

ArcelorMittal (NYSE: MT)

\$34.64 USD (As of 04/24/18)

Zacks Rank 1-Strong Buy 1 ■ ■ ■ ■

Style: Value: A | Growth: A | Momentum: C | VGM: A

Data Overview

Target Price	\$40.00
52 Week High-Low	\$37.50 - \$19.59
20 Day Average Volume	2,644,457
Beta	2.38
Market Cap	35.34 B
Dividend / Div Yld	\$0.00 / 0.00%
Industry	Steel - Producers
Industry Rank	16 / 265 (Top 6%)
Current Ratio	1.25
Debt/Capital	19.89%
Net Margin	6.65%
Price/Book (P/B)	0.87
Price/Cash Flow (P/CF)	4.29
Earnings Yield	11.14%
Debt/Equity	0.25

Value Score A

P/E (F1)	8.97
P/E (F1) Rel to Industry	-5.83
PEG Ratio	NA
P/S (F1)	0.51
P/S (TTM)	0.51
P/CFO	4.29
P/CFO Rel to Industry	0.24
EV/EBITDA Annual	4.94

Growth Score A

Proj. EPS Growth (F1/F0)	-27.65%
Hist. EPS Growth (Q0/Q-1)	NA
Qtr CFO Growth	91.53
2 Yr CFO Growth	325.95
Return on Equity (ROE)	12.03%
(NI - CFO) / Total Assets	-1.19
Asset Turnover	0.83

Momentum Score C

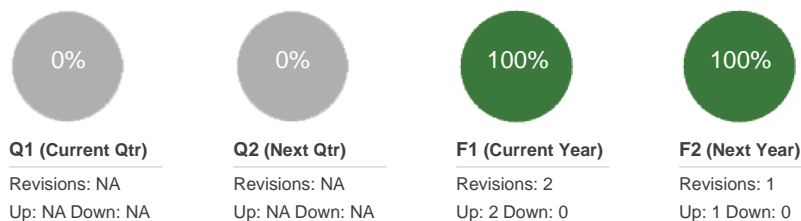
1 week Volume change	2.94%
1 week Price Cng Rel to Industry	0.07%
(F1) EPS Est 1 week change	0.00%
(F1) EPS Est 4 week change	1.93%
(F1) EPS Est 12 week change	1.73%
(Q1) EPS Est 1 week change	NA

Summary

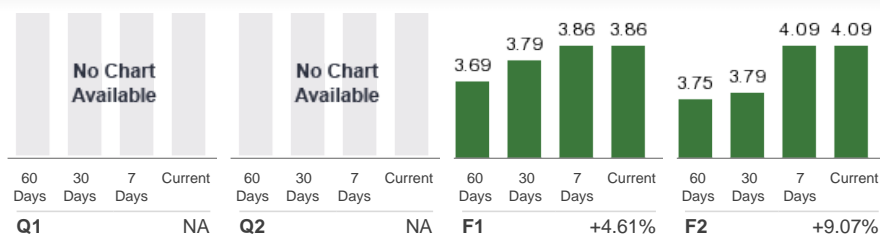
Annual estimates for ArcelorMittal have been going up lately. ArcelorMittal has outperformed the industry it belongs to over a year. The company is likely to gain from its efforts to reduce debt. It is also making a significant progress in reducing costs and expanding its advanced high strength steel product line under the Action 2020 program. The planned acquisition of Ilva S.p.A. in Italy represents another attractive growth opportunity for the company.

Elements of the Zacks Rank

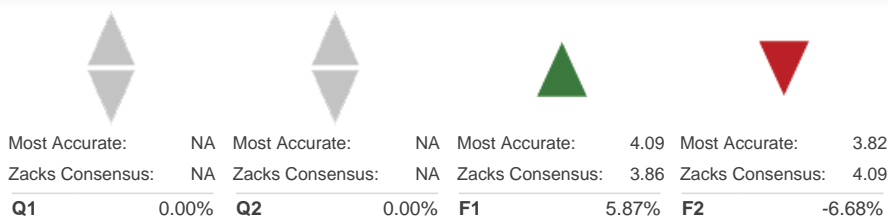
Agreement Estimate Revisions (60 days)



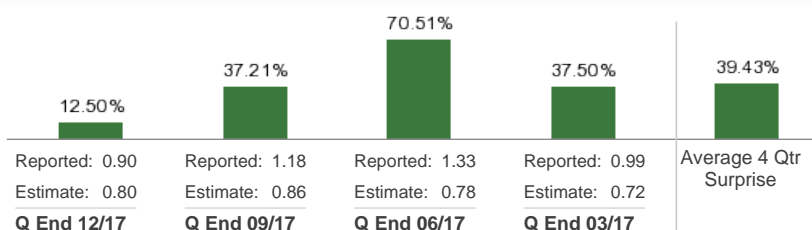
Magnitude Consensus Estimate Trend (60 days)



Upside Zacks Consensus Estimate vs. Most Accurate Estimate



Surprise Reported Earnings History



Overview

Luxembourg-based ArcelorMittal (MT) is the world's leading steel and mining company. With a presence in more than 60 countries, it operates a balanced portfolio of cost competitive steel plants across both the developed and developing world. It is the leader in all the main sectors – automotive, household appliances, packaging and construction.

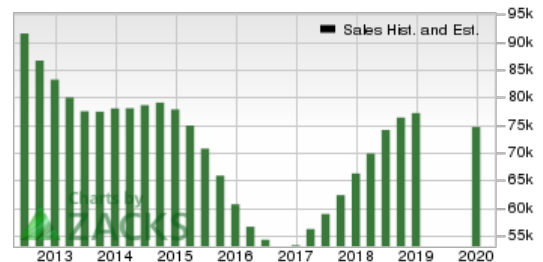
ArcelorMittal's steel-making operations have significant geographic diversification with roughly 38% of its crude steel produced in the Americas, 47% in Europe and around 15% in other countries. Long-term contracts add to the stability of the company's business. ArcelorMittal had steel shipments of 85.2 million tons and iron ore shipments of 57.9 million tons in 2017.

ArcelorMittal has changed its organizational structure, effective Jan 1, 2014, to reduce organizational complexity and layers, simplify processes, and take advantage of the scale effect within the regions. The new reporting segments now include – NAFTA (24% of 2017 sales), Brazil (11%), Europe (50%) and Asia Africa and CIS/ACIS (10%) with the Mining (5%) segment remaining unchanged.

ArcelorMittal maintains a strategy of selective divestment of non-core assets. As part of this, the company has sold its steel foundation distribution business in NAFTA (North American Free Trade Agreement), namely Skyline Steel and Astralloy to Nucor Corporation for a total consideration of roughly \$605 million on a debt free and cash free basis.

ArcelorMittal, in January 2013, also agreed to sell its 15% stake in one of its iron ore operations, ArcelorMittal Mines Canada (AMMC), for \$1.1 billion. The company sold the stake to a consortium led by South Korean steelmaker Posco and Taiwan-listed China Steel Corp. The transaction closed in May 2013. AMMC now retains 85% stake in the joint venture.

In November 2013, ArcelorMittal entered into a 50-50 joint venture with Nippon Steel & Sumitomo Metal Corporation to buy 100% of ThyssenKrupp Steel USA (TK Steel USA) from ThyssenKrupp for \$1,550 million. The acquisition was closed in February 2014.



Reasons To Buy:

- ▲ ArcelorMittal outperformed the industry it belongs to over the past year, aided by its cost and debt reduction actions and strategic growth measures. The company's shares rallied 26.2% over this period while the industry saw a gain of 16.6%.
- ▲ ArcelorMittal remains focused on reducing debt and lowering costs. These moves are expected to lead to better operational performance in the long run. The company's net debt declined to \$10.1 billion at the end of 2017 from \$11.1 billion a year ago, owing to positive free cash flows, leading to lower interest expenses. ArcelorMittal also remains on track with its cost-reduction actions under its Action 2020 program that includes plans to optimize costs and increase steel shipment volumes. The program contributed \$0.6 billion to operating results in 2017, with cumulative benefit of \$1.5 billion and is expected to make a healthy contribution in 2018 and beyond.
- ▲ The company is expanding its steel-making capacity and also remains focused on shifting to high added value products. As part of this move, ArcelorMittal is expanding its automotive steel line of products. The company is expanding its global portfolio of automotive steels by launching a new generation of advanced high strength steels (AHSS). The launch of these steels is in sync with the company's Action 2020 program that aims to achieve targeted financial improvements for the company by 2020. These products will ensure that ArcelorMittal is best positioned to meet customer requirements via a strong technical and product portfolio.
- ▲ The planned acquisition of Ilva S.p.A. in Italy represents another attractive growth opportunity for the company because of its large-scale low-cost operation. Ilva is expected to be a good investment without compromising on the strength of the company's balance sheet. It will provide an opportunity to expand leadership and product offering in Italy, the second-largest steel producing and consuming market in Europe. The deal is expected to create synergies of €310 million by 2020, excluding impact from volume improvements and fixed cost reductions. Ilva is also expected to be EBITDA accretive to ArcelorMittal in one year, and free cash flow accretive in three years.
- ▲ For ArcelorMittal, its mining segment is a significant advantage. It ensures security of raw materials supply to its steel business, enables the company to sell to a growing number of third party customers, allows optimization of supply and logistics savings as well as provides it with an effective hedge against raw material price movements. The company's mining shipments rose 6.1% year over year for 2017.

ArcelorMittal should gain from its efforts to reduce debt. It is also making a significant progress in reducing costs and expanding its advanced high strength steel product line under the Action 2020 program.

Risks

- Cheap steel exports from China, which has built up a massive excess steel capacity, is still causing a problem. High levels of steel exports from the country amid a sluggish economy is affecting steel prices. As such, weaker steel prices may hurt ArcelorMittal's margins.
- ArcelorMittal is witnessing slowdown in its Brazil shipments during the first quarter of 2018, especially in the slab business. Per the company, the prices are seasonally up but rising costs could affect its spread margin. Moreover, its big blast furnace realignment in Ukraine could impact the profitability of CIS operations.
- Falling iron ore prices due to looming concerns over Chinese demand is another headwind for the company as its businesses are heavily influenced by the movements of the prices of the commodity. Iron ore prices could remain volatile on growing concerns over a potential weaker demand from China as Beijing's ongoing efforts to curb pollution may lead to lower steel production in that country. The Chinese steel output is expected to decline because of Beijing's implementation of a four-month reduction in production to streamline its burgeoning steel sector and control pollution during winter (lasting till the middle of March 2018).
- The steel industry remains affected by global production capacity and fluctuations in steel imports/exports and tariffs. Demand for steel remains weak in certain key markets. Challenging conditions persist in Europe and emerging markets such as Brazil. Moreover, there is a demand-supply gap in the United States. Soft construction activity in Brazil remains concern. Moreover, in fourth-quarter 2017, the company witnessed 8.9% sequential decline in steel shipments for its NAFTA segment due to a decrease in volumes in long and flat products on account of weak market.
- ArcelorMittal continues to contend with difficult economic environment, especially in its biggest markets Europe. Despite some recovery of late, steel demand in Europe is still well below pre-crisis levels. The recovery in the demand environment is expected to be sluggish in the region in the near term.

Last Earnings Report

ArcelorMittal Q4 Earnings Beat Estimates, Sales Miss

ArcelorMittal logged net income of \$1,039 million or \$1.02 per share in fourth-quarter 2017, up from \$403 million or 40 cents a year ago.

The company's adjusted earnings came in at 90 cents per share that beat the Zacks Consensus Estimate of 80 cents.

Revenues went up 25.4% year over year to \$17,710 million in the quarter on the back of increased steel shipments, higher average steel selling prices and higher market-priced iron ore shipments partly offset by reduced seaborne iron ore reference prices. Sales however, missed the Zacks Consensus Estimate of \$18,340 million.

Total steel shipments rose 5% to 21 million metric tons in the reported quarter from 20 million recorded a year ago. Average steel selling prices went up 20.4% year over year.

FY17 Results

For 2017, the company posted profits of \$4.6 billion or \$4.48 per share, compared with \$1.8 billion or \$1.87 per share a year ago. Additionally, the company reported revenues of \$68.7 billion, up around 21% from \$56.8 billion reported in 2016.

Segment Review

NAFTA: Crude steel production increased 7.7% year over year to 5.6 million metric tons in the fourth quarter. Steel shipments went up 2.8% year over year to 5.2 million metric tons. Sales increased 7.3% year over year to \$4,296 million. Average steel selling price rose 9.8% year over year to \$748 per ton.

Brazil: Crude steel production rose 7.6% year over year to 3 million metric tons. Shipments went up roughly 3.8% year over year to 3.1 million metric tons. Sales increased 7.4% year over year to \$2,252 million. Average steel selling price rose 21.2% year over year to \$685 per ton.

Europe: Crude steel production increased roughly 1.3% year over year to 10.3 million metric tons in the reported quarter. Shipments rose 6.5% year over year to 10.2 million metric tons. Sales increased about 34.6% year over year to \$9,610 million while average steel selling price rose 24.7% year over year to \$736 per ton.

Asia Africa and CIS (ACIS): Sales rose 33.6% year over year to \$2,039 million. Crude steel production came in at 3.8 million metric tons, up 5.1% year over year. Average selling prices increased 26.4% year over year to \$546 per ton.

Mining: Iron ore production increased 3.6% year over year to 14.4 million metric tons. Coal production fell year over year to 1.5 million metric tons from 1.8 million metric tons recorded a year ago. Revenues went up 7% year over year to \$ 959 million.

Balance Sheet

As of Dec 31, 2017, cash and cash equivalents were at \$2.8 billion, up from \$2.6 billion recorded a year ago.

The company's long-term debt was around \$10,143 million as of Dec 31, 2017, down 14% year over year.

Net cash provided by operating activities was \$2,885 million in the reported quarter, down 74.5% from \$1,653 million a year ago.

Guidance

According to ArcelorMittal, market conditions are favorable and demand environment remains positive along with healthy steel spreads. The company expects global apparent steel consumption (ASC) to grow in the range of 1.5-2.5% in 2018.

In the United States, the company sees apparent steel consumption growth of 1.5-2.5% in 2018, factoring in higher construction and machinery demand. The company also anticipates 1-2% growth in apparent steel consumption in Europe. Moreover, apparent steel consumption is forecast to rise 6.5-7.5% in Brazil as the economy is expected to turnaround with improved consumer confidence as construction recovers. Apparent steel consumption in China increased 3.5% in 2017 and is expected to remain close to this level this year as weakness in the real estate sector to be partly offset by strong infrastructure and automotive end markets.

The company expects capital expenditure to be around \$3.8 billion in 2018. Cash needs of the business are expected to be around \$5.6 billion in 2018.

Quarter Ending 12/2017

Report Date	Jan 31, 2018
Sales Surprise	-3.44%
EPS Surprise	12.50%
Quarterly EPS	0.90
Annual EPS (TTM)	4.40

Recent News

ArcelorMittal Unit Submits Offer in Essar Re-bidding Process – Apr 2, 2018

ArcelorMittal's subsidiary, ArcelorMittal India Private Limited ("AMIPL") has submitted an offer in the re-bidding process for Essar Steel India Limited in connection with ArcelorMittal's joint venture (JV) with Nippon Steel & Sumitomo Metal Corporation ("NSSMC") to jointly acquire and manage Essar Steel.

Notably, AMIPL submitted its first bid for Essar Steel on Feb 12, 2018. Last month, ArcelorMittal and NSSMC announced that they have inked a JV deal under which both companies will co-manage and co-own Essar Steel, provided AMIPL's bid is successful.

NSSMC is a leading steel company in Japan with the capacity to produce roughly 50 million tons of crude steel per annum. It also has the reputation for high-quality and innovative products. Both ArcelorMittal and NSSMC have worked together in the past and enjoyed a close collaboration for several decades in co-operating downstream high-quality finishing facilities in the United States.

Notably, in 2014, ArcelorMittal and NSSMC entered into partnership to acquire AM/NS Calvert, which is a state-of-the art downstream finishing facility in Alabama. The companies made a major investment program following the acquisition, which focused on improving the facility's finishing lines to enable the production of higher-added value steel products, increase slab staging capacity and efficiency.

These investments helped AM/NS Calvert to rapidly improve its performance by increasing capacity utilization rates by more than 20%. Moreover, the shipments to the automotive sector more than doubled between 2015 and 2017 while the productivity of the hot strip mill increased by more than 1 million tons since the acquisition.

ArcelorMittal stated that the aim of the resolution process is to find a new, capable and strong owner for Essar Steel and maximize returns to the creditors. Given their decades of steel industry expertise along with a wide array of innovative product capabilities and industry leading R&D, ArcelorMittal believes that together with NSSMC, it has the relevant experience and credentials to become the most credible owner for Essar Steel.

Moreover, there is a compelling industrial plan at the center of the offer that transforms and enhances the asset. The big integrated steel-making facility in Hazira requires technological expertise and dedicated knowledge to expand, de-bottleneck and improve its product portfolio. The companies intend to commit considerable capital expenditure to grow the asset, bring in their proprietary processes and patents along with new high-quality products to India for industries including solar and automotive.

ArcelorMittal Announces Share Buyback Program Worth \$280M – Mar 13, 2018

ArcelorMittal announced a share buyback program, which was authorized during the annual general meeting of shareholders held on May 5, 2015.

The key objective of the program is to acquire shares to meet the company's obligations arising from share option programs or other allocations of shares to members of management, including the CEO or employees or group companies.

The company plans to repurchase for a total amount of \$280 million, which is the maximum amount allocated to the program in accordance with the resolution of the meeting and applicable market abuse regulations. Moreover, the number of shares to be acquired under the program should be up to 7 million shares over a period starting from Mar 13, 2018 to May 5, 2020.

ArcelorMittal Partners NSSMC to Acquire Essar Steel India – Mar 2, 2018

ArcelorMittal has inked a joint venture deal with Nippon Steel & Sumitomo Metal Corporation (NSSMC) with regards to its offer to acquire Essar Steel India Limited.

On Feb 12, ArcelorMittal India Private Limited submitted a resolution plan that outlined the company's intention to formally have NSSMC join the bid to acquire Essar Steel. In case India's National Company Law Tribunal formally selects and accepts this plan, both companies will jointly acquire and manage Essar Steel.

Notably, ArcelorMittal also provided a detailed industrial and turnaround strategy in its resolution plan, which is aimed at restoring Essar Steel's fortunes, enabling it to realize its full potential and contribute in the expected growth of steel demand in India.

According to ArcelorMittal, both companies can contribute their technology and knowledge to support a swift turn-around in Essar's performance. This will not only enable it to increase production, improve product capabilities, but also meaningfully contribute to growth of India's manufacturing sector and economy development.

This is not the first time that both companies have joined forces. In 2014, ArcelorMittal and NSSMC entered into partnership to acquire AM/NS Calvert, which is a state-of-the art downstream finishing facility in Alabama. The companies made a major investment program following the acquisition, which focused on improving the facility's finishing lines to enable the production of higher-added value steel products, increase slab staging capacity and efficiency.

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ArcelorMittal to Expand Solar Portfolio With Exosun Buyout - Jan 4, 2018

ArcelorMittal has received confirmation from Commercial Court of Bordeaux in relation to Exosun acquisition.

Exosun designs, develops and markets steel solar trackers that entitle photovoltaic panels to follow the path of sun rays, and enhance the performance of ground-mounted solar farms. ArcelorMittal has already forayed in the solar energy market with its steel solar frames which are manufactured in Europe, China and Egypt, and its corrosion along with abrasion-resistant Magnelis steel.

With this deal, the new entity will be able to benefit from commercial, industrial and R&D synergies. The group will also leverage its financial strength to allow the entity to serve customers in major solar projects.

The global photovoltaic energy market is anticipated to grow by 15 installed gigawatts a year from 2017 to 2020 most of which will be in large-scale solar farms. In addition to this, trackers are an emerging solution that increase profitability and account for 25% of the large solar farms market presently.

Valuation

The 'Value' section of the Industry Comparisons table below provides all the key valuation metrics for ArcelorMittal contrasted with its nearest peers as well as the industry and the S&P 500 index. Please note that the Zacks Value Style Score condenses all of these valuation metrics into one score that provides a true measure of the stock's intrinsic value. A Value Style Score of A (or B) is highly desirable, particularly when accompanied with Zacks Rank #1 (Strong Buy) or Zacks Rank # 2 (Buy).

The target price of \$36.00 is based on 9.5x the Zacks Consensus Estimate for F1 earnings.



Nucor Corporation (NUE)	1
EVRAZ PLC (EVRZF)	2
Ryerson Holding Corporation (RYI)	3
Commercial Metals Company (CMC)	3
ACERINOX SA ADR (ANIOY)	3
AK Steel Holding Corporation (AKS)	3
OUTOKUMPO OY (OUTKY)	3
Kobe Steel Ltd. (KBSTY)	3

Industry Comparison Steel - Producers Position in Industry: 1 of 23				Industry Peers		
	MT 1	X Industry	S&P 500	PKX 3	TKAMY 2	NUE 1
VGM Score	A	-	-	D	C	B
Market Cap	35.34 B	2.91 B	20.84 B	26.56 B	17.16 B	19.79 B
# of Analysts		2	14			6
Dividend Yield	0.00%	0.00%	1.76%	3.23%	0.43%	2.44%
Value Score	A	-	-	B	C	A
Cash/Price	0.08	0.10	0.05	0.34	0.28	0.04
EV/EBITDA	4.94	7.65	12.31	2.98	5.54	8.40
PEG Ratio	NA	1.20	1.72	1.73	NA	0.89
Price/Book (P/B)	0.87	1.20	3.17	0.62	4.44	2.12
Price/Cash Flow (P/CF)	4.29	8.68	13.38	4.71	11.76	10.66
P/E (F1)	8.97	10.23	16.66	8.63	17.02	10.63
Price/Sales (P/S)	0.51	0.50	2.48	0.49	0.36	0.94
Earnings Yield	11.14%	9.77%	5.99%	11.59%	5.88%	9.41%
Debt/Equity	0.25	0.46	0.70	0.21	1.63	0.35
Cash Flow (\$/share)	8.08	1.99	5.82	17.64	2.34	5.84
Growth Score	A	-	-	D	D	D
Hist. EPS Growth (3-5 yrs)	NA%	-3.19%	6.97%	NA	NA	20.15%
Proj. EPS Growth (F1/F0)	-27.65%	67.98%	18.51%	24.13%	295.12%	66.88%
Curr. Cash Flow Growth	101.40%	9.63%	7.82%	38.84%	-15.50%	24.14%
Hist. Cash Flow Growth (3-5 yrs)	24.96%	-1.72%	7.16%	4.76%	NA	10.19%
Current Ratio	1.25	1.75	1.31	1.64	1.22	2.49
Debt/Capital	19.89%	32.22%	41.66%	17.10%	62.00%	25.81%
Net Margin	6.65%	3.01%	9.89%	4.59%	-1.32%	6.33%
Return on Equity	12.03%	6.11%	16.31%	5.84%	7.22%	12.94%
Sales/Assets	0.83	1.19	0.53	0.75	1.22	1.30
Proj. Sales Growth (F1/F0)	14.56%	10.98%	6.03%	0.00%	14.22%	16.67%
Momentum Score	C	-	-	D	B	A
Daily Price Chg	0.46%	0.00%	-0.83%	3.08%	-0.43%	-0.99%
1 Week Price Chg	0.07%	0.04%	0.01%	0.05%	0.01%	0.03%
4 Week Price Chg	13.09%	5.62%	1.10%	6.70%	4.23%	3.37%
12 Week Price Chg	-5.38%	-7.85%	-6.13%	-6.88%	-13.54%	-6.82%
52 Week Price Chg	44.00%	9.94%	9.01%	37.87%	9.84%	2.17%
20 Day Average Volume	2,644,457	46,746	2,128,109	186,011	1,588	2,354,701
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	1.25%	2.83%
(F1) EPS Est 4 week change	1.93%	1.93%	0.00%	0.00%	3.85%	10.60%
(F1) EPS Est 12 week change	1.73%	0.87%	2.40%	0.00%	-3.57%	20.00%
(Q1) EPS Est Mthly Chg	NA%	13.91%	0.00%	NA	NA	8.95%

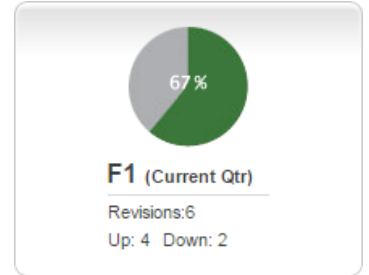
Zacks Rank Education

The Zacks Rank is calculated from four primary inputs: Agreement, Magnitude, Upside and Surprise.

Agreement

This is the extent which brokerage analysts are revising their earnings estimates in the same direction. The greater the percentage of estimates being revised higher, the better the score for this component.

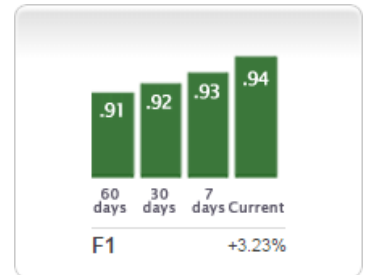
For example, if there were 10 estimate revisions over the last 60 days, with 8 of those revisions up, and the other 2 down, then the agreement factor would be 80% positive. If, however, 8 were to the downside with only 2 of them up, then the agreement factor would be 80% negative. The higher the percentage of agreement the better.



Magnitude

This is a measure based on the size of the recent change in the current consensus estimates. The Zacks Rank looks at the magnitude of these changes over the last 60 days.

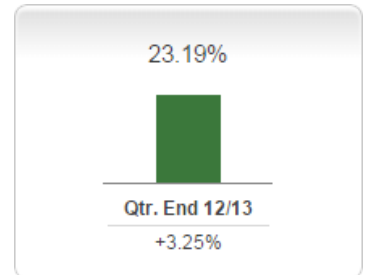
In the chart to the right, the display shows the consensus estimate from 60-days ago, 30-days ago, 7-days ago, and the most current estimate. The difference between the current estimate and the estimate from 60-days ago is displayed as a percentage. A larger positive percentage increase will score better on this component.



Upside

This is the difference between the most accurate estimate, as calculated by Zacks, and the consensus estimate. For example, a stock with a consensus estimate of \$1.00, and a most accurate estimate of \$1.05 will have an upside factor of 5%.

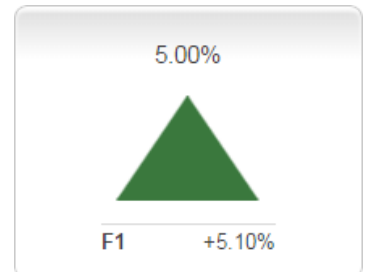
This is not an indication of how much a stock will go up or down. Instead, it's a measure of the difference between these two estimates. This is particularly useful near earnings season as a positive upside percentage can be used to help predict a future surprise.



Surprise

The Zacks Rank also factors in the last few quarters of earnings surprises. Companies that have positively surprised in the recent past have a tendency of positively surprising again in the future (or missing if they recently missed).

A stock with a recent track record of positive surprises will score better on this factor than a stock with a history of negative surprises. These stocks will have a greater likelihood of positively surprising again.



Zacks Style Score Education

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

Academic research has proven that stocks with the best Growth, Value, 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. An A, is better than a B; a B is better than a C; and so on.

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Rank #1 or #2, Strong Buy or Buy, which also has a Style Score of an A or a B.

Value Score	A
Growth Score	A
Momentum Score	C
VGM Score	A

Disclosures

The analysts contributing to this report do not hold any shares of this stock. The EPS and revenue forecasts are the Zacks Consensus estimates. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts' personal views as to the subject securities and issuers. Zacks certifies that no part of the analysts compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report. Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Because of individual objectives, the report should not be construed as advice designed to meet the particular investment needs of any investor. Any opinions expressed herein are subject to change. This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. Zacks or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time. Zacks uses the following rating system for the securities it covers which results from a proprietary quantitative model using trends in earnings estimate revisions. This model is proven most effective for judging the timeliness of a stock over the next 1 to 3 months. The model assigns each stock a rank from 1 through 5. Zacks Rank 1 = Strong Buy. Zacks Rank 2 = Buy. Zacks Rank 3 = Hold. Zacks Rank 4 = Sell. Zacks Rank 5 = Strong Sell. We also provide a **Zacks Industry Rank** for each company which provides an idea of the near-term attractiveness of a company s industry group. We have 264 industry groups in total. Thus, the Zacks Industry Rank is a number between 1 and 264. In terms of investment attractiveness, the higher the rank the better. Historically, the top half of the industries has outperformed the general market.