

Micron Technology (MU)

\$258.46 (Stock Price as of 12/11/2025)

Price Target (6-12 Months): **\$277.00**

Long Term: 6-12 Months

Zacks Recommendation:

Outperform

(Since: 08/19/25)

Prior Recommendation: Neutral

Short Term: 1-3 Months

Zacks Rank: (1-5)

1-Strong Buy

Zacks Style Scores:

VGM: B

Value: C

Growth: A

Momentum: D

Summary

Micron is benefiting from the rapidly expanding artificial intelligence (AI)-driven memory and storage markets. The positive impacts of inventory improvement across multiple end markets are driving top-line growth. The surging demand for HBM and robust DRAM pricing recovery will aid significant revenue and earnings growth in the coming quarters. Its solid financials, positive free cash flow and strong balance sheet provide the flexibility to invest in growth initiatives while enhancing shareholder value. Its long-term customer agreements and expanding AI partnerships reduce volatility and enhance revenue visibility. Shares of the company have outperformed the sector year to date. Nonetheless, a slower-than-expected demand recovery in NAND may hurt the overall financial performance. An escalating trade war is another concern.

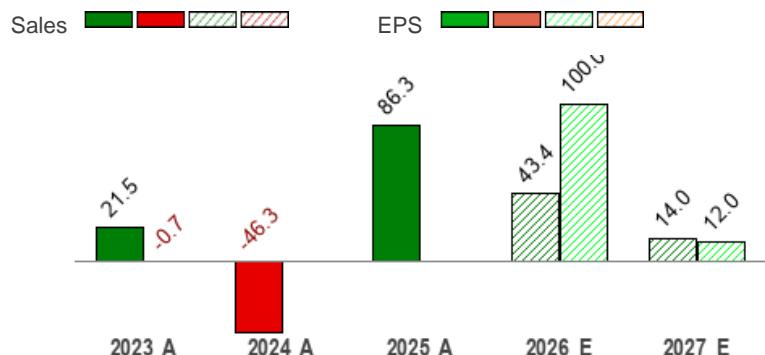
Price, Consensus & Surprise⁽¹⁾



Data Overview

52 Week High-Low	\$264.75 - \$61.54
20 Day Average Volume (sh)	24,650,924
Market Cap	\$296.4 B
YTD Price Change	213.3%
Beta	1.54
Dividend / Div Yld	\$0.46 / 0.2%
Industry	Computer - Integrated Systems
Zacks Industry Rank	Top 6% (15 out of 243)

Sales and EPS Growth Rates (Y/Y %)⁽¹⁾



Last EPS Surprise	5.9%
Last Sales Surprise	0.5%
EPS F1 Est- 4 week change	5.3%
Expected Report Date	12/17/2025
Earnings ESP	6.0%

Sales Estimates (millions of \$)⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2027	14,267 E	14,710 E	15,625 E	16,500 E	61,102 E
2026	12,515 E	12,904 E	13,707 E	14,486 E	53,612 E
2025	8,709 A	8,053 A	9,301 A	11,315 A	37,378 A

EPS Estimates⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2027	4.20 E	4.41 E	4.85 E	5.11 E	18.57 E
2026	3.75 E	3.94 E	4.33 E	4.63 E	16.58 E
2025	1.79 A	1.56 A	1.91 A	3.03 A	8.29 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 12/11/2025.

(2) The report's text and the price target are as of 12/02/2025.

Overview

Idaho-based Micron Technology has established itself as one of the leading worldwide providers of semiconductor memory solutions.

Through global brands, namely Micron, Crucial and Ballistix, Micron manufactures and markets high-performance memory and storage technologies, including Dynamic Random Access Memory (DRAM), NAND flash memory, NOR Flash, 3D XPoint memory and other technologies. Its solutions are used in leading-edge computing, consumer, networking and mobile products. The company's mission is to be the most efficient and innovative global provider of semiconductor memory solutions.

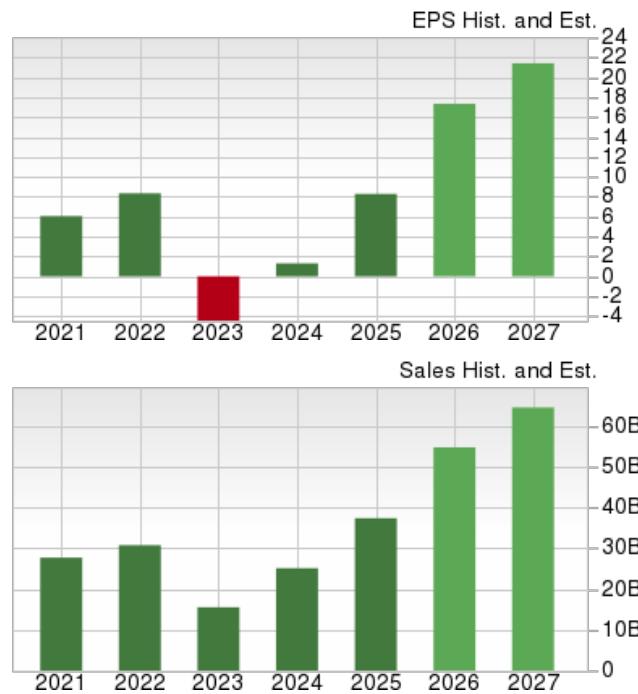
Micron reported revenues of \$37.38 billion in fiscal 2025. Technology-wise, the company reports its financial results in three categories — DRAM, NAND and Other. A major portion of the revenues is derived from DRAM sales, which accounted for 76.4% of fiscal 2025 total revenues. NAND and Other categories contributed 22.7% and 0.9%, respectively.

Micron also provides financial performance on a business unit basis. Previously, the company used to report its business segments as the Compute and Networking Business Unit, the Mobile Business Unit, the Embedded Business Unit and the Storage Business Unit.

In the fourth quarter of fiscal 2025, Micron reorganized its business segments to Cloud Memory Business Unit ("CMBU"), Core Data Business Unit ("CDBU"), Mobile and Client Business Unit ("MCBU") and Auto and Embedded Business Unit ("AEBU").

Business segment-wise, revenues from CMBU soared 257% year over year to \$13.52 billion in fiscal 2025. CDBU revenues jumped 45% to \$7.23 billion. Sales at the MCBU increased 2% to \$11.86 billion, while that for AEBU grew 3% to \$4.75 billion.

The company struggles with intense competition from Intel, Samsung Electronics, SK Hynix, Toshiba Memory and Western Digital Corporation.



As of 12/11/2025



As of 12/11/2025

Reasons To Buy:

- ▲ Micron's better-than-expected fourth-quarter fiscal 2025 performance reflects gains from improved market conditions, strong sales executions and double-digit growth across multiple business units. Micron's increase in revenues compared to the previous quarter reflects the positive impact of inventory improvement in the data center, as well as stabilization in other markets, such as automotive, industrial and others. The latest quarterly performance also signals that the industry-wide sluggish period has ended. Additionally, the company provided a strong forecast for the current quarter on continued strong demand for memory chips. It predicts that the pricing of DRAM will keep increasing this year, improving its revenues. The pricing benefits are likely to be driven by rising AI server demand, causing a scarcity in the availability of cutting-edge DRAM supplies.
- ▲ Micron is capitalizing on the AI boom with its HBM3E solutions, which are increasingly being adopted by major hyperscalers and enterprise customers. On the fourth-quarter fiscal 2025 earnings call, the company highlighted strong customer interest in its HBM3E portfolio, which is expected to drive substantial revenue growth in fiscal 2026. Micron's management has previously revealed that the HBM is generating \$1 billion in quarterly revenues. Micron is poised to be the key beneficiary of surging AI-related infrastructure spending, as companies continue to build out GPU clusters and AI data centers that require advanced memory solutions.
- ▲ The ongoing recovery in the DRAM market is a major tailwind for Micron. DRAM revenues accounted for more than 79% of Micron's total sales in the fourth quarter of fiscal 2025 and increased 27% sequentially, driven by growth in DRAM shipments and continued improvement in pricing. The pricing rebound, coupled with cost efficiencies, will boost the gross margin. Management expects the DRAM supply-demand balance to tighten further in the coming quarters, driving additional pricing strength. This will support Micron's margin expansion and profitability, especially as AI-related DRAM demand accelerates.
- ▲ Micron's decision to sell its Utah factory as it quits making 3D XPoint memory chips has helped it shift resources toward accelerating the market introduction of Compute Express Link ("CXL")-enabled memory products. The technology maintains memory coherency between a host, such as the CPU memory space, and a device. This allows resource sharing for higher performance while reducing software stack complexity and overall system costs. The CXL technology is expected to be used in heterogeneous computing systems, including artificial intelligence (AI), machine learning and data analytics. The shift in the portfolio strategy is likely to further strengthen Micron's focus on developing memory and storage products and solutions for the data center.
- ▲ Micron is expanding its foothold in the SSD storage market. The emergence of thinner laptops and tablets over the past few years has created ideal market conditions for SSDs, which are now entering the higher end of the market. Furthermore, secular growth of digital data, modest growth in TAM and higher demand for storage will drive growth in general, and especially for SSDs. Per the Mordor Intelligence report, the SSD market is expected to witness a CAGR of 17.56% between 2025 and 2030 and reach \$172.82 billion by 2030. The SSD segment's growth potential is a major positive for Micron, as this could offset the losses incurred from the sluggishness in the PC market, which does not necessarily use SSDs.
- ▲ Over the years, Micron has made several significant acquisitions to enhance its capabilities. Over the last two decades, the company has acquired 13 businesses. A few notable among them were IM Flash Technologies, FWDNXT, Elpida, Inotera, Numonyx and Lexar Media. These buyouts have helped Micron in expanding its wafer manufacturing capacity, DRAM offerings and wafer testing and probe services.
- ▲ Micron is strengthening its industry partnerships to capitalize on AI and data center growth. On the fourth-quarter fiscal 2025 earnings call, management highlighted deepening collaborations with leading hyperscalers, AI model developers and GPU providers. The company is actively engaged in long-term agreements with NVIDIA, AMD and Intel, enabling Micron to capture a larger share of the AI infrastructure market. Additionally, Micron's focus on long-term supply agreements with major cloud and enterprise customers ensures stable revenue streams and reduces the risk of pricing volatility. These partnerships are expected to contribute meaningfully to revenue growth in the coming quarters.
- ▲ Micron is a cash-rich company with a strong balance sheet. The company exited the fourth quarter of fiscal 2025 with cash and investments of \$11.9 billion and total liquidity of \$15.4 billion. A strong cash balance and liquidity position provide the company with the liberty to pursue strategic acquisitions, invest in growth initiatives and enhance its shareholders' returns with dividend payments and share repurchases.
- ▲ Micron has a strong cash-flow generating ability, which enables it to improve its cash balance and lower debt. In fiscal 2025, Micron generated an operating cash flow of \$17.53 billion. Strong cash flows also enable the company to enhance shareholders' wealth through dividend payments. In fiscal 2025, the company paid out \$522 million in dividends.

Micron banks on revival in DRAM demand and increasing mix of high-value solutions in its portfolio.

Risks⁽²⁾

- Micron's near-term prospect looks gloomy as weakening consumer spending is negatively impacting demand for memory chips used in personal computers and smartphones. Personal computer manufacturers are also adjusting their memory and storage purchases due to weakened demand. The forward projections for these end markets are also not appealing. The company anticipates low-single-digit growth in smartphone unit volumes and low-single-digit growth in PC sales for the calendar year 2025. With these markets representing key segments for memory sales, weak performance here could partially offset gains from other areas like AI and data centers.
- Although fourth-quarter fiscal 2025 DRAM sales benefited from robust AI-related demand, the NAND segment continues to face pricing headwinds. NAND pricing, which declined sequentially, remains challenged by slower-than-expected price recovery. Given that NAND accounts for a significant portion of Micron's overall business, persistent pricing weakness could cap profit growth. Micron's exposure to the NAND market demonstrates a structural risk, especially if the pricing environment remains weak or deteriorates further.
- Micron's operating expenses have been rising due to increased research & development investments and higher compensation costs. In the fourth quarter of fiscal 2025, operating expenses rose to \$1.21 billion, up 12% from the year-ago quarter. Looking ahead to the first quarter of fiscal 2026, Micron expects operating expenses to grow by 14%, primarily driven by increased R&D investments related to data center product innovation and development. While these investments are crucial for future growth, the immediate impact will likely be higher costs, which could weigh on margins. Rising operating costs, combined with macroeconomic uncertainty, pose a downside risk to Micron's near-term profitability.
- Micron's fate is highly tied to DRAM and NAND flash pricing. Oversupply and lower-than-expected growth in end-market demand has been a dampener. A higher level of customer inventory in the cloud, graphics and enterprise market is a key threat. Moreover, soft server demand from several enterprise OEM customers is a concern. Additionally, Intel's CPU shortages coupled with macroeconomic uncertainties are likely to pose key challenges to the company.
- Micron's capital expenditures (capex) for fiscal 2026 are projected to be higher than the fiscal 2025 capex of \$13.8 billion as the company will continue to make 1? DRAM and HBM-related investments. While these investments are aimed at capturing future demand, they come with significant risk, especially if the anticipated growth in AI-driven demand falls short. A high Capex burden could strain Micron's free cash flow, limiting its flexibility in managing downturns or capitalizing on opportunities. If demand fluctuates or pricing weakens, Micron may face cash flow issues, negatively impacting shareholder returns. High capital intensity, combined with market volatility, is a notable concern for long-term investors.
- The United States and China's tit-for-tat trade war is a major threat to the company. This is because the United States is the largest semiconductor manufacturing country with China being its biggest importer. Micron's heavy dependence on China is anticipated to keep the company under pressure, at least in the near term. Over the past year, the Netherlands and Japan also joined the United States to restrict China from making advanced chips. The tit-for-tat actions could jeopardize Micron's prospects. Chip sales in China make up approximately 11% of Micron's total revenues.
- Micron faces competition from Samsung Electronics Co., Ltd., SK Hynix Inc., Spansion Inc. and Toshiba Corporation in the semiconductor memory market. Notably, wafer capacity increases from its competitors could disrupt DRAM and NAND supply dynamics affecting prices and the company's results. Moreover, heightening trade tension might compel many Chinese companies to buy chips from Samsung and other non-American chipmakers, consequently dumping Micron.
- Ramped-up production of domestic memory chips in China can also seriously jeopardize Micron's prospects going forward. Changxin Memory Technologies has unveiled China's first domestically designed DRAM chip. Moreover, Yangtze Memory Technologies is likely to start manufacturing NAND flash memory to challenge Samsung, Toshiba, Western Digital and Micron, per Nikkei.
- Micron continues to acquire a large number of companies. While this improves revenue opportunities, business mix and profitability, it also adds to integration risks. Moreover, frequent acquisitions are a distraction for management, which could impact organic growth, going forward. Additionally, a higher mix of NAND, which has a lower gross margin, coupled with falling memory prices and minimal decline in manufacturing cost is likely to keep margins under pressure.

Last Earnings Report

Micron Q4 Earnings and Revenues Beat Estimates

Micron reported fourth-quarter fiscal 2025 earnings of \$3.03 per share, beating the Zacks Consensus Estimate by 5.9%. The company's fourth-quarter earnings jumped 156.8% year over year from the year-ago quarter's earnings of \$1.18 per share.

Micron's revenues increased 46% year over year to \$11.32 billion and beat the Zacks Consensus Estimate by 1.2%. The top line was driven by robust demand for its high bandwidth memory (HBM) products.

FY Quarter Ending	8/31/2025
Earnings Reporting Date	Sep 23, 2025
Sales Surprise	0.47%
EPS Surprise	5.94%
Quarterly EPS	3.03
Annual EPS (TTM)	8.29

Micron Q4 Top-Line Details

Technology-wise, DRAM revenues of \$8.98 billion, accounting for 79.4% of the total revenues in the fiscal fourth quarter, increased 68.7% year over year and 27% sequentially. The company experienced record demand for data center DRAM, driven by strong growth in HBM and robust performance of high-capacity DIMMs and low-power server DRAM products.

NAND revenues of \$2.3 billion, representing 19.9% of the total revenues, were down 4.8% year over year but increased 5% quarter over quarter.

Other revenues were \$79 million in the reported quarter, which increased from \$59 million in the year-ago quarter and was up from \$75 million in the previous quarter.

Previously, Micron used to report its business segments as follows: Compute and Networking Business Unit, Mobile Business Unit, Embedded Business Unit and Storage Business Unit.

Following the reorganization, its disclosure of business segments is as follows: Cloud Memory Business Unit, Core Data Business Unit, Mobile and Client Business Unit and Auto and Embedded Business Unit.

Business segment-wise, revenues of \$4.54 billion from the Cloud Memory Business Unit soared 214% from the year-ago quarter and 34% sequentially, driven by a record increase in HBM revenues.

Revenues of \$1.57 billion from the Core Data Business Unit declined 23% on a year-over-year basis but increased 3% on a quarter-over-quarter basis due to higher pricing and a favorable mix.

The Mobile and Client Business Unit's revenues were \$3.76 billion, up 25% from the year-ago period and up 16% from the previous quarter. Revenues from the Auto and Embedded Business Unit totaled \$1.43 billion, which increased 17% year over year and 27% sequentially.

Micron's Q4 Operating Details

For the fiscal fourth quarter, MU posted a non-GAAP gross profit of \$5.17 billion, representing a robust improvement from the year-ago quarter's \$2.83 billion. Also, Micron's non-GAAP gross profit increased 42.7% sequentially.

The fiscal fourth-quarter non-GAAP gross margin of 45.7% improved from the year-ago quarter's 36.5%. The non-GAAP gross margin increased 670 basis points from the previous quarter's 39%.

Non-GAAP operating expenses were \$1.214 billion compared with the previous quarter's \$1.133 billion and the year-ago quarter's \$1.081 billion.

Micron's non-GAAP operating income of \$3.955 billion was higher than the previous quarter's non-GAAP operating income of \$2.490 billion. It also shows significant improvements from the year-ago quarter's non-GAAP operating income of \$1.745 billion.

The non-GAAP operating margin came in at 35%. Micron posted a non-GAAP operating margin of 26.8% for the previous quarter, and it had a non-GAAP operating margin of 22.5% in the year-ago quarter.

Micron's Balance Sheet & Cash Flow

MU exited the reported quarter with cash and investments of \$11.9 billion compared with \$10.81 billion at the end of the prior quarter. Its total debt, as of Aug. 28, 2025, was \$14.02 billion compared with the \$15 billion witnessed at the end of the previous quarter.

The company generated an operating cash flow of \$5.73 billion in the fiscal fourth quarter. It spent \$4.93 billion on capital expenditure in the quarter, resulting in an adjusted free cash flow of \$803 million. MU paid out \$522 million in dividends but repurchased no shares in the fourth quarter of fiscal 2025.

Micron's Q1 Outlook

Micron provided its guidance for the first quarter of fiscal 2026. The company anticipates revenues of \$12.5 billion (+/- \$300 million) in the fiscal first quarter. For the fiscal first quarter, MU projects a non-GAAP gross margin of 51.5% (+/- 100 basis points). Operating expenses on a non-GAAP basis are estimated to be \$1.34 billion (+/- \$20 million). Adjusted EPS is anticipated to be \$3.75 (+/- 15 cents).

Recent News

On Nov. 13, Micron announced that it has started shipping qualification samples of its automotive universal flash storage (UFS) 4.1 solution to customers worldwide. The UFS 4.1 solution will ensure rapid data access, and enhanced safety and security for next-generation vehicles.

On Oct. 22, Micron announced customer sampling of 192GB SOCAMM2 (small outline compression attached memory modules) to enable broader adoption of low-power memory within AI data centers.

On Oct. 21, Micron announced that Richard M. Beyer and Mary Pat McCarthy have informed the company that they will retire from its board of directors at the annual shareholders meeting expected to be held on Jan. 15, 2026.

On Oct. 21, Micron's Crucial brand launched Crucial DDR5 Pro Overclocking (OC) 6400 CL32 Gaming DRAM.

On Sept. 30, Micron Technology announced enhanced performance for its Crucial LPCAMM2 memory, now reaching speeds of up to 8,533 megatransfers per second.

On Sept. 4, 2025, Micron Technology announced its commitment to the White House's "Pledge to America's Youth: Investing in AI Education," a national initiative focused on preparing young Americans for leadership in an AI-driven future.

On July 29, Micron launched a new portfolio of data center SSDs powered by its 9th generation 3D NAND, including the industry's first PCIe Gen6 SSD and a 122TB E3.S drive, aiming to meet the performance, capacity, and efficiency demands of AI-driven data centers.

On July 22, Micron launched its space-qualified portfolio with a 256Gb radiation-tolerant SLC NAND flash, designed to power mission-critical data in aerospace and withstand harsh space environments.

Valuation

Shares of Micron have gained 135.1% in the trailing six months and 140.8% over the past year. Stocks in the Zacks sub-industry and the Zacks Computer & Technology sector have returned 61.4% and 27.8%, respectively, in the last six months. In the past year, the Zacks sub-industry appreciated 60.6% and the sector returned 26.7%.

The S&P 500 Index has returned 17.7% in the trailing six months and 16.1% in the past year.

The stock is currently trading at 4.72x forward 12-month sales, which compares with 4.46x for the Zacks sub-industry, 6.73x for the Zacks sector, and 5.33x for the S&P 500 index.

Over the past five years, the stock has traded as high as 5.20x and as low as 1.59x, with a five-year median of 3.02x. Our Outperform recommendation indicates that the stock will perform better than the market. Our \$277 price target reflects 5.43x forward 12-month sales.

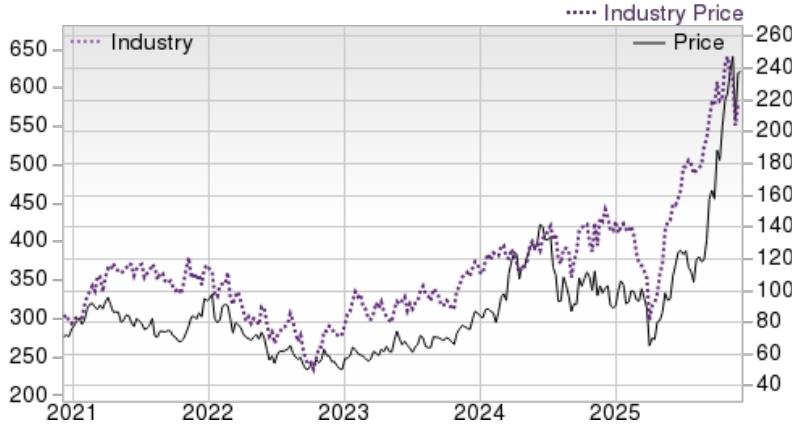
The table below shows a summary of valuation data for MU.

Valuation Multiples - MU					
		Stock	Sub-Industry	Sector	S&P 500
P/S F12M	Current	4.72	4.46	6.73	5.33
	5-Year High	5.20	4.97	7.40	5.50
	5-Year Low	1.59	1.94	4.24	3.83
	5-Year Median	3.02	2.82	6.29	5.04
EV/Sales TTM	Current	7.32	6.07	8.14	5.75
	5-Year High	8.26	6.57	8.36	5.81
	5-Year Low	1.67	2.23	4.17	3.77
	5-Year Median	3.78	3.54	6.92	5.12
EV/EBITDA TTM	Current	15.08	22.61	19.56	18.65
	5-Year High	66.45	26.49	23.68	22.41
	5-Year Low	3.00	6.32	12.05	13.87
	5-Year Median	8.50	13.26	18.36	17.96

As of 12/01/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Top 6% (15 out of 243)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
Marvell Technology, ... (MRVL)	Outperform	1
NVIDIA Corporation (NVDA)	Outperform	1
Advanced Micro Devic... (AMD)	Neutral	3
Amtech Systems, Inc. (ASYS)	Neutral	3
FormFactor, Inc. (FORM)	Neutral	2
Intel Corporation (INTC)	Neutral	3
STMicroelectronics N... (STM)	Neutral	3
Texas Instruments In... (TXN)	Neutral	3

Industry Comparison⁽¹⁾ Industry: Computer - Integrated Systems

	MU	X Industry	S&P 500	AMD	INTC	NVDA
Zacks Recommendation (Long Term)	Outperform	-	-	Neutral	Neutral	Outperform
Zacks Rank (Short Term)	1	-	-	3	3	1
VGM Score	B	-	-	D	B	C
Market Cap	296.44 B	17.95 B	39.21 B	360.48 B	194.81 B	4,465.85 B
# of Analysts	10	5	22	17	16	17
Dividend Yield	0.17%	0.00%	1.41%	0.00%	0.00%	0.02%
Value Score	C	-	-	F	D	F
Cash/Price	0.04	0.06	0.04	0.02	0.16	0.01
EV/EBITDA	16.24	25.16	14.53	67.63	1,230.34	51.23
PEG Ratio	-2.10	1.18	2.21	1.29	13.57	0.86
Price/Book (P/B)	5.46	4.68	3.39	5.93	1.66	37.56
Price/Cash Flow (P/CF)	17.39	23.96	15.06	47.93	22.90	60.10
P/E (F1)	-104.39	26.76	19.80	55.87	125.96	39.74
Price/Sales (P/S)	7.93	5.58	3.00	11.26	3.65	23.86
Earnings Yield	6.71%	3.71%	5.05%	1.79%	0.78%	2.51%
Debt/Equity	0.26	0.00	0.57	0.04	0.38	0.06
Cash Flow (\$/share)	15.16	1.35	8.99	4.62	1.78	3.06
Growth Score	A	-	-	B	B	B
Hist. EPS Growth (3-5 yrs)	-6.62%	1.28%	8.13%	8.16%	-63.88%	94.19%
Proj. EPS Growth (F1/F0)	NA%	28.29%	8.50%	19.64%	NA	54.52%
Curr. Cash Flow Growth	101.87%	10.35%	7.00%	10.35%	-31.25%	140.54%
Hist. Cash Flow Growth (3-5 yrs)	14.74%	11.56%	7.31%	54.62%	-25.05%	87.52%
Current Ratio	2.52	1.18	1.18	2.31	1.60	4.47
Debt/Capital	20.56%	1.86%	38.15%	3.72%	27.40%	5.91%
Net Margin	22.84%	10.32%	12.78%	10.32%	0.37%	53.01%
Return on Equity	17.21%	8.04%	17.00%	8.04%	-0.75%	99.24%
Sales/Assets	0.49	0.49	0.53	0.44	0.27	1.39
Proj. Sales Growth (F1/F0)	-46.30%	14.84%	5.75%	31.60%	-1.30%	61.40%
Momentum Score	D	-	-	D	A	A
Daily Price Chg	4.47%	0.00%	0.67%	-0.09%	0.69%	-0.64%
1 Week Price Chg	0.31%	0.20%	0.54%	0.20%	2.10%	3.06%
4 Week Price Chg	7.68%	0.00%	0.52%	-14.47%	7.63%	-5.17%
12 Week Price Chg	64.83%	2.14%	4.34%	39.12%	63.78%	7.92%
52 Week Price Chg	158.40%	7.64%	13.19%	70.13%	102.68%	31.92%
20 Day Average Volume	24,650,924	2,723,192	2,792,566	39,859,032	83,165,344	198,022,176
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	5.35%	0.00%	0.01%	-0.14%	11.43%	3.91%
(F1) EPS Est 12 week change	34.38%	8.54%	0.68%	-0.62%	62.54%	4.43%
(Q1) EPS Est Mthly Chg	3.65%	0.00%	0.00%	-0.35%	3.30%	9.18%

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	A
Momentum Score	D
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.

Disclosures

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