affected significantly on headwind from foreign exchange.

▼ **Economic Uncertainty Continues to Hamper Growth:** Thermo Fisher's business depends heavily on general economic conditions. The company makes scientific instruments which are primarily of big ticket sizes and non-life-sustaining in nature. The company has been witnessing headwinds in the government and academic markets. Moreover, many countries in Europe are also going through a tough time that might impact their academic budgets. We remain cautious since growth could further moderate if the economic scenario worsens.

▼ **Tough Competitive Pressure:** On account of its diversified portfolio, Thermo Fisher faces different types of competitors including a broad range of manufacturers and third-party distributors. The competitive landscape is quite tough with changing technology and customer demands that require continuing research and development.

Unfavorable macroeconomic conditions continue to weigh heavily on Thermo Fisher's stocks. Also competitive headwinds and currency fluctuations continue to pose a threat on the stock's value.

Last Earnings Report

Thermo Fisher Beats on Q3 Earnings on Growth In Major Arms

Thermo Fisher Scientific's third-quarter 2019 adjusted earnings per share came in at \$2.94, beating the Zacks Consensus Estimate by 2.1%. The figure also improved from the year-ago quarterly figure by 12.2%. On a reported basis, EPS was \$1.88, up 7.4% year over year.

Revenues in the quarter under review grossed \$6.27 billion, up 5.9% year over year. The top line also beat the Zacks Consensus Estimate by 1.3%.

Quarter Ending **09/2019**

Report Date	Oct 23, 2019
Sales Surprise	1.33%
EPS Surprise	2.08%
Quarterly EPS	2.94
Annual EPS (TTM)	12.04

Quarter in Detail

Organic revenues in the reported quarter grew 7% year over year while currency translation affected total revenues by 1%.

Thermo Fisher operates under four business segments: Life Sciences Solutions, Analytical Instruments, Specialty Diagnostics and Laboratory Products and Services.

Revenues at the Life Sciences Solutions segment (27.1% of total revenues) improved 13.3% year over year to \$1.70 billion while Analytical Instruments Segment sales (21.7%) edged up 2.3% to \$1.36 billion.

Revenues at the Laboratory Products and Services segment (41.8%) rose 6.1% to \$2.62 billion. The Specialty Diagnostics segment (14%) recorded a 1.1% drop from the year-ago quarter to \$0.88 billion.

Gross margin of 46% during the third quarter contracted 22 basis points (bps) year over year despite a 5.4% rise in gross profits. Adjusted operating margin for the quarter came in at 22.5%, reflecting an expansion of 27 bps.

The company exited the third quarter of 2019 with cash and cash equivalents of \$1.27 billion, compared with \$2.29 billion in the second quarter. Year to date, net cash provided by operating activities was \$3.06 billion compared with \$2.74 billion a year ago.

2019 Guidance

Banking on an improvement in operational performance, Thermo Fisher has raised its 2019 revenue and earnings guidance.

Revenue guidance has been raised to \$25.34-\$25.50 billion from the earlier-provided \$25.30-\$25.50 billion, indicating revenue growth of 4% to 5% from 2018. The Zacks Consensus Estimate of \$25.43 billion is within the guided range.

Adjusted earnings per share guidance for 2019 has also been raised to \$12.28 to \$12.34 (previous range was \$12.16 to \$12.26), suggesting 10% to 11% growth from 2018. The Zacks Consensus Estimate of \$12.25 falls below the guided range.

Recent News

On **Jan 21, 2020**, Thermo Fisher released the Thermo Scientific NanoDrop QC Software for the Thermo Scientific NanoDrop OneC Spectrophotometer. Together with the new software, the ultraviolet-visible (UV-Vis) microvolume spectrophotometer is designed to help materials science chemists quickly and accurately measure the concentration of different components that make up liquid samples, leading to higher productivity and lower costs.

On **Jan 2, 2020**, Thermo Fisher announced the continuation of its agreement to the industry-wide Instrument Control Exchange Program (ICEP) – fostering compatibility among key vendors' instrumentation and chromatography data systems (CDS).

On **Dec 5, 2019**, Thermo Fisher announced the availability of the Ion Torrent Oncomine Myeloid Research Assay in 2020 to run on the newly introduced Ion Torrent Genexus System. The Ion Torrent Genexus System is the first fully integrated next-generation sequencing (NGS) platform featuring an automated workflow that delivers results economically in a single day with minimal user intervention and tissue sample input.

On **Dec 4, 2019**, Thermo Fisher officially opened its new \$90 million viral vector CDMO (contract development and manufacturing organization) site in Lexington, Mass.

On **Nov 22, 2019**, Thermo Fisher unveiled the \$6 million expansion of its gene therapy and viral vector services site in Alachua, Florida.

On **Nov 20, 2019**, Thermo Fisher announced the availability of the Applied Biosystems SeqStudio Genetic Analyzer for Human Identification, an affordable and easy-to-use capillary electrophoresis (CE) platform to the forensic scientists. It has been designed for small to medium sized forensic DNA analysis and paternity laboratories and has been validated according to Scientific Working Group on DNA Analysis Methods (SWGDM) guidelines across a broad range of Applied Biosystems STR Amplification Kits.

On **Nov 19, 2019**, Thermo Fisher announced the availability of the Thermo Scientific TruScan RM Handheld Raman Analyzer for pharmaceutical and biopharmaceutical manufacturers that continue to move toward more efficient modern digitization and cloud computing.

On **Nov 13, 2019**, Thermo Fisher announced the official opening of a Customer Solution Center in Shanghai, China.

On **Nov 12, 2019**, Thermo Fisher announced the release of the Metrios AX, which is the world's first commercially released scanning transmission electron microscope (S/TEM) to use machine learning to automate high-quality data collection.

On **Nov 7, 2019**, Thermo Fisher announced entering into a partnership with Owlstone Medical to advance the early diagnosis of cancer and other diseases through the discovery and validation of novel biomarkers by non-invasive breath sampling.

On **Nov 6, 2019**, Thermo Fisher announced the launch of its Ion Torrent Genexus System, the first fully integrated, NGS platform featuring an automated specimen-to-report workflow that delivers results economically in a single day.

Valuation

Thermo Fisher shares are up 15.5% in the six months period and up 40.3% in the trailing 12-month periods. Over the past six months, the Zacks sub-industry is up 4.9% and sector is up 5.5%. Over the past year, the Zacks sub-industry is up 14.9% and sector is up 4.9%.

The S&P 500 index is up 9.5% in the six months period and up 23.8% in the past year.

The stock is currently trading at 24.3X Forward 12-months earnings, which compares to 33.9X 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 26.5X and as low as 14.8X, with a 5-year median 18.1X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$350 price target reflects 25.5x forward 12-months earnings.

The table below shows summary valuation data for TMO.

Valuation Multiples - TMO					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	24.33	33.93	21.26	18.94
	5-Year High	26.46	33.93	21.26	19.34
	5-Year Low	14.81	23.22	15.85	15.18
	5-Year Median	18.05	27.40	18.92	17.45
P/S F12M	Current	4.94	3.64	2.83	3.52
	5-Year High	5.13	3.64	3.82	3.52
	5-Year Low	2.71	2.16	2.43	2.54
	5-Year Median	3.39	2.51	2.95	3.00
P/B TTM	Current	4.56	4.18	4.53	4.50
	5-Year High	4.65	4.27	5.02	4.55
	5-Year Low	2.27	2.54	3.43	2.85
	5-Year Median	3.09	3.30	4.29	3.62

As of 01/24/2020

Industry Analysis Zacks Industry Rank: Bottom 36% (162 out of 255)



Top Peers

Bio-Rad Laboratories, Inc. (BIO)	Neutral
Brucker Corporation (BRKR)	Neutral
Danaher Corporation (DHR)	Neutral
DexCom, Inc. (DXCM)	Neutral
Illumina, Inc. (ILMN)	Neutral
Luminex Corporation (LMNX)	Neutral
PerkinElmer, Inc. (PKI)	Neutral
Quidel Corporation (QDEL)	Neutral

Industry Comparison Industry: Medical - Instruments				Industry Peers		
	TMO Neutral	X Industry	S&P 500	DHR Neutral	ILMN Neutral	LMNX Neutral
VGM Score	C	-	-	F	D	D
Market Cap	133.80 B	122.05 M	24.13 B	116.54 B	46.98 B	1.01 B
# of Analysts	9	2	13	2	8	3
Dividend Yield	0.23%	0.00%	1.78%	0.42%	0.00%	1.60%
Value Score	C	-	-	D	D	C
Cash/Price	0.01	0.09	0.04	0.12	0.07	0.06
EV/EBITDA	26.93	-0.60	14.02	25.31	38.97	18.59
PEG Ratio	1.95	2.64	2.03	2.58	2.17	NA
Price/Book (P/B)	4.56	4.54	3.30	3.69	10.58	2.20
Price/Cash Flow (P/CF)	19.82	23.50	13.52	25.20	43.91	22.25
P/E (F1)	24.37	30.26	18.92	29.99	45.56	225.10
Price/Sales (P/S)	5.31	3.36	2.65	5.70	13.59	3.12
Earnings Yield	4.08%	-0.58%	5.28%	3.33%	2.19%	0.44%
Debt/Equity	0.56	0.10	0.72	0.52	0.41	0.04
Cash Flow (\$/share)	16.84	-0.06	6.94	6.44	7.28	1.01
Growth Score	B	-	-	C	C	D
Hist. EPS Growth (3-5 yrs)	13.25%	13.25%	10.60%	2.97%	18.45%	-16.65%
Proj. EPS Growth (F1/F0)	10.29%	20.33%	7.59%	15.97%	8.59%	138.46%
Curr. Cash Flow Growth	16.70%	9.77%	13.90%	10.54%	37.69%	-27.39%
Hist. Cash Flow Growth (3-5 yrs)	17.85%	8.33%	9.00%	6.62%	22.75%	6.29%
Current Ratio	1.80	2.69	1.22	3.43	6.82	3.52
Debt/Capital	35.83%	17.32%	42.99%	33.25%	29.10%	3.84%
Net Margin	14.24%	-14.50%	11.35%	12.13%	28.14%	-2.93%
Return on Equity	17.16%	-17.95%	17.10%	11.42%	22.05%	-2.38%
Sales/Assets	0.45	0.60	0.55	0.38	0.49	0.60
Proj. Sales Growth (F1/F0)	5.77%	11.43%	4.03%	6.74%	11.42%	7.16%
Momentum Score	C	-	-	F	F	F
Daily Price Chg	-0.51%	-0.30%	-1.01%	-0.14%	-2.27%	-0.11%
1 Week Price Chg	3.18%	0.08%	2.29%	3.12%	-3.22%	0.26%
4 Week Price Chg	2.45%	0.51%	1.02%	6.17%	-3.55%	-2.89%
12 Week Price Chg	10.50%	2.92%	6.85%	17.73%	8.14%	9.83%
52 Week Price Chg	38.70%	-9.10%	20.39%	52.99%	6.15%	-16.44%
20 Day Average Volume	893,637	111,553	1,536,379	2,124,005	926,972	214,930
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	-0.07%	-11.11%
(F1) EPS Est 4 week change	0.04%	0.00%	0.00%	-2.56%	-1.91%	-11.11%
(F1) EPS Est 12 week change	-0.12%	-0.12%	-0.23%	-4.14%	-2.16%	-60.53%
(Q1) EPS Est Mthly Chg	-0.56%	0.00%	0.00%	-10.26%	-2.71%	-25.00%

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	B
Momentum Score	C
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.

Disclosures

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