

Varian Medical Systems (VAR)

\$173.25 (As of 08/13/20)

Price Target (6-12 Months): **\$182.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 11/19/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:D

Value: C

Growth: D

Momentum: D

Summary

Varian exited the fiscal third quarter on a strong note, with earnings and revenues beating estimates. Proton Solutions unit saw revenue growth in the quarter under review. Expansion in gross margin is an added positive. Management is optimistic about the completed acquisitions of CyberHeart, Cancer Treatment Services International, Endocare and Alcon. The receipt of five Ethos orders in the United States and two in Europe (the total orders reaching 38 units since launch) buoys optimism. The launch of new features for its Noona software application instills optimism on the stock. Over the past year, the stock has outperformed its industry. On the flip side, the company saw revenue decline from its core Oncology Systems segment in the quarter. Oncology gross orders also fell in the quarter. Contraction in adjusted operating margin is concerning.

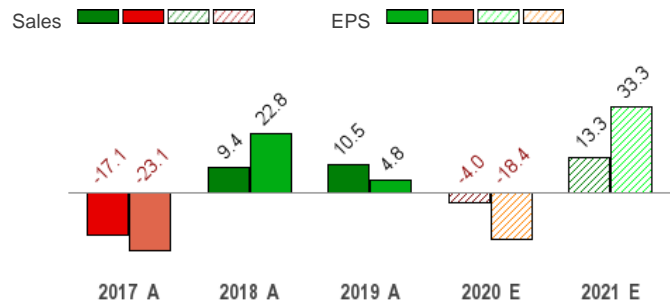
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$176.19 - \$89.62
20 Day Average Volume (sh)	1,956,790
Market Cap	\$15.8 B
YTD Price Change	22.0%
Beta	1.12
Dividend / Div Yld	\$0.00 / 0.0%
Industry	Medical - Instruments
Zacks Industry Rank	Bottom 31% (173 out of 252)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	41.8%
Last Sales Surprise	2.5%
EPS F1 Est- 4 week change	5.1%
Expected Report Date	10/28/2020
Earnings ESP	-16.3%
P/E TTM	43.3
P/E F1	45.8
PEG F1	5.7
P/S TTM	4.9

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	848 E	872 E	842 E	912 E	3,510 E
2020	829 A	795 A	694 A	806 E	3,097 E
2019	741 A	779 A	826 A	879 A	3,225 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$1.11 E	\$1.21 E	\$1.22 E	\$1.37 E	\$5.04 E
2020	\$1.16 A	\$0.85 A	\$0.78 A	\$1.03 E	\$3.78 E
2019	\$1.06 A	\$1.05 A	\$1.32 A	\$1.21 A	\$4.63 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 08/13/2020. The reports text is as of 08/14/2020.

Overview

Headquartered in Palo Alto, CA, Varian Medical Systems Inc. (VAR) is the world's leading provider of radiotherapy, radiosurgery, proton therapy and brachytherapy for treating cancer and other medical conditions. It is also a premier supplier of X-Ray tubes for medical, scientific, and industrial applications. Notably, Varian Medical is among the top five players when it comes to Oncology Devices market in terms of revenues. The company with all its focus in Oncology business expansion has inflated its Oncology Systems revenue share to 95% in fiscal 2019 from 77% five years back.

The main operating segments are Oncology Systems and Proton Therapy. The company also reports an Other segment that includes Gintion Technology Center (GTC) and Varian Particle Therapy (VPT) businesses.

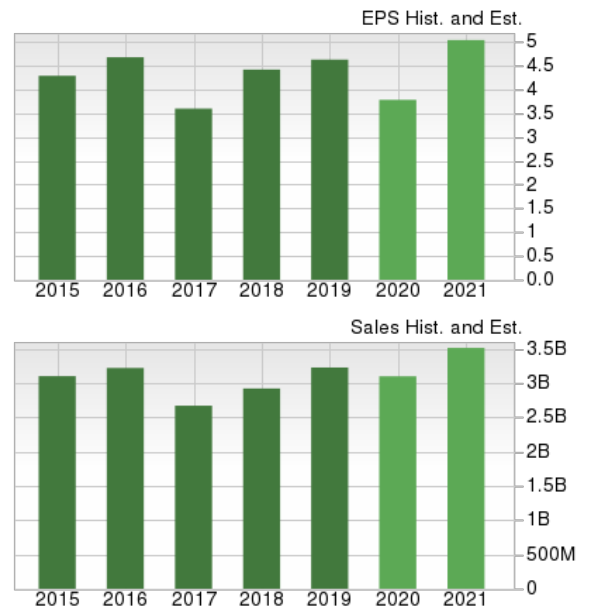
Oncology Systems is Varian Medical's largest operating business segment. It provides products for radiation treatment of cancer with conventional radiation therapy, intensity modulated radiation therapy (IMRT), image guided radiation therapy (IGRT), volumetric modulated arc therapy (VMAT), stereotactic radiosurgery, stereotactic radiotherapy and brachytherapy.

The use of **Proton Therapy** to treat cancerous tumors is a major technological advance. Proton therapy delivers the beam precisely where it is required. Varian's ProBeam system is at the forefront of the industry, having created the world's first commercially available pencil beam scanning system, which is the most precise form of proton therapy available. Currently, proton therapy as a whole is offered at 48 centers worldwide.

FY19 at a Glance

For fiscal 2019, Varian's revenues totaled \$3.23 billion, up 10.5% from fiscal 2018.

For fiscal 2019, revenues at the Oncology unit totaled \$3.06 billion (representing 94.9% of net sales). Revenues at Proton Solutions totaled \$143.9 million (4.5%) while that at the Other unit grossed \$19.4 million (0.6%).



Reasons To Buy:

▲ **Shares Up:** Over the past year, shares of Varian gained 61.4%, compared with the industry's rise of 24.5%. In the fiscal third quarter, Proton Solutions unit saw revenue growth in the quarter under review. The receipt of five Ethos orders in the United States and two in Europe (the total orders reaching 38 units since launch) buoys optimism. The launch of new features for its Noona software application instills optimism on the stock.

▲ **Tariff-Exclusion a Positive:** In recent times, Varian's flagship products like medical linear accelerators and radiotherapy system were granted exclusion from additional tariffs imposed by China on the United States. Additionally, Varian expects to recognize a tariff refund in fiscal 2020.

▲ **Lucrative Acquisitions:** Varian has been focusing on inorganic growth through its acquisition strategy. In June 2019, Varian acquired Cancer Treatment Services International (CTSI) for \$283 million. The collaboration is expected to boost Varian Medical's core Oncology Systems business. Since the buyout of CTSI in May of 2019, the annual run rate for treatment plans has doubled to more than 16,000 per year. The CTSI buyout continued driving the company's Service revenues in the fiscal second quarter. The company also expects the buyout to be accretive to earnings per share (EPS) during fiscal 2021 on an adjusted basis and fiscal 2022 on a reported basis.

The company also announced an asset purchase agreement to acquire Boston Scientific's portfolio of drug-loadable microsphere and bland embolic bead products for \$90 million. This will strengthen Varian's interventional oncology segment. Management is optimistic about recently-closed acquisitions of CyberHeart, Endocare and Alicon.

On Aug 2, 2020, in the biggest MedTech deal so far this year, it was announced that Varian will be acquired by Siemens Healthineers in an all-cash deal of \$16.4 billion. The deal is expected to be completed in the first half of next year and post completion, Varian will continue to operate as an independent company under Siemens. With this transaction, Varian will be able to expand its renowned customer care, thereby offering service to clinicians and patients from the very first stage in the battle against cancer.

▲ **Machine-Learning Capabilities with RapidPlan:** Machine-Learning or Artificial Intelligence has been taking the MedTech industry by storm.

In March 2020, Varian announced the newest release of its treatment planning system, Eclipse v16. This new release comprises intelligent features such as RapidPlan PT, the first clinical application of machine learning in proton treatment planning.

▲ **Halcyon Platform Drives Sales:** The Halcyon radiotherapy treatment system has been designed to offer cost-effective cancer care worldwide. The system streamlines every aspect of image-guided volumetric intensity modulated radiotherapy (IMRT).

Halcyon recently secured approval from the China National Medical Product Administration, which is likely to expand the global availability of Halcyon.

The company continues to expand access to quality cancer care with the installation of three Halcyon systems at the Centre National d'Oncologie in Mauritania, Centre Hospitalier Nganda in Congo and the Lagos Teaching University Hospital in Nigeria. Halcyon has also been granted exclusion from the section 301 tariffs by the United States Trade Representative, following which, the system received positive feedback.

In February 2020, the company received approval for Halcyon 2.0. The system incorporates imaging technologies such as kilovoltage cone-beam CT and iterative reconstructive cone-beam CT for better soft tissue definition. The company received three new system orders and five system upgrade orders for Halcyon 2.0. It inked a deal with National Health Service Trust for 15 TrueBeam machines and five Halcyon systems to equip centers across England. Additionally, Varian received an order for 12 TrueBeam machines, 22 Halcyon systems and one VitalBeam from Pharmstandard in Russia.

▲ **HyperArc Platform:** HyperArc platform is Varian's high definition radiotherapy technology. Notably, HyperArc is designed to treat multiple metastases brain cancer cases and continues to witness strong demand. Per MarketsAndMarkets, the global radiotherapy market is projected to reach a worth of \$9.47 billion by 2022 from USD 6.81 billion in 2017, at a CAGR of 6.8%.

Varian has also announced that patients at the Chi Mei Medical Center with brain lesions became the first group in Taiwan to be treated using the company's HyperArc High Definition Radiotherapy system. Other recent software introductions, such as InSightive analytics and 360 Oncology systems, are expected to gather momentum over the long haul.

In May 2020, the company partnered with National University Cancer Institute, Singapore (NCIS), to expand access to cancer solutions in Singapore in the fight against cancer. Two Varian VitalBeam medical linear accelerators along with an Edge radiosurgery system with HyperArc technology will be installed at NCIS, thereby widening the scope of radiation therapy treatment options for cancer patients in Singapore.

▲ **Solid R&D Prospects:** Varian operates in a technology-driven environment where success depends on innovation and frequent product updates. The company has been successful on the R&D front as evident from year-over-year expansion in its top line. The varied offerings include TrueBeam and Edge platforms, HyperArc, Halcyon, InSightive Analytics, Qumulate QA and RapidPlan knowledge-based treatment planning. We believe that Varian's innovative product pipeline will continue to drive overall growth over the long term.

In the fiscal third quarter, research and development expenses rose 5.2% year over year to \$65.3 million.

In May 2020, the company launched new features for its Noona software application, a powerful tool developed to engage cancer patients in their continuous reporting and symptom monitoring processes. Noona offers cancer care teams in-app features such as patient screening, real-time symptom reporting, secure care team messaging, telephone triage workflow automation, and patient access to medical records, thereby helping them with the new short and long-term healthcare changes resulting from the coronavirus pandemic. This development, which

Strong revenue opportunity from its various Oncology and Imaging Component products, growing adoption of Proton Therapy, strong overseas presence, particularly in emerging countries are positives.

is in response to the challenges brought on by the pandemic, is expected to boost Varian's Oncology segment.

- ▲ **Notable Developments in Proton Therapy:** In recent times, Varian has seen notable developments in its core Proton therapy unit, which falls under its Particle Therapy business.

For instance, the company's New York Proton Center, the state's first proton therapy facility, treated its first patient on Varian's ProBeam Proton Therapy System in recent times. The center is expected to treat 1,400 patients annually.

In the fiscal first quarter, Varian received a new order. Meanwhile, the Proton pipeline remains strong. Also, Varian's ProBeam 360° system was selected by Penn Medicine to be installed at the Lancaster General Health Ann B. Barshinger Cancer Institute. Notably, the institute expects to treat its first patient in 2021.

At the end of the fiscal first quarter, Varian was selected by China Medical University Hospital in Taiwan to install a ProBeam 360° system, ARIA information management system, ARIA information management system and the Eclipse treatment planning system. This is scheduled for completion in 2024.

In March 2020, the company announced that the Proton International at the University of Alabama at Birmingham (UAB) has successfully treated its first cancer patient with the Varian ProBeam Compact proton therapy system. In March 2020, the company launched its treatment planning system, Eclipse v16, leveraging its Intelligent Cancer Care approach in developing new solutions that utilize advanced technologies like machine learning. The company has received CE mark for the system. The launch of this system is a step forward in Varian's commitment toward strengthening its Proton Solutions segment.

In the fiscal third quarter, revenues at the Proton Solutions segment rose 6% driven by consistent growth in services revenues.

- ▲ **Strength in AI & Medical Mechatronics:** Mechatronics, a high-end technology incorporating electronics, machine learning and mechanical engineering, has been in vogue, of late. A research by the Business Wire deciphers that the global Mechatronics and Robotics market is projected to witness a CAGR of 15.02% during the 2017-2021 period.

Varian has received significant exposure to Medical Mechatronic trends on its Halcyon and HyperArc platforms. In 2018, Varian launched Halcyon 2.0 with kilovoltage imaging (Kv). The first human kV cone-beam CT images on a Halcyon were acquired at Washington University with positive feedback.

Further, Varian's HyperArc platform is designed to treat multiple metastases brain cancer cases and continues to witness strong demand.

In February 2020, the company received FDA 510 clearance for its Ethos therapy solution in the United States.

In March, Varian was selected to equip the new Ethos Personalized Adaptive Therapy Center in Arizona with the company's Ethos therapy. In the same month, the company announced Medisch Spectrum Twente Hospital in The Netherlands, and Icon Cancer Centre Wahroonga and Royal North Shore Hospital (RNSH) in Australia treated their first patients with Ethos therapy. It is an artificial intelligence (AI)-powered holistic adaptive therapy solution, designed to deliver an entire adapted treatment for daily customized radiation therapy within a 15-minute timeslot.

Notably, in the fiscal third quarter, the company received five Ethos orders in the United States and two in Europe (the total order reaching 38 units since launch).

- ▲ **Strong Geographic Foothold:** International emerging markets are a bit under-equipped to address the growing incidence of cancer. The company's strong overseas presence is expected to enable it to leverage this opportunity in emerging markets. Precisely, the company's Oncology Systems segment has been making noteworthy progress worldwide.

During the fiscal third quarter, within Oncology segment, EMEA orders fell 32% year over year. Orders in the United States dropped 8% year over year, which included a 6% decline in North America. As a whole, gross orders within the segment declined 14% from the year-ago quarter. Nonetheless, in the past consecutive 12 months gross orders grew 1%. Moreover, in the fiscal third quarter, within the Oncology segment, APAC orders rose 4% year over year.

In May, the company announced that it is installing a Varian ProBeam Compact system equipped with a 360-degree gantry and integrated cone beam CT at Proton Therapy Pte., Ltd.'s site in Singapore.

- ▲ **Stable Liquidity Position:** Varian is well capitalized, having exited the fiscal third quarter of 2020 with cash and cash equivalents of \$769.2 million, up from \$668million in the previous quarter. Long-term debt at the end of the quarter was \$102.6 million, up sequentially from \$100 million. The company finished the third quarter with current debt of \$580 million on its balance sheet, up sequentially from \$520 million. Hence we see, both the debts are noticeably lower than the cash and cash equivalents. This is particularly good when it comes to the company's solvency position, as at least during a year of economic downturn, the company has sufficient cash for debt repayment.

The company's capital allocation priorities remain unchanged. While it plans to continue investing in its growth initiatives, management is taking proactive precautionary actions to improve its financial flexibility. For example, it has paused share buybacks to preserve liquidity.

Reasons To Sell:

▼ **Weak Trends:** In the fiscal third quarter, Oncology segment revenues fell 17% year over year. As a whole, gross orders fell 14% from the year-ago quarter to \$665 million. Orders in the United States dropped 8% year over year, which included a 6% decline in North America. In EMEA, orders fell 32% year over year.

▼ **Cutthroat Competition:** Varian competes with large electronic companies such as Siemens and Philips as well as with smaller and more specialized radiation therapy equipment manufacturers like Elekta, Accuray, Philips, Medtronic and Stryker.

In the emerging proton therapy market, the company faces competition from Hitachi, Ion Beam Applications, Mevion Medical Systems and Sumitomo. Intensifying competition is expected to increase R&D expenditures in the nascent proton therapy market, which will keep margins under pressure. Moreover, pricing pressure in traditional radiotherapy also remains a major concern.

▼ **Softness in Free-standing Clinics Market:** The ongoing softness in the market for freestanding clinics is a matter of concern. The contribution from the freestanding clinics to the order growth rate in the domestic market was nominal.

Per management, the freestanding clinic market accounts for only 10% of the company's worldwide orders. However, the sustained pressure is expected to have considerable short-term impact on Varian.

Cutthroat competition in the niche space has been a strong headwind for Varian Medical. The company's margin trend has lacked luster over the last few quarters.

Last Earnings Report

Varian Q3 Earnings and Revenues Beat Estimates

Varian Medical Systems, Inc reported third-quarter fiscal 2020 adjusted earnings per share of 78 cents, beating the Zacks Consensus Estimate of 55 cents by 41.8%. The figure however fell 40.9% year over year.

The company reported revenues of \$694.3 million, which beat the consensus mark of \$677 million by 2.6%. Revenues fell 15.9% year over year and 15% at constant currency (cc). Organically, revenues fell 19%.

Quarter Ending 06/2020

Report Date	Aug 02, 2020
Sales Surprise	2.54%
EPS Surprise	41.82%
Quarterly EPS	0.78
Annual EPS (TTM)	4.00

Segment Details

Oncology Systems: Revenues totaled \$654 million, down 17% year over year.

As a whole, gross orders fell 14% from the year-ago quarter to \$665 million.

Orders in the United States dropped 8% year over year, which included a 6% decline in North America. In EMEA, orders fell 32% year over year. APAC orders rose 4% year over year.

Proton Solutions: Revenues at the segment rose 6% to \$33 million. Per management, this was driven by consistent growth in services revenues.

Other: Revenues at this segment grossed \$7 million. For investors' notice, the segment comprises Interventional Solutions business, including cryoablation, embolic microspheres, and microwave ablation. Moreover it comprises investments in cardiac radioablation.

Margins

Total gross profit in the reported quarter was \$298.5 million, down 15.1% year over year. Gross margin in the reported quarter was 42.9% of net revenues, up 44 basis points (bps).

Adjusted operating profit came at \$88 million, down 35% year over year. As a percentage of revenues, adjusted operating margin was 12.7%, down 373 bps.

Guidance

In the quarter under review, the company has not issued any guidance due to the continued uncertainty surrounding the magnitude and duration of the COVID-19 pandemic.

Recent News

Varian launched new features for its Noona software application: May 21

Varian launched new features for its Noona software application, a powerful tool developed to engage cancer patients in their continuous reporting and symptom monitoring.

Valuation

Varian's shares are up 22% and 61.4% in the year-to-date period and trailing 12-month periods, respectively. Stocks in the Zacks sub-industry and Zacks Medical sector are up 17.2% and 1.3% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and sector are up 24.5% and 11%, respectively.

The S&P 500 index is up 4.7% in the year-to-date period and 15.5% in the past year.

The stock is currently trading at 35.5X Forward 12-months earnings, which compares to 38.8X for the Zacks sub-industry, 22.2X for the Zacks sector and 22.9X for the S&P 500 index.

Over the past five years, the stock has traded as high as 36.2X and as low as 15.3X, with a 5-year median of 23.2X.

Our Neutral recommendation indicates that the stock will perform better in-line with the market. Our \$182 price target reflects 37.2X forward 12-months earnings.

The table below shows summary valuation data for VAR.

Valuation Multiples -VAR					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	35.50	38.81	22.23	22.91
	5-Year High	36.20	41.71	23.17	22.91
	5-Year Low	15.32	23.21	15.89	15.25
	5-Year Median	23.18	28.06	18.97	17.58
P/S F12M	Current	4.55	4.42	2.84	3.70
	5-Year High	4.58	4.47	3.41	3.70
	5-Year Low	2.18	2.52	2.22	2.53
	5-Year Median	3.23	3.09	2.89	3.05
P/B TTM	Current	8.10	4.61	4.42	4.71
	5-Year High	8.53	4.77	5.07	4.71
	5-Year Low	4.09	2.75	2.94	2.83
	5-Year Median	6.37	3.89	4.30	3.74

As of 08/13/2020

Industry Analysis Zacks Industry Rank: Bottom 31% (173 out of 252)



Top Peers

Company (Ticker)	Rec	Rank
Accuray Incorporated (ARRAY)	Neutral	3
Becton, Dickinson and Company (BDX)	Neutral	3
CONMED Corporation (CNMD)	Neutral	3
Novartis AG (NVS)	Neutral	3
Koninklijke Philips N.V. (PHG)	Neutral	2
Stryker Corporation (SYK)	Neutral	3
Masimo Corporation (MASI)	Underperform	5
Medtronic PLC (MDT)	Underperform	4

Industry Comparison Industry: Medical - Instruments				Industry Peers		
	VAR	X Industry	S&P 500	ARRAY	CNMD	MASI
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Underperform
Zacks Rank (Short Term)	3	-	-	3	3	5
VGM Score	D	-	-	D	C	C
Market Cap	15.76 B	146.81 M	23.58 B	244.85 M	2.47 B	11.76 B
# of Analysts	5	2	14	1	5	2
Dividend Yield	0.00%	0.00%	1.68%	0.00%	0.93%	0.00%
Value Score	C	-	-	C	C	D
Cash/Price	0.05	0.10	0.07	0.39	0.01	0.06
EV/EBITDA	28.87	-1.28	13.34	-159.05	20.42	42.98
PEG Ratio	5.73	4.19	2.99	NA	5.29	3.99
Price/Book (P/B)	8.10	3.56	3.20	4.09	3.66	8.74
Price/Cash Flow (P/CF)	30.42	23.53	12.83	NA	15.15	55.02
P/E (F1)	45.83	49.48	21.99	NA	57.26	78.23
Price/Sales (P/S)	4.93	4.59	2.53	0.60	2.84	11.23
Earnings Yield	2.18%	-2.77%	4.35%	-1.85%	1.75%	1.28%
Debt/Equity	0.05	0.11	0.77	3.62	1.17	0.00
Cash Flow (\$/share)	5.70	-0.13	6.94	-0.01	5.71	3.89
Growth Score	D	-	-	C	D	B
Hist. EPS Growth (3-5 yrs)	0.84%	10.12%	10.41%	NA	10.10%	22.16%
Proj. EPS Growth (F1/F0)	-18.27%	8.99%	-6.32%	-200.00%	-42.80%	-15.06%
Curr. Cash Flow Growth	7.70%	5.04%	5.20%	-94.34%	29.97%	8.77%
Hist. Cash Flow Growth (3-5 yrs)	0.79%	11.09%	8.55%	14.18%	10.33%	19.44%
Current Ratio	1.32	2.82	1.33	1.95	2.51	4.80
Debt/Capital	5.02%	16.99%	44.59%	78.34%	53.94%	0.00%
Net Margin	8.82%	-25.57%	10.13%	0.64%	0.05%	21.22%
Return on Equity	19.68%	-19.20%	14.51%	-14.83%	8.31%	16.49%
Sales/Assets	0.74	0.53	0.51	0.87	0.50	0.72
Proj. Sales Growth (F1/F0)	-3.98%	0.00%	-1.43%	2.75%	-12.83%	11.97%
Momentum Score	D	-	-	D	A	B
Daily Price Chg	-0.10%	0.00%	-0.44%	-0.92%	0.57%	1.23%
1 Week Price Chg	21.79%	0.95%	2.30%	17.04%	2.94%	-1.38%
4 Week Price Chg	37.44%	2.18%	4.38%	24.65%	11.49%	-6.00%
12 Week Price Chg	49.66%	8.45%	13.59%	31.95%	18.55%	-11.82%
52 Week Price Chg	61.43%	3.70%	5.75%	-11.60%	-8.14%	43.29%
20 Day Average Volume	1,956,790	277,684	1,984,154	523,726	291,909	512,962
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	5.05%	2.65%	2.08%	0.00%	494.49%	-12.90%
(F1) EPS Est 12 week change	5.05%	1.88%	2.66%	0.00%	494.49%	-12.90%
(Q1) EPS Est Mthly Chg	-1.15%	0.00%	0.94%	0.00%	1,350.00%	-26.73%

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	D
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.

Disclosures

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