

## Cummins Inc. (CMI)

**\$510.45** (Stock Price as of 12/31/2025)

Price Target (6-12 Months): **\$591.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Outperform**

(Since: 12/30/25)

Prior Recommendation: Neutral

Short Term: 1-3 Months

**Zacks Rank: (1-5)**

**1-Strong Buy**

Zacks Style Scores:

VGM: C

Value: B

Growth: D

Momentum: F

## Summary

Cummins is seeing strong growth in its Distribution and Power Systems segments, offsetting softness in the North America truck market. Rising demand from data centers and mission-critical applications is driving these gains. The company anticipates continued solid demand for its Power Systems and Distribution businesses throughout the fourth quarter and into 2026. Collaboration with Komatsu is likely to reduce operating costs. Through its Accelera division, Cummins will supply a 100 MW PEM electrolyzer for BP's Lingen project, underscoring the expanding role in hydrogen production and positioning it to benefit from the global shift toward sustainable energy solutions. Its investor-friendly actions continue to build confidence. Analysts are bullish on the stock now.

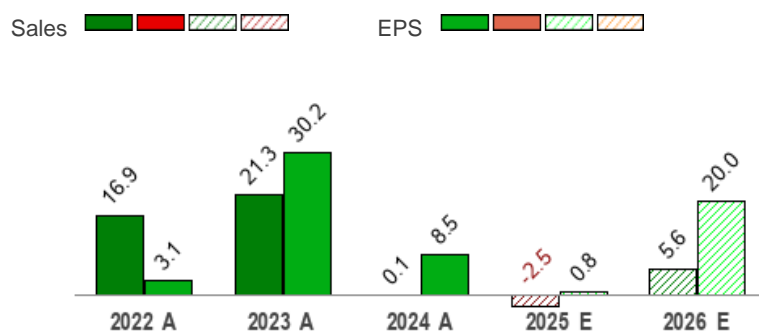
## Price, Consensus & Surprise<sup>(1)</sup>



## Data Overview

52 Week High-Low	\$526.50 - \$260.02
20 Day Average	802,273
Volume (sh)	
Market Cap	\$70.9 B
YTD Price Change	47.3%
Beta	1.11
Dividend / Div Yld	\$8.00 / 1.6%
Industry	<a href="#">Automotive - Internal Combustion Engines</a>
Zacks Industry Rank	Top 1% (1 out of 243)

## Sales and EPS Growth Rates (Y/Y %)<sup>(2)</sup>



Last EPS Surprise	18.2%
Last Sales Surprise	3.2%
EPS F1 Est- 4 week change	0.0%
Expected Report Date	02/03/2026
Earnings ESP	0.0%

## Sales Estimates (millions of \$)<sup>(2)</sup>

	Q1	Q2	Q3	Q4	Annual*
2026	8,407 E	9,003 E	8,992 E	8,712 E	35,114 E
2025	8,174 A	8,643 A	8,317 A	8,132 E	33,266 E
2024	8,403 A	8,796 A	8,456 A	8,447 A	34,102 A

## EPS Estimates<sup>(2)</sup>

	Q1	Q2	Q3	Q4	Annual*
2026	5.71 E	6.56 E	6.93 E	6.64 E	25.84 E
2025	5.96 A	6.43 A	5.59 A	5.28 E	21.53 E
2024	5.10 A	5.26 A	5.60 A	5.16 A	21.37 A

\*Quarterly figures may not add up to annual.

P/E TTM	22.2
P/E F1	23.7
PEG F1	2.4
P/S TTM	2.1

(1) The data in the charts and tables, except the estimates, is as of 12/31/2025.

(2) The report's text, the analyst-provided estimates, and the price target are as of 12/31/2025.

## Overview

Cummins Inc. is a leading global designer, manufacturer and distributor of diesel and natural gas engines and powertrain-related component products. Powertrain components include fuel systems, turbochargers, transmissions, batteries and electrified power systems, among others. Headquartered in Columbus, IN, the company offers products to original equipment manufacturers (OEMs), distributors and dealers through a network of roughly 650 company-owned and independent distributor facilities in over 19,000 dealer locations in more than 190 countries and territories.

The acquisition of Meritor in 2022 has enhanced CMI position as a top provider of integrated powertrain solutions for both internal combustion and electric vehicles. This deal expanded Cummins' components business, opening up new growth avenues.

Cummins has the following five operating segments:

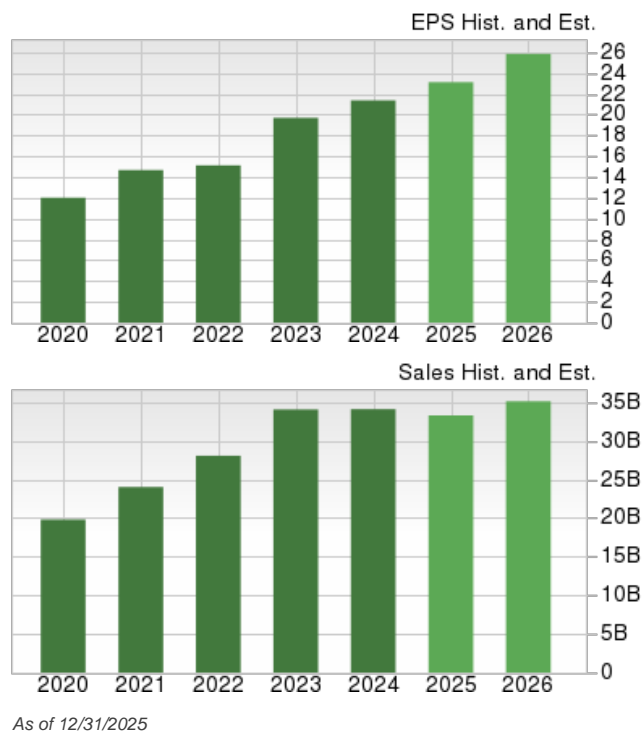
The Engine segment (26.4% of consolidated net sales in 2024) produces diesel and natural gas-based engines for on-highway and industrial markets. The engines are used in heavy and medium-duty trucks, buses, recreational vehicles, and various industrial applications in the construction, mining, agriculture, marine, oil and gas, rail, defense and agricultural markets.

The Distribution segment (33.3%) is the company's primary sales, service and support channel. It operates through a worldwide network of wholly owned, joint venture and independent distribution locations that offer a varied range of products and services, including power generation systems, high-horsepower engines, and heavy-duty and medium-duty engines.

The Components segment (29%) has five businesses, namely, Emission solutions, Turbo technologies, Electronics and fuel systems, and Automated transmissions.

The Power Systems segment (10.3%) sells power generators, diesel and natural gas high-horsepower engines, and AC generator or alternator products for internal consumption and external generator set assemblers. The unit houses the Power Generation, Industrial and Generator Technologies product lines.

The Accelerera segment (1%) designs, manufactures, sells and supports hydrogen production systems as well as electrified power systems ranging from fully electric to hybrid along with innovative components and subsystems.



---

## Reasons To Buy:

- ▲ Cummins is **seeing strong growth in its Distribution and Power Systems segments**, offsetting softness in the North America truck market. Rising demand from data centers and mission-critical applications is driving these gains. As part of its Destination Zero strategy, the company launched the S17 Centum genset in Q2—a 17-liter engine platform delivering up to 1 MW of power in a compact footprint. This innovation meets growing urban power needs and strengthens Cummins' position in high-demand markets. The company anticipates continued solid demand for its Power Systems and Distribution businesses throughout the fourth quarter and into 2026.
- ▲ In September, the company announced a **collaboration with Komatsu** to develop hybrid powertrains for heavy mining haulage equipment. The partnership combines both companies' global capabilities to accelerate optimized hybrid solutions, including retrofit options that can reduce operating costs and support customers' decarbonization efforts.
- ▲ Cummins is advancing its long-term growth and decarbonization goals through **strategic investments in clean energy technologies**. Its HELM platform boosts efficiency and cuts emissions, while growing electrolyzer orders and the Amplify Cell Technologies JV strengthen hydrogen and battery supply chains. The First Mode acquisition enables hybrid retrofits for mining equipment, reducing costs and emissions. Through its Accelera division, Cummins will supply a 100 MW PEM electrolyzer for BP's Lingen project, underscoring its expanding role in hydrogen production and positioning it to benefit from the global shift toward sustainable energy solutions.
- ▲ Cummins posted strong Q2 & Q3 **growth in China**, with revenues, including joint ventures, up 9% and 16% year-over-year to \$1.8 billion and \$1.7 billion, respectively. In the third quarter, industry demand for medium- and heavy-duty trucks in China rose primarily due to NS4 scrapping incentives. While industry demand for excavators in China was primarily driven by domestic rural development and small infrastructure projects and strong export demand. Strong and growing demand in China bodes well for the company's prospects.
- ▲ Cummins' **investor-friendly actions** continue to build confidence. In July, the company raised its quarterly dividend by 10% to \$2 per share, marking its 16th straight annual increase. It increased dividends 6 times in the last 5 years, with an annualized growth of 7.93%.

Cummins is poised for long-term growth with its strong product portfolio, leadership in clean energy, and commitment to decarbonization.

---

## Risks<sup>(2)</sup>

- Cummins faces headwinds from **weakening North America heavy- and medium-duty truck demand**, pressuring Engine segment revenues and profits. Cummins expects engine shipments to on-highway customers to drop another 15% in the fourth quarter compared to the third quarter. This decline in shipments poses a near-term challenge for Cummins' engine segment performance.
  - **Persistent losses in the Accelera unit** plays a spoilsport. The company is investing heavily in product and technology for the Accelera segment and the trend is likely to continue. The escalating R&D and engineering expenses of the Accelera segment are hurting the firm's margins. The segment incurred an operating loss of \$334 million in 2022, \$443 million in 2023 and \$764 million in 2024. The segment incurred a pretax loss of \$336 million in Q3'25.
  - **Tariffs** are adding cost pressures and uncertainty for Cummins, its suppliers, customers, and end users. In Q3, the company faced higher tariff-related expenses, while unclear trade policies forced it to keep its guidance withdrawn. Many engine components are sourced internationally, leaving Cummins vulnerable to ongoing tariff disruptions that could raise manufacturing costs, dampen demand for capital goods, and squeeze margins. Combined with global economic uncertainty, these factors pose near-term risks to competitiveness and make forecasting demand more challenging.
  - **Rising debt levels** are raising concerns. Long-term debt totaled \$6.82 billion at the end of the third quarter, up from \$4.78 billion as of Dec. 31, 2024. Long-term debt to capitalization, while still manageable at 34%, is higher than the industry levels of 27%. Rising debt levels may reduce financial flexibility to invest in growth opportunities.
-

# Last Earnings Report

## Cummins Q3 Earnings Surpass Expectations

Cummins reported third-quarter 2025 earnings of \$5.59 per share, which surpassed the Zacks Consensus Estimate of \$4.73 but slightly fell from \$5.60 recorded in the corresponding quarter of 2024. Cummins’ revenues totaled \$8.32 billion, which beat the Zacks Consensus Estimate of \$8.06 billion but declined from \$8.46 billion recorded in the year-ago quarter.

### Key Takeaways

In the reported quarter, sales in the **Engine** segment were down 11% year over year to \$2.60 billion. The segment’s EBITDA fell to \$261 million (accounting for 10% of sales) from \$427 million (14.7% of sales) in the year-ago period.

Sales in the **Distribution** segment totaled \$3.2 billion, which rose 7% year over. The segment’s EBITDA came in at \$492 million (15.5% of sales), which increased from the year-ago quarter’s \$370 million (12.5% of sales).

Sales in the **Components** segment totaled \$2.3 billion, down 15% from the prior-year quarter. The segment’s EBITDA was \$292 million (12.5% of sales), lower than the year-ago figure of \$351 million (12.9% of sales).

Sales in the **Power Systems** segment rose 18% from the year-ago quarter to \$2 billion. The segment’s EBITDA rose to \$457 million (22.9% of sales) from \$328 million (19.4% of sales) and beat our estimate of \$327.6 million.

Sales in the **Accelera** segment came in at \$121 million, which rose 10% from the year-ago level. The segment incurred a pretax loss of \$336 million.

### CMI's Financials

Cummins’ cash and cash equivalents were \$2.57 billion as of Sept. 30, 2025, up from \$1.67 billion as of Dec. 31, 2024. Long-term debt totaled \$6.80 billion, up from \$4.78 billion as of Dec. 31, 2024.

FY Quarter Ending 12/31/2025

Earnings Reporting Date	Nov 06, 2025
Sales Surprise	3.24%
EPS Surprise	18.18%
Quarterly EPS	5.59
Annual EPS (TTM)	23.14

## Valuation

Cummins' shares are up 55.8% and 47.3% over the past six months and in the trailing 12-month period, respectively. Stocks in the Zacks Automotive – Internal Combustion Engines industry and the Zacks Auto-Tires-Trucks sector are up 54.2% and 35.5%, respectively, over the past six months. Over the past year, the Zacks sub industry and sector are up 48.6% and 14.3%, respectively. The S&P 500 index is up 14.3% and 19.7% over the past six months and in the past year, respectively.

The stock is currently trading at 19.88X forward 12-month earnings, which compares to 17.41X for the Zacks sub-industry, 33.35X for the Zacks sector and 23.35X for the S&P 500 index.

Over the past five years, the stock has traded as high as 20.42X and as low as 9.78X, with a 5-year median of 13.15X. Our Outperform recommendation indicates that the stock will perform better than the market. Our \$591 price target reflects 22.88X forward 12-month earnings.

The table below shows summary valuation data for CMI:

Valuation Multiples - CMI					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	19.88	17.41	33.35	23.35
	5-Year High	20.42	17.41	33.35	23.8
	5-Year Low	9.78	8.72	13.35	15.74
	5-Year Median	13.15	11.3	19.78	21.23
EV/EBITDA TTM	Current	13.67	12.34	27.64	18.8
	5-Year High	16.20	14.47	28.63	22.34
	5-Year Low	6.95	6.2	9.13	13.86
	5-Year Median	9.79	8.72	17.55	17.93
P/S F12M	Current	2.02	1.37	1.71	5.29
	5-Year High	2.07	1.37	1.97	5.49
	5-Year Low	0.89	0.67	0.82	3.82
	5-Year Median	1.2	0.9	1.23	5.04

As of 12/30/2025

Source: Zacks Investment Research

## Industry Analysis<sup>(1)</sup> Zacks Industry Rank: Top 1% (1 out of 243)



## Top Peers<sup>(1)</sup>

Company (Ticker)	Rec	Rank
LCI Industries (LCII)	Outperform	1
Adient (ADNT)	Neutral	3
Allison Transmission...(ALSN)	Neutral	4
Autoliv, Inc. (ALV)	Neutral	4
American Axle & Manu...(AXL)	Neutral	3
BorgWarner Inc. (BWA)	Neutral	2
Magna International ...(MGA)	Neutral	2
PACCAR Inc. (PCAR)	Neutral	3

## Industry Comparison<sup>(1)</sup> Industry: Automotive - Internal Combustion Engines

	CMI	X Industry	S&P 500	AXL	BWA	PCAR
Zacks Recommendation (Long Term)	Outperform	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	1	-	-	3	2	3
VGM Score	C	-	-	B	A	A
Market Cap	70.90 B	1.36 B	39.67 B	765.59 M	9.78 B	58.28 B
# of Analysts	4	6	22	5	6	6
Dividend Yield	1.56%	0.00%	1.4%	0.00%	1.49%	1.19%
Value Score	B	-	-	A	A	B
Cash/Price	0.04	0.04	0.04	0.93	0.22	0.16
EV/EBITDA	11.76	13.94	14.72	3.68	9.34	9.18
PEG Ratio	2.39	2.02	2.21	NA	0.95	15.17
Price/Book (P/B)	5.41	6.90	3.34	1.07	1.59	3.01
Price/Cash Flow (P/CF)	17.45	18.40	15.38	1.43	6.08	12.43
P/E (F1)	23.79	22.22	20.05	18.20	9.72	22.16
Price/Sales (P/S)	2.11	2.07	3.14	0.13	0.69	1.97
Earnings Yield	4.50%	4.50%	4.94%	5.43%	10.30%	4.52%
Debt/Equity	0.52	0.56	0.57	3.61	0.63	0.56
Cash Flow (\$/share)	29.43	16.25	8.98	4.52	7.52	8.93
Growth Score	D	-	-	C	C	C
Hist. EPS Growth (3-5 yrs)	13.36%	60.10%	8.21%	-11.24%	5.31%	27.64%
Proj. EPS Growth (F1/F0)	0.75%	12.15%	8.58%	-31.37%	9.03%	-36.58%
Curr. Cash Flow Growth	5.30%	58.21%	7.00%	11.43%	12.64%	-15.76%
Hist. Cash Flow Growth (3-5 yrs)	5.96%	9.96%	7.48%	-5.87%	4.94%	6.20%
Current Ratio	1.77	2.03	1.18	1.77	2.05	3.12
Debt/Capital	34.25%	35.74%	38.15%	78.31%	38.77%	35.74%
Net Margin	7.95%	12.95%	12.77%	0.72%	0.94%	9.11%
Return on Equity	26.02%	67.53%	17.03%	7.92%	16.72%	16.01%
Sales/Assets	1.02	1.35	0.53	1.12	1.00	0.68
Proj. Sales Growth (F1/F0)	-2.50%	-1.18%	5.85%	-4.30%	0.90%	-17.50%
Momentum Score	F	-	-	F	D	B
Daily Price Chg	-0.20%	-0.20%	-0.14%	-0.31%	-0.13%	-0.43%
1 Week Price Chg	2.45%	-1.13%	-0.20%	-2.56%	1.20%	0.20%
4 Week Price Chg	2.41%	5.53%	0.98%	-1.38%	5.81%	4.79%
12 Week Price Chg	18.30%	-5.77%	2.71%	11.21%	7.90%	14.77%
52 Week Price Chg	47.33%	73.15%	17.25%	10.64%	43.85%	6.67%
20 Day Average Volume	802,273	609,062	2,628,137	2,300,155	3,942,121	3,183,615
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.00%	0.00%	0.00%	-4.30%	0.57%	0.03%
(F1) EPS Est 12 week change	6.92%	6.92%	0.69%	-20.04%	2.96%	-3.78%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	-13.86%	0.32%	0.38%



## Analyst Earnings Model<sup>(2)</sup>

### Cummins Inc. (CMI)

In \$MM, except per share data

	2022A	2023A	2024A	2025E				2026E				2027E		
	FY	FY	FY	1QA	2QA	3QA	4QE	FY	1QE	2QE	3QE	4QE	FY	FY
FY Ends December 31st	Dec-22	Dec-23	Dec-24	31-Mar-25	30-Jun-25	30-Sep-25	31-Dec-25	Dec-25	31-Mar-26	30-Jun-26	30-Sep-26	31-Dec-26	Dec-26	Dec-27
Income Statement														
Total Revenue	\$28,074.0	\$34,065.0	\$34,102.0	\$8,174.0	\$8,643.0	\$8,317.0	\$8,131.7	\$33,265.7	\$8,406.6	\$9,002.9	\$8,992.0	\$8,712.0	\$35,113.6	\$37,965.0
YoY % Chng	16.9%	21.3%	0.1%	(2.7%)	(1.7%)	(1.6%)	(3.7%)	(2.5%)	2.8%	4.2%	8.1%	7.1%	5.6%	8.1%
Cost of Sales	\$21,355.0	\$25,816.0	\$25,663.0	\$6,019.0	\$6,362.0	\$6,188.0	\$6,008.7	\$24,577.7	\$6,143.9	\$6,596.1	\$6,497.7	\$6,301.1	\$25,538.9	\$27,342.9
YoY % Chng	16.5%	20.9%	(0.6%)	(5.4%)	(3.6%)	(1.5%)	(6.3%)	(4.2%)	2.1%	3.7%	5.0%	4.9%	3.9%	7.1%
Gross Profit	\$6,719.0	\$8,249.0	\$8,439.0	\$2,155.0	\$2,281.0	\$2,129.0	\$2,123.0	\$8,688.0	\$2,262.7	\$2,406.8	\$2,494.3	\$2,411.0	\$9,574.7	\$10,622.2
YoY % Chng	18.0%	22.8%	2.3%	5.6%	4.0%	(1.9%)	4.4%	3.0%	5.0%	5.5%	17.2%	13.6%	10.2%	10.9%
Selling, General and Administrative	\$2,687.0	\$3,333.0	\$3,275.0	\$771.0	\$779.0	\$789.0	\$752.5	\$3,091.5	\$731.1	\$685.3	\$653.0	\$647.8	\$2,717.3	\$2,937.1
YoY % Chng	13.2%	24.0%	(1.7%)	(8.1%)	(5.9%)	(2.2%)	(6.1%)	(5.6%)	(5.2%)	(12.0%)	(17.2%)	(13.9%)	(12.1%)	8.1%
Research, Development & Engineering Expenses	\$1,278.0	\$1,500.0	\$1,463.0	\$344.0	\$357.0	\$345.0	\$339.5	\$1,385.5	\$350.2	\$329.0	\$362.9	\$349.2	\$1,391.3	\$1,502.7
YoY % Chng	17.2%	17.4%	(2.5%)	(6.8%)	(5.8%)	(3.9%)	(4.6%)	(5.3%)	1.8%	(7.8%)	5.2%	2.8%	0.4%	8.0%
Equity, Royalty and Interest Income from Investees	\$349.0	\$483.0	\$395.0	\$131.0	\$118.0	\$104.0	\$98.8	\$451.8	\$118.5	\$123.7	\$112.8	\$110.8	\$465.8	\$537.7
YoY % Chng	(31.0%)	38.4%	(18.2%)	6.5%	14.6%	5.1%	41.2%	14.4%	(9.5%)	4.8%	8.4%	12.1%	3.1%	15.4%
Other Operating Expense, net	\$174.0	\$2,138.0	\$346.0	\$37.0	\$37.0	\$247.0	\$89.4	\$410.4	\$104.0	\$129.1	\$151.5	\$118.8	\$503.4	\$554.4
YoY % Chng	461.3%	1,128.7%	(83.8%)	12.1%	(15.9%)	357.4%	(58.4%)	18.6%	181.1%	248.8%	(38.7%)	32.9%	22.7%	10.1%
EBITDA	\$3,799.0	\$3,017.0	\$6,326.0	\$1,460.0	\$1,587.0	\$1,187.0	\$1,357.7	\$5,591.7	\$1,450.1	\$1,637.5	\$1,703.4	\$1,637.7	\$6,428.6	\$7,233.2
YoY % Chng	7.9%	(20.6%)	109.7%	(43.2%)	18.0%	(14.5%)	33.1%	(11.6%)	(0.7%)	3.2%	43.5%	20.6%	15.0%	12.5%
Depreciation & Amortization	\$781.0	\$1,016.0	\$1,053.0	\$266.0	\$275.0	\$274.0	\$262.6	\$1,077.6	\$272.4	\$291.4	\$292.2	\$282.2	\$1,138.1	\$1,230.7
YoY % Chng	18.5%	30.1%	3.6%	1.5%	6.2%	4.2%	(2.4%)	2.3%	2.4%	5.9%	6.7%	7.5%	5.6%	8.1%
Operating Income	\$2,929.0	\$1,761.0	\$3,750.0	\$1,134.0	\$1,226.0	\$852.0	\$1,040.5	\$4,252.5	\$1,195.9	\$1,387.0	\$1,439.6	\$1,406.0	\$5,428.5	\$6,165.7
YoY % Chng	8.2%	(39.9%)	112.9%	22.9%	17.3%	(18.9%)	42.1%	13.4%	5.5%	13.1%	69.0%	35.1%	27.7%	13.6%
Interest Expense	\$199.0	\$375.0	\$370.0	\$77.0	\$87.0	\$83.0	\$81.3	\$328.3	\$82.9	\$89.8	\$89.5	\$86.7	\$349.0	\$377.7
YoY % Chng	79.3%	88.4%	(1.3%)	(13.5%)	(20.2%)	0.0%	(8.6%)	(11.3%)	7.7%	3.3%	7.9%	6.6%	6.3%	8.2%
Other Expense/(Income), Net	(\$89.0)	(\$240.0)	(\$1,523.0)	(\$60.0)	(\$86.0)	(\$61.0)	(\$54.6)	(\$261.6)	\$18.2	\$40.9	\$28.4	\$50.4	\$137.9	\$163.1
YoY % Chng	(42.9%)	169.7%	53.4.6%	(95.7%)	109.8%	(19.7%)	187.5%	(82.8%)	(130.3%)	(147.5%)	(146.6%)	(192.3%)	(152.7%)	18.2%
Pre-Tax Income	\$2,819.0	\$1,626.0	\$4,903.0	\$1,117.0	\$1,225.0	\$830.0	\$1,013.8	\$4,185.8	\$1,094.8	\$1,256.3	\$1,321.6	\$1,268.9	\$4,941.5	\$5,624.9
YoY % Chng	2.5%	(42.3%)	201.5%	(49.7%)	25.4%	(20.4%)	53.1%	(14.6%)	(2.0%)	2.6%	59.2%	25.2%	18.1%	13.8%
Income Tax	\$636.0	\$786.0	\$835.0	\$267.0	\$297.0	\$271.0	\$253.5	\$1,088.5	\$273.7	\$314.1	\$330.4	\$317.2	\$1,235.4	\$1,406.2
YoY % Chng	8.3%	23.6%	6.2%	38.3%	32.0%	35.5%	16.8%	30.4%	2.5%	5.7%	21.9%	25.2%	13.5%	13.8%
Tax Rate	22.6%	48.3%	17.0%	23.9%	24.2%	32.7%	25.0%	26.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Non-Controlling Interest	\$32.0	\$105.0	\$122.0	\$26.0	\$38.0	\$23.0	\$27.5	\$114.5	\$28.9	\$31.5	\$29.4	\$29.6	\$119.3	\$128.5
YoY % Chng	(3.0%)	228.1%	16.2%	(25.7%)	46.2%	(32.4%)	1.9%	(6.1%)	11.0%	(17.2%)	27.8%	7.5%	4.2%	7.7%
Net Income (Excluding Meritor's Acq Related Costs & Separation of Filtration Business)	\$2,317.0	\$2,810.0	\$2,973.0	\$824.0	\$890.0	\$536.0	\$732.8	\$2,982.8	\$792.2	\$910.7	\$961.8	\$922.1	\$3,586.9	\$4,090.2
YoY % Chng		21.3%	5.8%	13.8%	22.6%	(33.7%)	2.6%	0.3%	(3.9%)	2.3%	79.4%	25.8%	20.3%	14.0%
Net Income	\$2,151.0	\$735.0	\$3,946.0	\$824.0	\$890.0	\$536.0	\$732.8	\$2,982.8	\$792.2	\$910.7	\$961.8	\$922.1	\$3,586.9	\$4,090.2
YoY % Chng	0.9%	(65.8%)	436.9%	(58.7%)	22.6%	(33.7%)	75.3%	(24.4%)	(3.9%)	2.3%	79.4%	25.8%	20.3%	14.0%
Diluted Shares Outstanding	142.3	142.7	139.1	138.3	138.5	138.8	138.8	138.6	138.8	138.8	138.8	138.8	138.8	138.8
YoY % Chng	(2.5%)	0.3%	(2.5%)	(2.7%)	0.4%	0.5%	0.3%	(0.4%)	0.4%	0.2%	0.0%	0.0%	0.1%	0.0%
Diluted EPS (Excluding Meritor's acq related costs & Separation of Filtration Business)	\$16.29	\$19.69	\$21.37	\$5.96	\$6.43	\$3.86	\$5.28	\$21.53	\$5.71	\$6.56	\$6.93	\$6.64	\$25.84	\$29.47
YoY % Chng		20.9%	8.5%	16.9%	22.2%	(31.1%)	2.3%	0.7%	(4.2%)	2.0%	79.5%	25.8%	20.0%	14.0%
Diluted EPS	\$15.12	\$5.15	\$28.37	\$5.96	\$6.43	\$3.86	\$5.28	\$21.53	\$5.71	\$6.56	\$6.93	\$6.64	\$25.84	\$29.47
YoY % Chng	3.5%	(65.9%)	450.9%	(57.5%)	22.2%	(34.1%)	74.8%	(24.1%)	(4.2%)	2.0%	79.5%	25.8%	20.0%	14.0%
Dividend per Share	\$6.04	\$6.50	\$7.00	\$1.82	\$1.82	\$2.00	\$2.00	\$7.64	\$2.00	\$2.00	\$2.16	\$2.16	\$8.32	\$8.99
YoY % Chng	7.9%	7.6%	7.7%	8.3%	8.3%	9.9%	9.9%	9.1%	9.9%	9.9%	8.0%	8.0%	8.9%	8.0%



## 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>B</b>
Growth Score	<b>D</b>
Momentum Score	<b>F</b>
VGM Score	<b>C</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

**This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock. The EPS and revenue forecasts are the Zacks Consensus estimates, unless otherwise indicated in the report's first-page footnote.** 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. ZIR 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. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment. This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR 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. ZIR is not a broker-dealer. ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients. Zacks and its staff are not involved in investment banking activities for the stock issuer covered in this report.

ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.

No part of this report can be reprinted, republished or transmitted electronically without the prior written authorization of ZIR.