

Align Technology (ALGN)

\$143.63 (Stock Price as of 11/24/2025)

Price Target (6-12 Months): **\$144.00**

Long Term: 6-12 Months	Zacks Recommendation:	Neutral
	(Since: 09/30/25)	
	Prior Recommendation:	Underperform
Short Term: 1-3 Months	Zacks Rank: (1-5)	3-Hold
	Zacks Style Scores:	VGM: B
	Value: B	Growth: C
		Momentum: B

Summary

Align Technology is well-positioned to lead the digital transformation in the dental industry with its Invisalign Clear Aligners, iTero scanners, and integrated digital platforms. The company's strong relationships with DSOs remain a key growth driver. The global commercialization of the Invisalign Palatal Expander System is promising. Additionally, its solid financial position bodes well. The company's Q3 results, beating earnings and revenue estimates look encouraging. Yet, Align Technology remains impacted by foreign exchange volatility and continues to navigate a challenging macro environment that weighs on profitability. Fierce competition from traditional and clear aligner players remains a concern for the company.

Price, Consensus & Surprise⁽¹⁾



Data Overview

52 Week High-Low	\$246.19 - \$122.00
20 Day Average Volume (sh)	1,593,465
Market Cap	\$10.3 B
YTD Price Change	-31.1%
Beta	1.84
Dividend / Div Yld	\$0.00 / 0.0%
Industry	Medical - Dental Supplies
Zacks Industry Rank	Bottom 39% (147 out of 243)

Sales and EPS Growth Rates (Y/Y %)⁽¹⁾

Sales				EPS			
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Last EPS Surprise	10.1%
Last Sales Surprise	2.5%
EPS F1 Est- 4 week change	1.3%
Expected Report Date	02/04/2026
Earnings ESP	0.0%

Sales Estimates (millions of \$)⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2026	1,019 E	1,055 E	1,032 E	1,072 E	4,171 E
2025	979 A	1,012 A	996 A	1,034 E	4,021 E
2024	997 A	1,028 A	978 A	995 A	3,999 A

EPS Estimates⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2026	2.32 E	2.64 E	2.80 E	3.19 E	10.95 E
2025	2.13 A	2.49 A	2.61 A	2.99 E	10.21 E
2024	2.14 A	2.41 A	2.35 A	2.44 A	9.33 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 11/24/2025.

(2) The report's text and the price target are as of 11/17/2025.

Overview

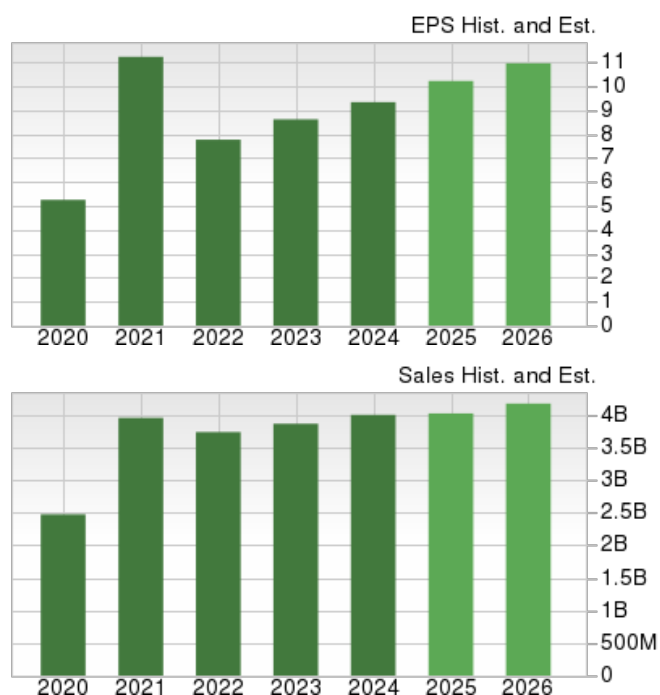
Align Technology, based in California, manufactures and markets a system of clear aligner therapy, intra-oral scanners and CAD/CAM (computer-aided design and computer-aided manufacturing) digital services used in dentistry, orthodontics, and dental records storage. The clear aligner system corrects malocclusion using nearly invisible and removable appliances that gently move the tooth to a desired final position.

Align Technology presently has two operating segments, **Clear Aligner** (80.8% of total revenues in 2024), known as the Invisalign system and **Imaging Systems and CAD/CAM Services (Systems and Services)** (19.2% of total revenues in 2024), which include the iTero intra-oral scanners and OrthoCAD services. In 2024, the **Clear Aligner** segment registered revenue growth of 1% from 2023, while **Imaging Systems and CAD/CAM Services** registered a revenue improvement of 16%.

Product Portfolio:

Invisalign System – An exclusive method to treat malocclusion based on a series of doctor-prescribed, custom-manufactured, clear plastic removable orthodontic aligners. The Clear Aligner products are Invisalign Express, Lite and Go, Moderate and Invisalign Comprehensive packages.

The Systems and Services segment consists of iTero intraoral scanning systems, which include a single hardware platform and restorative or orthodontic software options. Our services include subscription software, disposables, rentals, leases, pay-per-scan services, as well as exocad's CAD/CAM software solutions that integrate workflows to dental labs and dental practices.



As of 11/24/2025



As of 11/24/2025

Reasons To Buy:

▲ **Invisalign's Untapped Potential:** Align Technology is strategically capturing the growing malocclusion market, one of the most prevalent clinical dental conditions in the world. According to Align Technology's 2024 data, it is currently affecting approximately 60% to 75% of the global population. The company estimates that there are approximately 600 million people globally with malocclusion. However, most of them do not seek orthodontic treatment mainly due to negative perceptions of metal braces, affordability of treatment and accessibility to doctors in certain markets and geographies.

Align Technology's robust product line, balanced growth across all channels and consistent focus on international markets to drive growth bolster our confidence in the stock.

Annually, only 22 million people globally elect treatment by orthodontists, which means that a large portion of the patient base is unattended. The company also noticed that almost all this patient base could be treated with Invisalign Clear Aligner. This represents a significant growth opportunity for Align Technology to increase its share of the existing global market of orthodontic case starts, especially among teens, and expand the market for digital orthodontics, especially among adults. Per Reanin, the global malocclusion market was valued at \$26.1 billion in 2024 and is projected to witness a CAGR of 7.0% from 2024 to 2032.

In the third quarter, Invisalign's worldwide Clear Aligner volumes grew slightly both sequentially and year over year. The year-over-year growth was driven by strength in APAC and EMEA, partially offset by softness in North America. In the third quarter, a record 88,000 doctors worldwide submitted Invisalign cases, driven primarily by the General Practitioner (GP) channel. The company also reached a new all-time high in the number of doctors initiating Invisalign case starts for teens and kids. The number of doctors submitting case starts for teens and kids rose 3.8% year over year, underscoring sustained momentum among providers treating younger patients. Over 256,000 teens and growing children began treatment with Invisalign Clear Aligners during the quarter.

Additionally, both Invisalign Palatal Expander and Invisalign First contributed to strong year-over-year growth globally. The ongoing expansion of Invisalign First, DSP touch-up cases and noncomprehensive product offerings, alongside new product launches like Invisalign with Mandibular Advancement with Occlusal Blocks ("MAOB"), further strengthened Align's competitive positioning.

▲ **Invisalign Business Expansion:** Align Technology's Invisalign portfolio offers orthodontic treatment to straighten teeth without metal braces.

Among the recent developments, Align Technology continues to commercialize the Invisalign Palatal Expander with steady momentum in doctor submitters and shipments. In the third quarter, the company commercially launched the Invisalign Palatal Expander System in India and Malaysia, following approval from the Central Drugs Standard Control Organization (CDSCO) and the Malaysia Medical Device Authority, respectively.

Earlier, the Invisalign Palatal Expander system was commercially launched in Turkey. The company received the CE mark to market the Invisalign Palatal Expander system in most of Europe. In May 2025, the system also received regulatory approval in China and is expected to become commercially available in the second half of the year. These approvals mark a milestone and help Align Technology commercialize the Invisalign Palatal Expander across most of the major EMEA and APAC regions in 2025. The company also received positive parental feedback.

In July 2025, Align expanded the commercial launch of this system to India and Malaysia. It is designed specifically to address Class II skeletal and dental correction by simultaneously advancing the mandible while aligning the teeth. Earlier, the company made its Invisalign system with Mandibular Advancement featuring Occlusal Blocks available in the United States, Canada, Australia, and New Zealand.

In recent quarters, Align has expanded Invisalign DSP touch-up cases to more countries and plans further rollouts, including in key APAC markets from 2026. The company strengthened partnerships with global DSOs like Smile Docs and Heartland Dental to drive digital adoption. To boost brand awareness, Align launched targeted campaigns on TikTok, Instagram, YouTube, Snapchat, and WeChat, and expanded its advertising in Japan, India, and Malaysia using Meta platforms and influencers. Adoption of the 'my Invisalign' app and digital tools like ClinCheck also continued to grow.

▲ **Geographic Expansion Continues:** Align Technology is expanding its sales and marketing reach by entering new countries and regions, including previously unexplored areas in Africa and Latin America. By the end of 2023, the company sold directly or through authorized distributors in more than 100 countries. With the opening of its third clear aligner fabrication facility in Wroclaw, Poland, the company now has a manufacturing facility in each of its operating territories — Americas (Mexico), APAC (China) and EMEA (Poland). At the end of 2024, the company has 13 fabrication and treatment locations throughout the world.

The company also supports digital treatment planning for restorative and orthodontic cases in countries such as Costa Rica, China, Germany, Spain, Poland, and Japan. Align continues to invest in infrastructure and capabilities that fuel demand for Invisalign treatment, intraoral scanners, and Exocad CAD/CAM software across both mature and developing markets.

In the third quarter of 2025, clear aligner volume grew year over year in both the APAC and EMEA regions, driven by increased submitters and utilization across orthodontist and general practitioner channels. China led growth in APAC, while EMEA saw notable momentum in teens, kids and adult categories. Invisalign First was a key product contributing to year-over-year growth across all regions. Over 256,000 teens and growing children began treatment with Invisalign Clear Aligners during the third quarter.

The company also continues to invest in consumer marketing and engagement programs designed to convert interest into treatment, including the rollout of new products and support tools across Europe, Latin America and upcoming APAC markets in 2026.

▲ **Strategic Alliances:** Align Technology's slew of strategic alliances looks impressive. The company has well-established relationships with many DSOs, especially in the United States, and is continuously exploring collaboration with others that drive the adoption of digital dentistry.

In the third quarter of 2025, Align reported strong year-over-year growth in clear aligner volumes from DSOs and dental service providers, with the orthodontic channel driving growth in total submitters and general practitioner (GP) channels, leading to increased utilization. Additionally, Align's commercial and marketing teams are actively engaging with practices through digital tools and integrated consumer campaigns to boost conversion at the point of care. These programs are part of a broader strategy to drive long-term loyalty by turning first-time providers into repeat champions.

In the United States, Align Technology targets young adults, teens, and parents through brand partnerships with influencers and celebrities like Patrick Mahomes, OverTime Megan, and Kristin Juszczyk. Invisalign is also an official partner of Bay FC, enhancing brand visibility in sports. In EMEA and APAC, the company leverages social platforms like TikTok, Meta, and YouTube, with regional campaigns such as a testimonial series in Germany featuring 70 young patients sharing their Invisalign journeys.

▲ **iTero in Focus:** Align's iTero intraoral scanners, alongside its Exocad CAD/CAM software, continue to gain traction globally as key tools in digital dentistry. iTero scanning remains central to digital workflows, enabling precise treatment planning and visualization.

The iTero Lumina now represents the majority of iTero scanner system mix. Align continues to pilot integrations such as x-ray diagnostics with the iTero Lumina in select international markets. Additionally, new innovations including the Invisalign Outcome Simulator Pro, iTero Design Suite, and Align Oral Health Suite are being used to enhance diagnostic, restorative, and orthodontic workflows. The company remains focused on scaling adoption through clinical utility, automation, and seamless integration into restorative and ortho-restorative workflows.

Recently, the company has introduced a set of enhancements to its iTero Digital Solutions platform — a comprehensive system that puts together intra-oral scanners, software tools and digital workflows used by dental and orthodontic practices. These enhancements are designed to help clinicians better diagnose, plan, treat, and monitor oral health and orthodontic cases, all in a more seamless, patient-engaging way.

▲ **Strong Solvency, Attractive Returns to Investors:** With no debt on its balance sheet, Align Technology looks quite comfortable from the liquidity point of view. The company's cash and cash equivalents totaled \$1.00 billion at the end of the third quarter of 2025 compared with \$901.2 million at the end of the second quarter.

ALGN also generated strong cash flow and returned wealth to investors through share buybacks. Cumulative net cash provided by operating activities was \$370 million compared with \$452.1 million at the end of the third quarter of 2024.

During the reported quarter, the company repurchased approximately 0.5 million shares of common stock at an average price of \$136.77 per share. These repurchases were made following the \$200.0 million open market repurchase plan announced on Aug. 5, 2025, expected to be completed in January 2026.

Reasons To Sell:

▼ **Macroeconomic Concerns:** Align Technology continues to navigate macroeconomic pressures, including inflation-driven increases in labor and freight costs, staffing shortages and ongoing supply chain challenges- factors that are impacting profitability across the elective dental treatment space. In the third quarter of 2025, these issues led to a 6.2% decline in gross profit and year-over-year contractions of 552 basis points in gross margin and 374 basis points in operating margin.

On the regulatory front, Align received a favorable U.K. tribunal ruling earlier in 2025 that exempts its clear aligners from VAT. However, in June, HMRC filed a petition to appeal this ruling, and as of July 15, was granted permission to do so by August 15. Meanwhile, effective August 1, 2025, Align will no longer include the 20% U.K. VAT on invoices for Invisalign treatment packages and related services that meet certain criteria.

Regarding U.S. tariffs, Align reported no material changes in the third quarter. The company acknowledged that changes in tariffs, along with macroeconomic and foreign exchange conditions, could still affect future performance.

▼ **Currency Headwinds:** Foreign exchange is a major headwind for Align Technology due to a considerable percentage of its revenues coming from outside the United States (in the first half of 2025, more than 34.4% of the company's consolidated revenues came from international regions). Time to time, Clear Aligner Average Selling Prices (ASP) are significantly impacted by unfavorable foreign exchange across multiple currencies, especially the Japanese yen, Euro and Brazilian real.

▼ **Unfavorable Product Mix Shift Lowers ASP:** Align Technology continues to experience pressure on Invisalign ASPs, particularly for comprehensive treatment options. In the previous quarter, the sequential decline in clear aligner ASPs primarily reflected higher discounts and a continued product mix shift toward non-comprehensive products with lower list prices. On a year-over-year basis, the decline in non-comprehensive ASPs was driven by higher discounts and a mix shift to lower ASP offerings. The sequential ASP decline was partially offset by favorable foreign exchange impacts.

▼ **Regulatory Complexities:** Align Technology's success depends on its ability to develop, successfully introduce and achieve market acceptance of new products. It is also contingent upon obtaining regulatory approval or clearance of new products and improvements to existing products. However, there is no assurance that this can always be done successfully. In case of failure to accurately predict customer needs and preferences or failure to produce viable technologies, the company may invest heavily in research and development of products that mars revenues.

Additionally, even if new products are successfully introduced, it may be difficult to gain market share and acceptance, particularly if doctors require education to understand the benefits of the new products or measure their success only after extended periods of time required to treat patients. Consequently, doctors may be unwilling to rapidly adopt the new products until they successfully complete at least one case or until more historical clinical results are available. Any failure in the company's ability to successfully develop and introduce products and get market acceptance of its new products or enhanced versions of existing products could have a material adverse effect on its operating results and cause its net revenues to decline.

▼ **Competitive Landscape:** Align Technology faces significant competition from traditional orthodontic appliance (or wires and brackets) players such as 3M's Unitek, Danaher Corporation's Sybron Dental Specialties and Dentsply International. The company also competes with products like Invisalign Technology, such as products from Ormco Orthodontics, a division of Sybron Dental Specialties.

We remain concerned about the current economic uncertainty which continues to cast a negative impact on Align Technology's dental procedures. The competitive landscape also remains an overhang.

Last Earnings Report

ALGN Q3 Earnings and Revenue Beat, Margins Crash

Align Technology, Inc. (ALGN) delivered third-quarter 2025 adjusted earnings per share (EPS) of \$2.61, up 11.1% from the year-ago level. The bottom line surpassed the Zacks Consensus Estimate by 10.1%.

GAAP EPS for the quarter was 78 cents, reflecting a fall of 49.7% from \$1.55 in the comparable period of 2024.

FY Quarter Ending **12/31/2024**

Earnings Reporting Date	Oct 29, 2025
Sales Surprise	2.49%
EPS Surprise	10.13%
Quarterly EPS	2.61
Annual EPS (TTM)	9.67

ALGN's Q3 Revenues

The top line increased 1.8% year over year to \$995.7 million, and surpassed the Zacks Consensus Estimate by 2.5%.

Total revenues benefited from foreign exchange by approximately 1.6% year over year.

Following the earnings announcement, ALGN stock rose 15.1% in after-market trading yesterday.

ALGN's Segments in Detail

The company has two reportable segments — Clear Aligner, and Imaging Systems and CAD/CAM Services (Systems and Services).

Revenues in the Clear Aligner segment were up 2.4% year over year to \$805.8 million.

Clear Aligner revenues experienced a 1.6% year-over-year favorable foreign exchange impact.

Revenues from Imaging Systems & CAD/CAM Services fell 0.6% to \$189.9 million in the reported quarter. The segment, too, witnessed a favorable currency impact of 1.4% year over year.

ALGN's Q3 Margins

Gross profit in the third quarter was \$639.2 million, down 6.2% year over year. The gross margin contracted 552 basis points (bps) year over year to 64.2% due to an increase of 20.4% in the cost of net revenues.

SG&A expenses fell 3.8% to \$417.8 million, while R&D expenses rose 9.4% to \$93.3 million.

Operating income totaled \$128.1 million, down 21.1% year over year. The operating margin contracted 374 bps to 12.9%.

Financial Details of ALGN

The company exited the third quarter with cash and cash equivalents of \$1.00 billion compared with \$901.2 million at the end of the second quarter.

Cumulative net cash provided by operating activities was \$370 million compared with \$452.1 million at the end of the third quarter of 2024.

Stock Repurchase

During the reported quarter, the company repurchased approximately 0.5 million shares of common stock at an average price of \$136.77 per share. These repurchases were made following the \$200.0 million open market repurchase plan announced on Aug. 5, 2025, expected to be completed in January 2026.

ALGN's Outlook

Align Technology provided its sales outlook for full-year 2025. It has also provided guidance for the fourth quarter of 2025.

For the full year, ALGN expects Clear Aligner revenue growth to be flat to slightly up from 2024, assuming foreign exchange at current spot rates. The Zacks Consensus Estimate for 2025 revenues is pegged at \$4.01 billion, suggesting 0.2% growth year over year.

The GAAP operating margin is anticipated to range between 13.6% and 13.8% (earlier 13% and 14%).

To support continued expansion, the company expects to invest \$100 (earlier \$100-\$125 million) in capital expenditures, primarily related to technology upgrades.

For the fourth quarter, ALGN anticipates worldwide revenues to be in the band of \$1.03-\$1.05 billion. The Zacks Consensus Estimate is pegged at \$1.04 billion.

Recent News

Align Technology Announces New Innovations for iTero Digital Solutions: Oct. 29, 2025

Align Technology recently introduced a set of enhancements to its iTero Digital Solutions platform — a comprehensive system that puts together intra-oral scanners, software tools and digital workflows used by dental and orthodontic practices. These enhancements are designed to help clinicians better diagnose, plan, treat, and monitor oral health and orthodontic cases, all in a more seamless, patient-engaging way.

Valuation

Align Technology shares are down 34.2% in the year-to-date period and down 40.4% in the trailing 12-month periods. Stocks in the Zacks sub-industry and Zacks Medical sector are up 11.3% and up 4.9% in the year-to-date period respectively. Over the past year, the Zacks sub-industry and sector are up 7.7% and up 0.4%, respectively.

The S&P 500 index is up 16.1% in the year-to-date period and up 16.3% in the past year.

The stock is currently trading at 12.6X Forward 12-months earnings, which compares to 16.7X for the Zacks sub-industry, 20.6X for the Zacks sector and 23.3X for the S&P 500 index.

Over the past five years, the stock has traded as high as 85.3X and as low as 12.6X, with a 5-year median of 34.4X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$144 price target reflects 13.3X forward 12-months earnings.

The table below shows summary valuation data for ALGN.

Valuation Multiples - ALGN					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	12.63	17.69	20.62	23.27
	5-Year High	85.27	21.75	23.63	23.81
	5-Year Low	12.63	15.94	17.88	15.73
	5-Year Median	34.43	18.80	20.59	21.20
P/S F12M	Current	2.37	0.38	2.11	5.31
	5-Year High	14.71	0.53	3.39	5.52
	5-Year Low	2.18	0.34	2.01	3.84
	5-Year Median	5.08	0.42	2.63	5.06
P/B TTM	Current	2.49	5.12	4.01	8.24
	5-Year High	17.04	5.19	6.04	9.19
	5-Year Low	2.27	3.77	3.55	6.62
	5-Year Median	5.87	4.62	4.52	8.04

As of 11/14/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Bottom 39% (147 out of 243)



Top Peers ⁽¹⁾

Company (Ticker)	Rec	Rank
Solventum Corporation...(SOLV)	Outperform	2
CONMED Corporation (CNMD)	Neutral	3
The Cooper Companies...(COO)	Neutral	3
Henry Schein, Inc. (HSIC)	Neutral	3
Merit Medical System...(MMSI)	Neutral	3
STERIS plc (STE)	Neutral	2
West Pharmaceutical ...(WST)	Neutral	3
DENTSPLY SIRONA Inc. (XRAY)	Underperform	5

Industry Comparison⁽¹⁾ Industry: Medical - Dental Supplies

	ALGN	X Industry	S&P 500	COO	WST	XRAY
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Underperform
Zacks Rank (Short Term)	3	-	-	3	3	5
VGM Score	B	-	-	C	D	B
Market Cap	10.31 B	3.65 B	37.59 B	15.11 B	19.71 B	2.14 B
# of Analysts	6	6	22	6	4	9
Dividend Yield	0.00%	0.00%	1.52%	0.00%	0.32%	5.96%
Value Score	B	-	-	B	D	A
Cash/Price	0.10	0.06	0.04	0.01	0.03	0.17
EV/EBITDA	12.34	11.83	14.28	16.25	25.93	14.88
PEG Ratio	1.76	1.77	2.19	1.86	4.24	0.77
Price/Book (P/B)	2.60	2.50	3.28	1.81	6.46	1.45
Price/Cash Flow (P/CF)	15.98	12.06	14.62	13.60	30.41	1.46
P/E (F1)	14.69	15.19	19.79	17.31	38.74	6.60
Price/Sales (P/S)	2.59	1.27	3.01	3.74	6.53	0.59
Earnings Yield	7.11%	6.18%	5.03%	5.78%	2.58%	15.19%
Debt/Equity	0.00	0.21	0.57	0.29	0.07	1.36
Cash Flow (\$/share)	8.99	2.12	8.99	5.59	9.01	7.36
Growth Score	C	-	-	C	C	C
Hist. EPS Growth (3-5 yrs)	-9.05%	4.82%	8.17%	7.10%	0.43%	NA
Proj. EPS Growth (F1/F0)	9.43%	6.66%	8.30%	10.84%	4.74%	-2.40%
Curr. Cash Flow Growth	3.62%	8.27%	7.00%	10.95%	-12.53%	43.01%
Hist. Cash Flow Growth (3-5 yrs)	7.12%	6.01%	7.32%	4.42%	13.40%	10.88%
Current Ratio	1.29	1.66	1.18	2.12	2.87	1.47
Debt/Capital	0.00%	19.88%	38.16%	22.55%	6.23%	57.71%
Net Margin	9.50%	3.73%	12.77%	10.08%	16.29%	-24.34%
Return on Equity	13.96%	14.09%	17.03%	9.82%	18.16%	17.10%
Sales/Assets	0.64	0.72	0.53	0.33	0.79	0.62
Proj. Sales Growth (F1/F0)	0.60%	0.55%	5.53%	5.00%	5.90%	-4.10%
Momentum Score	B	-	-	D	D	A
Daily Price Chg	0.75%	0.60%	1.55%	0.72%	1.08%	1.42%
1 Week Price Chg	3.96%	0.57%	0.49%	4.63%	3.72%	0.57%
4 Week Price Chg	5.88%	1.05%	-2.47%	4.34%	-4.61%	-18.03%
12 Week Price Chg	1.18%	-1.60%	3.79%	12.78%	10.95%	-24.97%
52 Week Price Chg	-40.28%	-23.33%	11.99%	-25.77%	-14.32%	-45.03%
20 Day Average Volume	1,593,465	740,104	3,114,983	2,375,037	708,978	4,233,237
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	1.29%	0.46%	0.23%	0.00%	-0.33%	-14.32%
(F1) EPS Est 12 week change	0.76%	0.78%	0.58%	-1.54%	4.92%	-14.74%
(Q1) EPS Est Mthly Chg	-4.26%	-0.47%	-0.10%	-0.40%	-1.30%	-36.41%

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	B
Growth Score	C
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.

Disclosures

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