

Thermo Fisher (TMO)

\$422.29 (As of 09/25/20)

Price Target (6-12 Months): **\$456.00**

Long Term: 6-12 Months

Zacks Recommendation: **Outperform**

(Since: 07/10/20)

Prior Recommendation: Neutral

Short Term: 1-3 Months

Zacks Rank: (1-5)

2-Buy

Zacks Style Scores:

VGM:B

Value: C

Growth: B

Momentum: B

Summary

Thermo Fisher delivered an outstanding quarterly performance in the second quarter of 2020, leveraging on its capacity to extend support amid the pandemic. We are encouraged about the exceptionally strong year-over-year revenue growth at Life Sciences Solutions segment. In terms of end market, pharma and biotech registered growth on robust performance in bioproduction and pharma services businesses. The COVID-19 sales also boosted the company's quarterly results. A strong capital structure looks encouraging. Its second quarter results were better-than-expected. Thermo Fisher has outperformed its industry in the past six months. However, the coronavirus outbreak has massively disrupted the global supply chain. Two of the end markets registered loss in the first quarter, largely due to customer shutdowns in China.

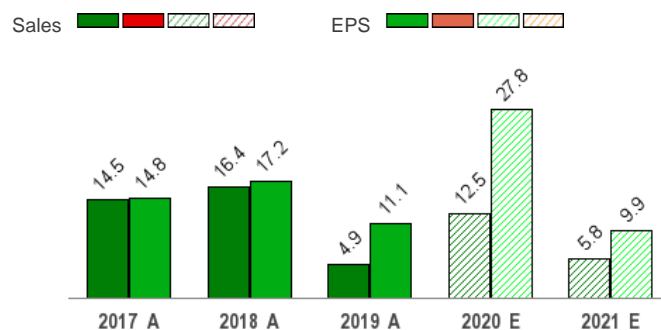
Price, Consensus & Surprise



Data Overview

| | |
|--------------------------------|-----------------------------|
| 52-Week High-Low | \$441.96 - \$250.21 |
| 20-Day Average Volume (Shares) | 1,384,232 |
| Market Cap | \$167.1 B |
| Year-To-Date Price Change | 30.0% |
| Beta | 1.01 |
| Dividend / Dividend Yield | \$0.88 / 0.2% |
| Industry | Medical - Instruments |
| Zacks Industry Rank | Bottom 29% (177 out of 250) |

Sales and EPS Growth Rates (Y/Y %)



| | |
|-------------------------------|------------|
| Last EPS Surprise | 45.7% |
| Last Sales Surprise | 0.1% |
| EPS F1 Estimate 4-Week Change | 3.9% |
| Expected Report Date | 10/28/2020 |
| Earnings ESP | 3.2% |
| P/E TTM | 31.7 |
| P/E F1 | 26.8 |
| PEG F1 | 2.1 |
| P/S TTM | 6.4 |

Sales Estimates (millions of \$)

| | Q1 | Q2 | Q3 | Q4 | Annual* |
|------|---------|---------|---------|---------|----------|
| 2021 | 7,001 E | 7,376 E | 7,844 E | 8,228 E | 30,396 E |
| 2020 | 6,230 A | 6,917 A | 7,536 E | 7,998 E | 28,743 E |
| 2019 | 6,125 A | 6,316 A | 6,272 A | 6,829 A | 25,542 A |

EPS Estimates

| | Q1 | Q2 | Q3 | Q4 | Annual* |
|------|----------|----------|----------|----------|-----------|
| 2021 | \$3.96 E | \$4.10 E | \$4.31 E | \$4.68 E | \$17.35 E |
| 2020 | \$2.94 A | \$3.89 A | \$4.27 E | \$4.65 E | \$15.78 E |
| 2019 | \$2.81 A | \$3.04 A | \$2.94 A | \$3.55 A | \$12.35 A |

*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 09/25/2020. The reports text is as of 09/28/2020.

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.

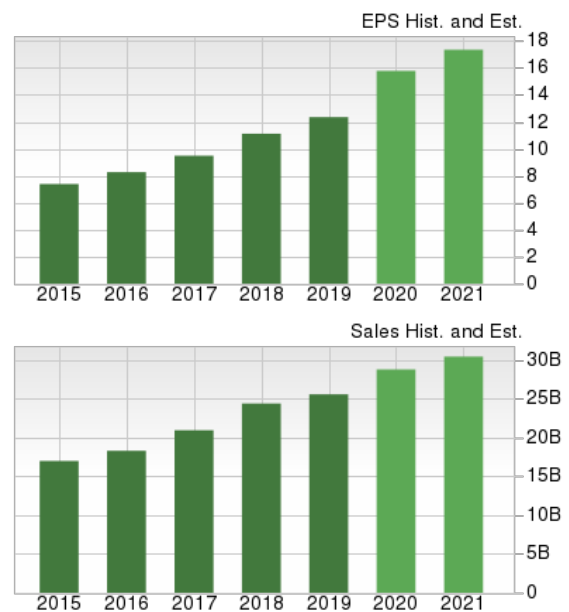
Following the acquisition, the new reporting segments are:

Life Sciences Solutions Segment: This segment (26.1% of total revenues in 2019) 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 (24.1%) 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 (14.6%), 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 (40%) 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.



Source: Zacks Investment Research

Reasons To Buy:

- ▲ **Share Price Performance:** Thermo Fisher has outperformed its industry in the past six months. The stock improved 48.2% compared with the industry's 31% rise. Thermo Fisher ended the second quarter with better-than-expected numbers. The company delivered an outstanding quarterly performance, leveraging on its capacity to extend support amid the pandemic. In the quarter, it generated \$1.3 billion of COVID-19 related revenues. We are encouraged about the exceptionally strong year-over-year revenue growth at Life Sciences Solutions segment. Also Laboratory Products and Services segment as well as the Specialty Diagnostics segment recorded solid growth.

In terms of end market, pharma and biotech registered growth on robust performance in bioproduction and pharma services businesses. In diagnostics and healthcare, despite significant headwinds due to a decrease in doctor visits and related testing, the company experienced exceptionally high demand for COVID-19 testing and was able to deliver growth of just over 70% in the second quarter.

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.

- ▲ **Coronavirus-Crisis Handling Initiative Bodes Well:** Thermo Fisher has taken a three-pronged approach or guiding principle to control the impact of the coronavirus-led situation. The first is to ensure the safety of its employees. In this regard, the company has implemented numerous health and safety protocols at its sites following CDC guidance and local regulations and also assembled an outside panel of medical experts to get additional insights. Second, it maintains business continuity for seamless COVID-19 related healthcare support. In this regard, the company established incident response teams to create a process for managing new protocols at all sites. The company noted that because of this, during this period, its supply chains have experienced minimal disruption.

The third principle revolves around the management of the company appropriately. The company is focusing on executing its long-term growth strategy, conquering the short-term challenges and also generating new opportunities. The company is currently carefully managing costs while strategically investing to position the business for long-term share gain and accelerated growth. This includes continuing to invest in key R&D programs, even in parts of the business where demand is temporarily impacted. For example, In June, the company launched two new Orbitrap Exploris instruments to advance biotherapeutic research. According to Thermo Fisher, these developments will position it well to capture the opportunities as soon as customer activity returns to more normal levels.

- ▲ **COVID-19 Tests to Boost Sales:** As a remarkable breakthrough, in March, Thermo Fisher successfully attained EUA from the FDA for its diagnostic test to be used by the CLIA high-complexity laboratories in the United States. The test has been developed for the detection of nucleic acid, exclusively from SARS-CoV-2. The authorized test utilizes the Applied Biosystems TaqPath Assay technology and has been developed to deliver patient outcomes within four hours of a sample reaching a laboratory. This authorization was amended on Mar 24 to include additional instruments, such as the company's Applied Biosystems 7500 Fast Real-Time PCR System. On Mar 26, the company announced that this test had received the CE mark in the European Union. Accordingly, Thermo Fisher has begun ramping up production to meet growing global demand.

In May, the company received an expanded EUA for its multiplex real-time PCR test intended for the qualitative detection of nucleic acid from SARS CoV 2. It also progressed with highly specialized viral transport media (VTM) for sample collection. At the end of the second quarter, the company noted that, its PCR-based workflow is widely used in 50 countries. The company ended the quarter with enough capacity to produce more than 10 million tests per week.

Apart from PCR tests, the company is currently working on serological test that can tell if a patient has ever been exposed to the virus. It is also developing a respiratory panel to help doctors determine whether a person has COVID-19 or different respiratory disease.

Further, in terms of the development of therapeutics and vaccines, Thermo Fisher is partnering with a number of Pharma and biotech customers who are working on pandemic related projects. Its pharma services network is working to produce existing drugs that are showing some effectiveness in treating COVID-19. At present, the company is working on more than 200 COVID-related projects globally.

- ▲ **Strength in Two End Markets:** In second-quarter 2020, Thermo Fisher witnessed strength in two out of its four end markets categorized either by customer type or geography. The pharma and biotech space was essentially unaffected by the pandemic in the quarter and the company recorded another quarter of high single-digit growth. The company particularly registered strong performance in bioproduction and pharma services businesses. In diagnostics and healthcare, Thermo Fisher delivered more than 70% growth. This end market benefited from the surging demand for COVID-19 testing.

- ▲ **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. In 2019, 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 viral vector manufacturing firm, helping pharma and biotech customers provide breakthrough gene and cell therapies to patients with rare diseases. 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.

In the second quarter, within bioproduction, the company formed an alliance with global biotech company CLS to help meet high demand for biologics. Under a long-term agreement, Thermo Fisher will also take over CSL's state-of-the-art biologics facility in Switzerland.

- ▲ **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.

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 Liquidity, Solvency and Capital Structure:** Thermo Fisher is well capitalized having exited the second quarter of 2020 with cash and cash equivalents of \$5.82 billion compared with \$2.98 billion in the year-ago period. The company finished the quarter with approximately \$21.3 billion of total debt as it is gearing up to finance the Qiagen acquisition.

The company's cash flow trends also remain robust. Cumulative operating cash flow from continuing operations through the second quarter was \$2.24 billion and free cash flow was \$1.7 billion (after deducting net capital expenditures of approximately \$500 million). This compares with the year-ago operating cash flow of \$1.94 billion and free cash flow of \$1.1 billion (capital expenditure was \$226 million in the year-ago period).

In terms of capital deployment, the company has been using its free cash to make strategic acquisitions and has been rewarding its shareholders through share repurchases and dividend. Thermo Fisher expressed interest in acquisitions in the field of mass spectrometry, bioproduction, specialty diagnostics, at an attractive valuation. In the second quarter, Thermo Fisher returned approximately \$85 million to shareholders through dividends in the quarter. This reflects the 16% dividend increase that the company announced in February. The company's current payout ratio stands at a very low level of 5.4%, indicating sustainability of its current dividend payment. It also remains lower than each of the trailing four quarters' dividend payout ratio.

Risks

- **Two End Markets Register Loss Amid Pandemic Headwind:** End Markets Register Loss amid Pandemic Headwind: Thermo Fisher noted that, in the second quarter, the COVID-19 headwinds were significant which impacted each of its end markets to varying degrees. Overall, the company saw significantly reduced customer activity due to work disruptions.

Particularly, industrial and applied end market registered a decline of just over 10%, while academic and government reported a decline of approximately 20%. Customers in these two end markets were significantly affected by business disruptions due to the pandemic. Even diagnostics and healthcare saw significant headwinds due to a decrease in doctor visits and related testing.

- **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.
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Last Earnings Report

Thermo Fisher Beats on Q2 Earnings on Growth In Life Sciences

Thermo Fisher Scientific's second-quarter 2020 adjusted earnings per share of \$3.89 beat the Zacks Consensus Estimate by 45.7%. The figure improved 27.9% year over year. The adjusted number excludes certain non-recurring expenses including, asset amortization costs and certain restructuring costs.

On a reported basis, earnings per share were \$2.90, up 4.7% year over year.

Revenues in the quarter under review grossed \$6.92 billion, up 9.5% year over year. The top line edged past the Zacks Consensus Estimate by 0.1%.

Quarter in Detail

Organic revenues in the reported quarter grew 11% year over year. However, currency translation adversely impacted 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 (37.6% of total revenues) improved 52.2% year over year to \$2.60 billion while Analytical Instruments Segment sales (15.2%) declined 20.6% to \$1.05 billion.

Revenues at the Laboratory Products and Services segment (40.3%) rose 5.8% to \$2.79 billion. The Specialty Diagnostics segment (14.3%) recorded 4.8% year-over-year rise in revenues to \$0.99 billion.

Gross margin of 50.6% in the second quarter expanded 394 basis points (bps) year over year on 18.8% rise in gross profits. Adjusted operating margin for the quarter came in at 26.3%, reflecting an expansion of 350 bps.

The company exited the second quarter of 2020 with cash and cash equivalents of \$5.82 billion compared with \$2.98 billion at the end of the first quarter. Year-to-date net cash provided by operating activities was \$2.24 billion compared with \$1.94 billion a year ago.

No Guidance Update

We note that on Apr 6, 2020, Thermo Fisher had withdrawn its 2020 guidance due to the COVID-19 pandemic-led crisis and related customer impact. The company has not mentioned anything about its rest of the year's projection in this earnings release.

Quarter Ending 06/2020

| Report Date | Jul 22, 2020 |
|------------------|--------------|
| Sales Surprise | 0.10% |
| EPS Surprise | 45.69% |
| Quarterly EPS | 3.89 |
| Annual EPS (TTM) | 13.32 |

Recent News

Thermo Fisher Adds New Portfolio to its Business: Aug 19, 2020

Thermo Fisher announced a new portfolio of hematology-oncology assays for the Ion Torrent Genexus System, which has been designed to enable a faster turnaround time for next-generation sequencing (NGS) results.

Thermo Fisher Partners Facilitates Access to Technology via CROs: Aug 18, 2020

Thermo Fisher announced it is facilitating access to cryo-electron microscopy (cryo-EM) by directing pharmaceutical and biotechnology companies to contract research organizations (CROs) worldwide that offer start-up packages for this technology as a service.

Thermo Fisher, Hengrui Therapeutics Sign Companion Diagnostic Agreement: Aug 17, 2020

Thermo Fisher announced signing a companion diagnostic (CDx) agreement with Hengrui Therapeutics, Inc., a U.S. subsidiary of Chinese pharmaceutical company Jiangsu Hengrui Medicine Co., Ltd., to develop a CDx that will leverage the Oncomine Precision Assay, which runs on the new Ion Torrent Genexus System.

Thermo Fisher's QIAGEN Buyout Deal Lapses: Aug 13, 2020

Thermo Fisher \$13-billion colossal plan of acquiring Germany-based molecular diagnostic major QIAGEN N.V. fell through as QIAGEN shareholders overwhelmingly rejected the tender offer.

Thermo Fisher Develops New Serological Assay: Aug 10, 2020

Thermo Fisher announced a new serological assay which is targeted for transplant candidates and recipients that can detect antibodies directed against the SARS-CoV-2 virus.

Thermo Fisher Unveils Latest SEM: Aug 6, 2020

Thermo Fisher introduced its next-generation Thermo Scientific Apreo 2 Scanning Electron Microscope (SEM), which is a high-performance field emission SEM that takes automation to the next level.

Thermo Fisher, Lyell Immunopharma Partner to Enhance Cell Therapy: Jul 28, 2020

Thermo Fisher entered into a partnership with biotechnology company Lyell Immunopharma to develop manufacturing processes to create more effective cell therapies to aid cancer patients.

Thermo Fisher Expands its Sequencing Program: Jul 27, 2020

Thermo Fisher announced the expansion of its GlobalAccess Sequencing Program to include laboratories working in oncology, which was originally introduced to accelerate multi-institutional-led studies focused on SARS-CoV-2.

Thermo Fisher Receives FDA's Nod for its Allergen Component Test: Jul 23, 2020

Thermo Fisher announced the receipt of the FDA's approval for its ImmunoCAP Specific IgE alpha-Gal Allergen Component test for in vitro diagnostic use.

Initiative to Support Development and Production of Therapeutics and Vaccines: Jul 20, 2020

Thermo Fisher continues to expand global capacity and capabilities across its pharma services network to support customers in government, industry and academia as they accelerate development and production of COVID-19 vaccines, therapies and other treatments. The company is now supporting more than 200 of these projects globally.

Clinical NGS and Oncology Business to Expand in Israel: Jul 16, 2020

Thermo Fisher announced that, starting July, its comprehensive molecular profiling is covered for patients with non-small cell lung cancer (NSCLC) in Israel, as outlined in a letter from the Israeli Ministry of Health to medical directors of the country's health insurance funds. With this, local laboratories are approved to develop and utilize comprehensive molecular profiling assays using Thermo Fisher's Oncomine Comprehensive Assay Plus.

QIAGEN Agreement Amended: Jul 16, 2020

Thermo Fisher, along with QIAGEN announced that, they have entered into an amendment to their acquisition agreement under which Thermo Fisher has commenced a tender offer to acquire all of the ordinary shares of QIAGEN. The amendment provides for an increase from the original offer price of €39.00 to a new price of €43.00 per QIAGEN share in cash.

New companion diagnostic Partnership: Jul 8, 2020

Thermo Fisher signed a companion diagnostic (CDx) agreement with Chugai Pharmaceutical Co., Ltd., a member of the Roche Group, and applied to the Ministry of Health, Labour and Welfare (MHLW) to expand the use of the Oncomine Dx Target Test in Japan.

New Infectious Disease quality control Initiative Taken: Jul 1, 2020

Thermo Fisher launched its MAS Omni Infectious Disease quality control sets for monitoring serological assays for analytes such as HIV 1&2,

Hepatitis B & C virus, Syphilis and HTLV I/II.

New Alliance on NGS-Based CDx: Jun 23, 2020

Thermo Fisher announced the expansion of its partnership with Daiichi Sankyo by signing a new agreement to co-develop a CDx that will utilize Thermo Fisher's next-generation sequencing (NGS)-based Oncomine Dx Target Test.

Breakthrough Device Designation to Oncomine: Jun 15, 2020

Thermo Fisher announced the receipt of the FDA's Breakthrough Device Designation to its Oncomine Precision Assay, which identifies low-grade glioma (LGG) patients with isocitrate dehydrogenase 1 and 2 (IDH1 and IDH2) mutations who may be eligible for vorasidenib (AG-881).

Inks Deal with Agios Pharmaceuticals: Jun 9, 2020

Thermo Fisher announced the expansion of its partnership with Agios Pharmaceuticals by adding the co-development of a second CDx for oncology to their existing agreement.

New Partnership on Biologic Therapies: May 27, 2020

Thermo Fisher announced entering into a partnership with CSL Limited to help meet the growing demand for biologic therapies while also accelerating CSL's broader manufacturing objectives.

New Partnership with MSAID GmbH: May 26, 2020

Thermo Fisher announced the signing of an exclusive license agreement with MSAID GmbH to develop and commercialize deep learning tools for proteomics, making MSAID's Prosit-derived framework widely accessible to proteomics laboratories.

Extends Alliance with Biognosys: May 26, 2020

Thermo Fisher announced the continuation of its collaboration with Biognosys to advance data independent acquisition (DIA) mass spectrometry-based workflows.

Valuation

Thermo Fisher shares are up 30% in the year-to-date period and up 45% in the trailing 12-month periods. Year-to-date, the Zacks sub-industry is up 13.7% and sector is down 1.6%. Over the past year, the Zacks sub-industry is up 20% and sector is up 10.1%.

The S&P 500 index is up 2.4% in the year-to-date period and up 11.1% in the past year.

The stock is currently trading at 24.9X Forward 12-months earnings, which compares to 35.9X for the Zacks sub-industry, 21.2X for the Zacks sector and 21.6X for the S&P 500 index.

Over the past five years, the stock has traded as high as 30.1X and as low as 14.8X, with a 5-year median 18.8X. Our Outperform recommendation indicates that the stock will perform above the market. Our \$456 price target reflects 26.9X 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 | 24.92 | 35.85 | 21.22 | 21.61 |
| | 5-Year High | 30.06 | 41.84 | 23.19 | 23.46 |
| | 5-Year Low | 14.81 | 23.21 | 15.89 | 15.26 |
| | 5-Year Median | 18.80 | 28.31 | 19.02 | 17.63 |
| P/S F12M | Current | 5.57 | 4.30 | 2.75 | 4.02 |
| | 5-Year High | 6.03 | 4.54 | 3.25 | 4.30 |
| | 5-Year Low | 2.71 | 2.52 | 2.24 | 3.11 |
| | 5-Year Median | 3.54 | 3.11 | 2.89 | 3.66 |
| P/B TTM | Current | 5.59 | 4.49 | 3.85 | 4.49 |
| | 5-Year High | 5.84 | 4.82 | 5.07 | 4.56 |
| | 5-Year Low | 2.27 | 2.75 | 2.95 | 2.83 |
| | 5-Year Median | 3.28 | 3.92 | 4.29 | 3.71 |

As of 09/25/2020

Industry Analysis Zacks Industry Rank: Bottom 29% (177 out of 250)



Source: Zacks Investment Research

Top Peers

| Company (Ticker) | Rec | Rank |
|---------------------------------|--------------|------|
| Danaher Corporation (DHR) | Outperform | 2 |
| Quidel Corporation (QDEL) | Outperform | 1 |
| BioRad Laboratories, Inc. (BIO) | Neutral | 2 |
| Bruker Corporation (BRKR) | Neutral | 3 |
| DexCom, Inc. (DXCM) | Neutral | 3 |
| Luminex Corporation (LMNX) | Neutral | 3 |
| PerkinElmer, Inc. (PKI) | Neutral | 3 |
| Illumina, Inc. (ILMN) | Underperform | 5 |

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

| Industry Comparison Industry: Medical - Instruments | | | | Industry Peers | | |
|---|------------|------------|-----------|----------------|--------------|---------|
| | TMO | X Industry | S&P 500 | DHR | ILMN | LMNX |
| Zacks Recommendation (Long Term) | Outperform | - | - | Outperform | Underperform | Neutral |
| Zacks Rank (Short Term) | 2 | - | - | 2 | 5 | 3 |
| VGM Score | B | - | - | F | D | B |
| Market Cap | 167.05 B | 150.03 M | 23.02 B | 146.96 B | 43.78 B | 1.17 B |
| # of Analysts | 9 | 2 | 14 | 8 | 8 | 4 |
| Dividend Yield | 0.21% | 0.00% | 1.69% | 0.35% | 0.00% | 1.43% |
| Value Score | C | - | - | D | D | C |
| Cash/Price | 0.03 | 0.11 | 0.07 | 0.04 | 0.08 | 0.25 |
| EV/EBITDA | 25.90 | -1.06 | 12.89 | 36.29 | 29.33 | 56.58 |
| PEG F1 | 2.14 | 3.95 | 2.88 | 3.25 | 9.76 | NA |
| P/B | 5.59 | 3.50 | 3.15 | 4.38 | 9.66 | 2.29 |
| P/CF | 23.35 | 22.03 | 12.43 | 33.34 | 36.43 | 59.06 |
| P/E F1 | 26.76 | 45.68 | 21.02 | 37.85 | 68.35 | 31.16 |
| P/S TTM | 6.36 | 4.25 | 2.38 | 7.52 | 13.06 | 3.17 |
| Earnings Yield | 3.74% | -3.06% | 4.52% | 2.64% | 1.46% | 3.21% |
| Debt/Equity | 0.69 | 0.07 | 0.70 | 0.68 | 0.14 | 0.39 |
| Cash Flow (\$/share) | 18.08 | -0.13 | 6.93 | 6.21 | 8.23 | 0.43 |
| Growth Score | B | - | - | C | C | A |
| Historical EPS Growth (3-5 Years) | 14.10% | 8.58% | 10.41% | 2.68% | 20.27% | -26.00% |
| Projected EPS Growth (F1/F0) | 27.78% | 2.90% | -4.56% | 23.84% | -33.22% | 485.71% |
| Current Cash Flow Growth | 6.99% | 6.03% | 5.26% | 1.84% | 13.10% | -57.32% |
| Historical Cash Flow Growth (3-5 Years) | 10.08% | 10.65% | 8.49% | 5.87% | 16.75% | -15.21% |
| Current Ratio | 2.62 | 3.05 | 1.35 | 2.20 | 3.76 | 7.25 |
| Debt/Capital | 40.86% | 13.86% | 42.92% | 38.15% | 12.62% | 28.19% |
| Net Margin | 14.12% | -25.57% | 10.25% | 17.73% | 20.67% | 3.04% |
| Return on Equity | 18.18% | -22.08% | 14.59% | 11.88% | 19.13% | 2.38% |
| Sales/Assets | 0.45 | 0.52 | 0.50 | 0.30 | 0.46 | 0.62 |
| Projected Sales Growth (F1/F0) | 12.53% | 0.00% | -1.44% | 6.73% | -12.73% | 26.10% |
| Momentum Score | B | - | - | F | A | B |
| Daily Price Change | 0.99% | 1.32% | 1.35% | 1.71% | 4.74% | 1.53% |
| 1-Week Price Change | -0.48% | 1.41% | 0.79% | 0.70% | -15.55% | 2.18% |
| 4-Week Price Change | 0.42% | -3.17% | -4.19% | 1.36% | -14.59% | -3.41% |
| 12-Week Price Change | 15.41% | -0.37% | 3.17% | 15.29% | -19.62% | -23.14% |
| 52-Week Price Change | 47.22% | -4.20% | -1.37% | 45.11% | 0.41% | 16.31% |
| 20-Day Average Volume (Shares) | 1,384,232 | 191,741 | 2,095,310 | 2,035,032 | 1,960,035 | 597,103 |
| EPS F1 Estimate 1-Week Change | 0.00% | 0.00% | 0.00% | 0.00% | 0.06% | 0.00% |
| EPS F1 Estimate 4-Week Change | 3.89% | 0.00% | 0.00% | 0.00% | 0.01% | 0.00% |
| EPS F1 Estimate 12-Week Change | 32.61% | 7.04% | 4.08% | 12.11% | -28.48% | 367.31% |
| EPS Q1 Estimate Monthly Change | 7.61% | 0.00% | 0.00% | 0.00% | -0.60% | 0.00% |

Source: Zacks Investment Research

Zacks Stock Rating System

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

Zacks Recommendation

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

Zacks Rank

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

Zacks Style Scores

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

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

| | |
|----------------|---|
| Value Score | C |
| Growth Score | B |
| Momentum Score | B |
| VGM Score | B |

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

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

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

Glossary of Terms and Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Periods:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

P/TB Ratio: The price-to-tangible-book value ratio is calculated as 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.