Zacks Small-Cap Research

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VolitionRx Ltd (VNRX-OTC)

VNRX: Add'l Data Forthcoming, CE Mark Expected This Year. Very Attractive Entry Point at These Levels

Current Recommendation	**Buy**
Prior Recommendation	N/A
Date of Last Change	05/07/2013
Current Price (05/15/15)	$4.10
Target Price	**$6.50**

OUTLOOK

VolitionRx is focused on the development of blood-based cancer detection tests using their NuQ technology which aims to marry high accuracy and reliability typically only achieved with invasive and costly diagnostic methods with the convenience, low-cost and non-invasive nature characteristic of many of the current cancer screening tests. The tests address potentially multi-billion $ markets. Initial clinical data has been very encouraging, showing impressive sensitivity/specificity. Data from ongoing studies is expected to be released on a regular basis and should provide further insight into the performance of the technology and provide support to regulatory filings. CE Mark for sale to the clinical market in Europe is anticipated this year. Launch in 2016. US strategy still being considered. Despite risks such as that VNRX will need to raise significant capital before they reach cash flow positive, we think the shares are very attractive at the current market price. Our DCF model values the stock at about $6.50/share..

SUMMARY DATA

52-Week High	**$9.28**
52-Week Low	**$1.30**
One-Year Return (%)	**69.12**
Beta	**-3.71**
Average Daily Volume (sh)	**33,650**
Shares Outstanding (mil)	**18**
Market Capitalization ($mil)	**$62**
Short Interest Ratio (days)	**0.95**
Institutional Ownership (%)	**0**
Insider Ownership (%)	**41**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2015 Estimate	**N/A**
P/E using 2016 Estimate	**N/A**
Zacks Rank	**N/A**

Risk Level	**N/A,**
Type of Stock	**N/A**
Industry	**Med-Biomed/Gene**

ZACKS ESTIMATES

Revenue
(in '000)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2014	$0 A	$0 A	$15 A	$0 A	$15 A
2015	$0 A	$0 E	$0 E	$0 E	$0 E
2016					$800 E
2017					$3288 E

Earnings per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2014	-$0.18 A	$0.06 A	-$0.44 A	-$0.07 A	-$0.61 A
2015	-$0.12 A	-$0.12 E	-$0.12 E	-$0.11 E	-$0.47 E
2016					-$0.33 E
2017					-$0.23 E

Zacks Projected EPS Growth Rate - Next 5 Years % **N/A**

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WHAT'S NEW…..

Q1 Results:
VNRX announced financial results for the first quarter ending March 31 and provided an operational update. Q1 operating expenses came in meaningfully higher than our numbers with most of the difference coming from higher professional and legal fees related to the recent exchange uplisting. Meanwhile R&D spend was very much inline with our estimate.

OpEx was $2.3M, compared to our $1.8M estimate. Net income and EPS were ($2.0)M and ($0.12), compared to our ($1.8)M and ($0.10) estimates.

Cash used in operating activities was $2.2M in Q1. We expect this to increase going forward with the ramp up in ongoing studies, the recent commencement of others and regulatory submission activities. Bolstered by the recent stock issuance, Q1 exited with $11M cash on the balance sheet. Management expects cash on hand to provide funding through 2H 2016.

Operational Update: *Add'l Colorectal Data Expected Q3, Larger Pancreatic Study, CE Marking…*
The Q1 call provided some great insight into where the company is with the various studies and status on when they think they could have an initial commercializable product. The development programs continue to heat up with new studies coming onboard, positive data from ongoing studies either recently announced and/or expected to announce in the very near-term and VNRX seemingly close to filing for CE Mark on an initial assay and having a panel finalized, cleared and on the market – still slated for sometime next year. We continue to think, as we noted in our recent updates, that additional positive clinical data (which could come on a regular basis) has the potential to drive significantly more value.

Following are the salient points since our last update in mid-March…..

- **Tecans:** Purchase-lease of four Tecan robots in Q1 which exponentially speeds processing of the various clinical trial samples. Initially these will be used on the two large Danish colorectal studies, data from which will be used as in development of initial assays and to support CE Mark filing
- **Add'l Colorectal Data:**
    - o Hvidore Retrospective: expect full data from 4,800-patient retrospective colorectal cancer study to be released in late Q3 of this year. As a reminder (and more fully detailed below), data from 938 samples of this study were announced last year which showed compelling performance on all stages of colorectal cancer
    - o Hvidore Prospective: initial data from the 14,000 sample prospective colorectal cancer study could be announced in late 2015 or early 2016. This will include ~2,500 samples.
- **Pancreatic Cancer Studies:** As expected, following positive results in a 60-patient pilot study in pancreatic cancer, VNRX has begun preparations for a larger study which will hopefully confirm (or improve upon) the earlier results. As we noted in a recent update, pancreatic cancer could be a tremendous opportunity given that there is no reliable diagnostic for early detection of pancreatic cancer and the almost certain dire outcomes when the disease is finally detected. VNRX envisions that larger pancreatic cancer study may only need to encompass several hundred patients. As such, it is conceivable that a more pivotal study could be accomplished in fairly short-order and, assuming all goes well, VNRX could be looking at a pancreatic assay/panel as their second commercial product. Positive results from a larger study in pancreatic cancer, in our opinion (and depending on just how positive), could be a potential real inflection point for investors
- **Pre-Cancerous Colorectal Study:** a subset of the 938-patient data from the retrospective study which was announced last year included patients with precancerous lesions, or adenomas. NuQ was able to detect 60% of these lesions. This prompted VNRX to initiate an 800-patient study, which will also be conducted at Hvidore Hospital, for the detection of precancerous polyps. VNRX will likely include additional assays in this study in order to try and further improve on accuracy. Timelines for look at the first data is uncertain but potentially by current year-end or early 2016. Results could provide a better indication of the power of NuQ for adenomas, which if left untreated or removed, can eventually become cancerous. The current thinking is that an adenoma assay/panel could be layered into a colorectal cancer assay or as a stand-alone product
- **Large Multi-Cancer Study Expanded**: VNRX had previously announced the initiation of an expected 4,000 sample study looking at the 20 most prevalent cancers at the U of Bonn. More recently the company

announced that this has now been expanded to include 4,200 samples and 27 of the most prevalent cancers. The first of the data may be available in Q1 of next year. The study has the potential to produce an enormous amount of data given the number of assays that may be included as well as the diverse sample set. VNRX will dedicate at least one of the Tecans to the study analysis. It is still a question mark as to how the output will applied, although if the data supports it, a home-run would be eventual development of an assay/panel that could detect and differentiate between several cancer types

- **CE Mark**: one of the burning questions has been, "When will CE Mark happen?" The Q1 call provided some more insight into the likely roadmap for initial marketing approval and commercialization. The current gameplan is to develop an initial assay around the early data from the 4,800-sample colorectal cancer study. VNRX is now in process of sourcing/making the antibodies for the assay which, when complete will then be validated on a portion of the initial sample set. Assuming no issues, this should be the first CE Marked product – which is only the first iteration…..
    - o Follow-ons…: VNRX will then look to strengthen both the clinical support for their technology as well as the performance. Follow-on data from the two large Hvidore studies should provide support for both – as noted, additional data should be available fairly quickly. The data should help drive development of new and higher performing assays on a regular basis and, combined into panels, can further enhance performance, providing opportunity for the next iteration of CE Marked products. Providers and payers are also interested in seeing as much data as possible to make informed use and reimbursement decisions – so a regular flow of positive trial data will be key to maximizing initial chances of success in the marketplace
    - o Commercialization: VNRX thinks they can have CE Marking of their first assay by the end of Q3 of this year. They, however, do not expect to launch into Europe until they have more supporting data and more fully developed assays which they can combine together into a panel (initial panel may consist of 3 – 5 assays). The company currently thinks initial commercialization could happen sometime around the middle of 2016 with an initial colorectal panel.
    - o More follow-ons…: with the plethora of data expected to come out of the various studies, VNRX hopes to further enhance the performance of their tests and bring further iterations of cancer panels through CE Marking. Clearly the initial focus is colorectal cancer but pancreatic, lung and others could potentially follow in short-order. And possibly, eventually a multi-cancer panel.

- **U.S. Pathway**: the U.S. regulatory pathway remains uncertain. Management noted on the call that they expect to meet with FDA this year to help determine the scope of studies that will be required to support a U.S. regulatory filing and indicated that U.S. trials could begin later in 2015. But they are also still considering a CLIA-lab route as an initial way to get in the U.S. market.

OVERVIEW of ONGOING / PLANNED STUDIES:

Pancreatic Cancer

There continues to be a regular flow of clinical trial data. The most recent of which was announced in early January which came from a small pilot study in pancreatic cancer patients. The data looks to be highly encouraging and showed impressive accuracy. 60 individuals, including 25 with stage IIa or stage IIb pancreatic cancer, 25 healthy subjects and 10 with other pancreatic non-cancer disorders. NuQ identified 21 of the 25 cancer cases (84% sensitivity) at a 92% specificity among the healthy subjects (i.e. - just two false positives).

Accuracy remained high when patients with non-cancer pancreatic disorders were included in the comparator with NuQ able to identify 19 of the cancer cases (76% sensitivity) from all other (i.e. – healthy and non-cancer pancreatic disorder) patients. There was only one false positive result with a healthy subject and two false positives with non-cancer pancreatic disorders.

We note that diagnosis of pancreatic cancer is almost always a death sentence given that no tests on the market than can reliably diagnose early-stage pancreatic cancer. Currently only about 6% of people diagnosed with pancreatic cancer survive five years or more. The USPSTF has a grade D recommendation on pancreatic cancer screening, recommending "against routine screening for pancreatic cancer in asymptomatic adults using abdominal palpitation, ultrasonography, or serological markers." The USPSTF notes that they "found no evidence that screening for pancreatic cancer is effective in reducing mortality. There is a potential for significant harm due to the very low prevalence of pancreatic cancer, limited accuracy of available screening tests, the invasive nature of diagnostic tests, and the poor outcomes of treatment. As a result, the USPSTF concluded that the harms of screening for pancreatic cancer exceed any potential benefits."

As such a test that could identify pancreatic cancer at an early stage may allow for more effective clinical intervention and vastly improve mortality rates. We think these initial results indicate NuQ could potentially be an effective diagnostic for pancreatic cancer.

VNRX is now in the planning stage for larger pancreatic cancer studies. They envision that larger pancreatic cancer study may only need to encompass several hundred patients. As such, it is conceivable that a more pivotal study could be accomplished in fairly short-order and, assuming all goes well, VNRX could be looking at a pancreatic assay/panel as their second commercial product. Positive results from a larger study in pancreatic cancer, in our opinion (and depending on just how positive), could be a potential real inflection point for investors.

New Trial in Ovarian Cancer
VolitionRx just recently initiated its first study in ovarian cancer. This is also VNRX's first study focused solely on an Asian population and the first study that will analyze both blood and tissue. The small pilot study is expected to include blood and tissue samples from 40 patients (20 with cancer, 20 healthy) and is being done in collaboration with Singapore General Hospital. Researchers will be blinded to the samples which will be analyzed with the NuQ assays. Success with the pilot study would likely mean that VNRX will move to larger ovarian cancer studies.

Lung Cancer Study Initiated
Adding to the now fairly long laundry list of cancer studies is a lung cancer study which VNRX announced in December was in the planning phase. This follows positive data from a pilot study, announced in November. 46 individuals were included in the pilot study, including 21 with non-small cell lung cancer, 12 with COPD and 13 healthy subjects. Both sputum and blood samples were tested. With sputum, NuQ was able to detect 18 of the 21 (85%) lung cancer cases with no false positives for healthy individuals. In addition, NuQ was able to differentiate between lung cancer and COPD.

With blood samples, NuQ identified 76% (16 of 21) patients with lung cancer with only one false positive (1 of 13) of a healthy individual. With blood, NuQ was also able to differentiate between lung cancer and COPD. While this was just a small pilot study, VNRX hopes to confirm the results in a larger trial, which will be performed at the University Hospital of Bonn.

Multi-Cancer Study
U of Bonn is also conducting VNRX's large 4,200-patient prospective cancer study (includes 27 of the most prevalent cancers at various disease stages) – this lung cancer study will be run as a separate trial in conjunction with the 27-cancer study. Only blood (not sputum) will be used in this confirmatory lung cancer study. Approximately 600 blood samples (~ 400 lung cancer patients, ~100 benign lung disease patients, ~100 healthy patients) will be evaluated in the lung cancer study.

The first of the data from this multi-cancer study may be available in Q1 of next year. The study has the potential to produce an enormous amount of data given the number of assays that may be included as well as the diverse sample set. VNRX will dedicate at least one of the Tecans to the study analysis. It is still a question mark as to how the output will applied, although if the data supports it, a home-run would be eventual development of an assay/panel that could detect and differentiate between several cancer types.

Hvidore Colorectal Cancer Studies
In September 2014 VNRX presented highly encouraging data at the Aegis Capital Healthcare Conference on the initial 938 patients in their retrospective colon cancer study being done at Hvidovre Hospital (Denmark). Then a month later the company announced additional data on 830 of these patients which provided greater support of the ability of the NuQ tests to identify cancer with high accuracy at all stages and also to differentiate between types of cancer.

As a reminder, the preliminary results announced in September came from the analysis of 938 patients from the ~4,800-patient retrospective colon cancer study being done in collaboration with Hvidovre Hospital at the University of Copenhagen in Denmark under the direction of Professor Hans Jorgen Nielsen (Professor of Surgical Oncology at the Department of Surgical Gastroenterology). The study includes samples from patients over 50 years of age which are symptomatic of colorectal cancer. Analysis supported findings from the earlier, smaller studies and showed the three-panel NuQ tests were able to detect 84% of colorectal cancers (60% of polyps) at 78% specificity (this prompted initiation of a stand-alone study for adenomas). While the September presentation noted that the NuQ panel was able to detect cancers at various stages including those at an early stage, it did not provide a specific breakdown of positive samples by cancer type.

The data announced in October, which was presented at the International Conference of Anticancer Research in Greece, did provide that specific breakdown. Of the 59 colorectal cancer cases identified by colonoscopy, the NuQ panel was able to detect 50 (85%). Importantly the test showed high accuracy at all stages of cancer (table below from VNRX's PR). Given that colorectal cancer is more effectively treated and has a much higher survival rate if found early, the ability of a diagnostic to detect the disease at the earliest stages is critical to maximize chances for patient long-term survival.

Stage of Colorectal Cancer	Number of Cancer Cases Identified Accurately by NuQ® Test
Stage I	6 of 8 (75%)
Stage II	19 of 20 (95%)
Stage III	16 of 20 (80%)
Stage IV	9 of 11 (82%)

In addition to high accuracy the NuQ panel was able to differentiate between types of cancer - something that the technology has demonstrated in the past. The ability to differentiate is of obvious importance in order to most effectively treat the cancer. As a reminder in March 2014 VNRX announced results from a small pilot study which also showed high detection capabilities (80% of prostate cancer) and that NuQ was able to differentiate between colon and prostate cancers.

Of the 59 colorectal cancers presented in October, 35 were colon and 24 rectal - and while the release does not provide quantitative specifics, VNRX does note that their NuQ panel was able to differentiate between the majority of colorectal cancers as being either colon or rectal cancers.

The company expects to announce data from the full 4,800-sample set in late Q3 2015.

VNRX's larger 14k sample prospective study is also now underway. This is also being done in collaboration with Hvidovre Hospital. Patients will be screened with a fecal immunological test (FIT) as part of the Danish national screening program. Patients (both FIT-negative and positive) will then be tested using VNRX's NuQ assay panel. These results will then be confirmed by colonoscopy. Initial results, on the first ~2,500 samples, is expected to be available in late 2015 or early 2016.

We view the preliminary results from the retrospective study as highly encouraging (particularly in consideration of the totality of the positive data from earlier studies) in terms of the utility of the NuQ technology for the detection of colorectal cancer. This also adds clear support for the potential approvability of NuQ. As a gauge, an FDA advisory panel recently recommended PMA approval of Epigneomics' Epi proColon colorectal cancer test which in a pivotal trial versus FIT showed sensitivity of 79% and specificity of 68%. While Epigneomics is now commencing another study to address some of the agency's lingering concerns, it is not unreasonable that Epi proColon could receive FDA approval sometime in 2015 - which we would view as a positive event for VNRX given that it may bolster chances of eventual NuQ FDA approval based on the technology's relatively strong clinical data to-date.

As we have noted in our ongoing coverage of VNRX, we think there would be ample demand for a cancer screening method that didn't suffer the drawbacks of the current techniques - that being the high cost and patient discomfort of colonoscopy and the high rate of false positives of fecal occult blood tests. With expected pricing under $100 per test and sampling using roughly just one drop of blood, combined with what looks to be (so far) high accuracy, we think VNRX s NuQ tests may offer an option that is competitive to colonoscopy in terms of accuracy but with all the convenience and low cost of fecal occult blood tests.

The issues inherent in current colon cancer detection methods may be a contributing factor to the significant percentage of the at-risk population not meeting colon cancer screening guidelines. According to the CDC, as reported in the November 5, 2013 issue of Morbidity and Mortality Weekly Report, one-third of U.S. adults aged 50-75 who should be screened for colon cancer are not being screened. The USPSTF recommends regular screening

for colon cancer using fecal occult blood testing, sigmoidoscopy or colonoscopy beginning at age 50 and continuing to age 75.

Pre-Cancerous Colorectal Study

A subset of the 938-patient data from the retrospective study which was announced last year included patients with precancerous lesions, or adenomas. NuQ was able to detect 60% of these lesions. This prompted VNRX to initiate an 800-patient study, which will also be conducted at Hvidore Hospital, for the detection of precancerous polyps. VNRX will likely include additional assays in this study in order to try and further improve on accuracy. Timelines for look at the first data is uncertain but potentially by current year-end or early 2016. Results could provide a better indication of the power of NuQ for adenomas, which if left untreated or removed, can eventually become cancerous. The current thinking is that an adenoma assay/panel could be layered into a colorectal cancer assay or as a stand-alone product

VNRX Looking at Prostate Cancer

VNRX continues to expand the potential indications for its NuQ technology and in early October 2014 announced a collaboration with the high profile MD Anderson Cancer Center at the University of Texas to study the company's technology in the detection of prostate cancer. The retrospective study will assess the NuQ technology in differentiating between anaplastic prostate cancer, a very aggressive form, and castration-resistant prostate cancer, a less aggressive form. The ability to differentiate between the two is important in clinical practice as it can dictate the most appropriate treatment regimen.

OUTLOOK / VALUATION / RECOMMENDATION

VNRX continues to make progress with an initial CE Mark filing. While we had hoped entry into the European market for a colorectal cancer test would come sometime in 2015, slight delays have us now modeling launch in Europe in 2016. With studies ongoing in several other cancer types, including pancreatic and breast, among several others, subsequent CE Marking in other cancers could potentially come in fairly short order. We also expect VNRX will look to continually enhance the performance of their commercialized panels. Ongoing study data will also be used to support reimbursement.

Relative to the U.S. market, we think VNRX's current game-plan – that is, to initially tap the IVD channel via an LDT and licensing agreement with an established CLIA lab, makes a lot of sense. Not only is this an earlier revenue opportunity in the U.S. as the company continues to pursue FDA approval, it also provides additional and valuable clinical experience and awareness benefits. VNRX expects to meet with FDA this year to determine the scope of clinical trials that would be required if they initially go with the FDA-approval route.

In terms of the road towards eventual FDA approval – which is the ultimate quest and one which we think could rapidly steepen VNRX's revenue curve – this will likely be a years-long process and require U.S.-based clinical studies. These studies will need to demonstrate satisfactory accuracy of the NuQ technology in identifying cancer. As we have noted in the past, the lingering question in terms of what FDA may require relative to accuracy is 'how high is high enough?'

One yardstick that may be relevant to look at is that an FDA advisory panel recently recommended PMA approval of Epigneomics' Epi proColon colorectal cancer test which in a pivotal trial versus FIT showed sensitivity of 79% and specificity of 68%. This compares to VNRX's interim data (n = 938) from the Danish retrospective study, which showed the three-panel NuQ tests were able to detect 84% of colorectal cancers (60% of polyps) at 78% specificity. While Epigneomics is now commencing another study to address some of the agency's lingering concerns, it is not unreasonable that Epi proColon could receive FDA approval sometime in 2015 - which we would view as a positive event for VNRX, given that it may bolster chances of eventual NuQ FDA approval given the technology's relatively strong clinical data to-date. Epi proColon is already available in Europe – which also should provide some confidence that CE Mark for VNRX's colon cancer panel will materialize.

Valuation Remains Attractive…

Based on our DCF model which goes out to year 2025 and uses a 9.5% discount rate (based on CAPM) and 2% terminal growth rate, VNRX is valued at $6.61/share (which we round to $6.50). Our model and assumptions will be updated if appropriate based on news flow which could also influence valuation. As it is now, we value VNRX at $6.50/share. We feel the current market price ($3.41) remains cheaper than warranted and undervalues the company. We recommend accumulating the stock up towards our $6.50 price target. We think additional and ongoing positive clinical data, including the near-term release of interim results from the retrospective colorectal cancer study, should further benefit appreciation of the share price towards our target. We are maintaining our Outperform rating.

FINANCIAL MODEL

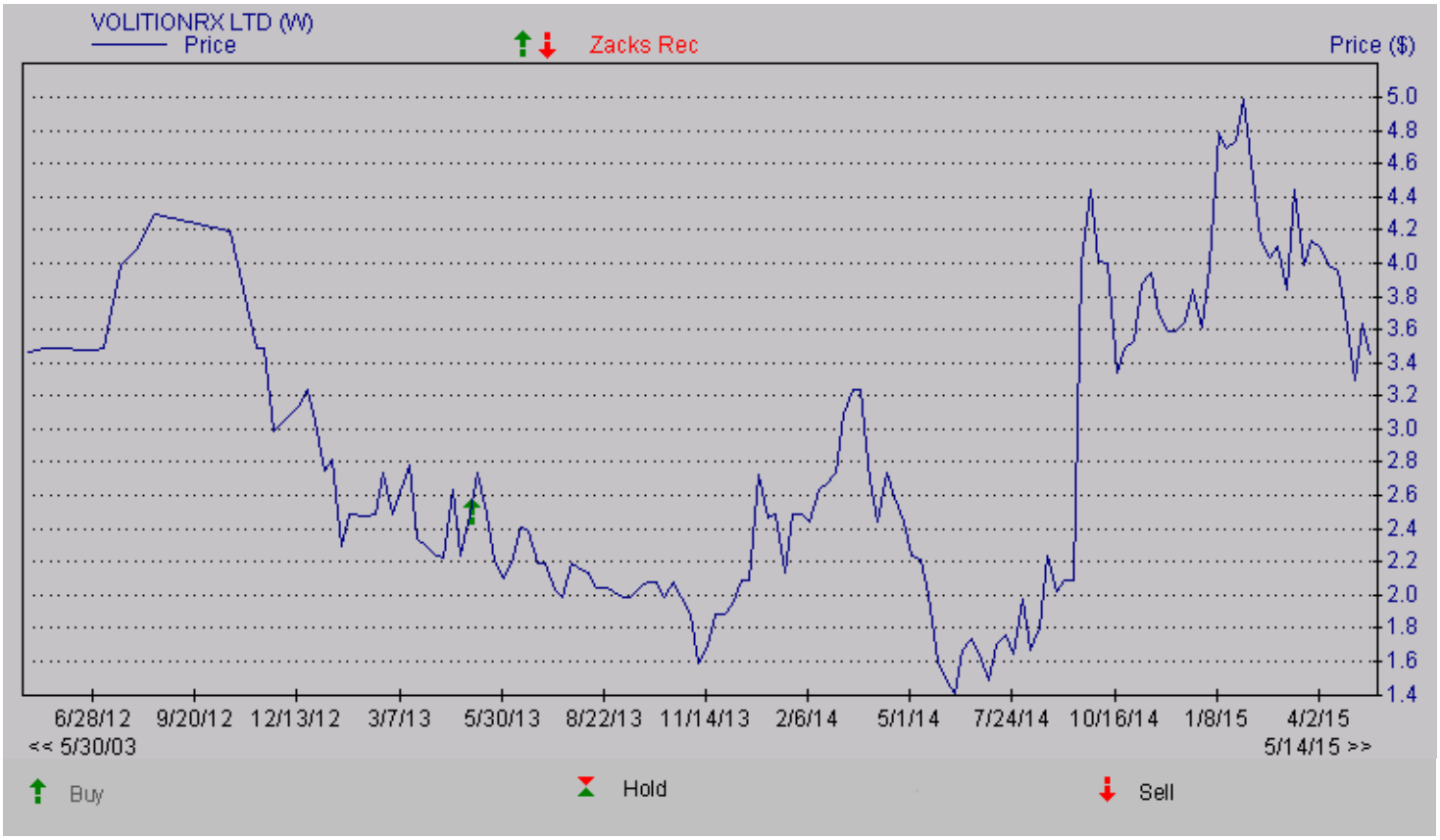
VolitionRx Ltd.

	2014 A	Q1 E	Q2 E	Q3 E	Q4 E	2015 E	2016 E	2017 E	2018 E
Revenue	$14.8	$0.0	$11.0	$20.7	$44.1	$75.8	$1,715.1	$4,105.9	$7,431.7
YOY Growth	-	-	-	-	-	*412.7%*	*2162.7%*	*139.4%*	*81.0%*
Cost of Goods Sold	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$469.3	$1,137.4	$2,072.4
Gross Income	$14.8	$0.0	$11.0	$20.7	$44.1	$75.8	$1,245.7	$2,968.5	$5,359.3
Gross Margin	*100.0%*	-	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*72.6%*	*72.3%*	*72.1%*
SG&A	$1,908.2	$541.0	$574.0	$618.0	$598.0	$2,331.0	$2,750.0	$3,200.0	$5,100.0
%SG&A	-	-	-	-	-	-	*160.3%*	*77.9%*	*68.6%*
R&D	$4,044.1	$1,228.0	$1,284.0	$1,321.0	$1,344.0	$5,177.0	$4,455.0	$4,215.0	$3,988.0
% R&D	-	-	-	-	-	-	*259.8%*	*102.7%*	*53.7%*
Asset Impairment	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Operating Income	($5,937.5)	($1,769.0)	($1,847.0)	($1,918.3)	($1,897.9)	($7,432.2)	($5,959.3)	($4,446.5)	($3,728.7)
Operating Margin	-	-	-	-	-	-	-	*-108.3%*	*-50.2%*
Total Other Expense (Income)	$2,275.7	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Pre-Tax Income	($8,213.2)	($1,769.0)	($1,847.0)	($1,918.3)	($1,897.9)	($7,432.2)	($5,959.3)	($4,446.5)	($3,728.7)
Taxes (benefit)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Tax Rate	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
FX translation	$44.1	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Net Income	($8,257.2)	($1,769.0)	($1,847.0)	($1,918.3)	($1,897.9)	($7,432.2)	($5,959.3)	($4,446.5)	($3,728.7)
Net Margin	-	-	-	-	-	*-9805.4%*	*-347.5%*	*-108.3%*	*-50.2%*
EPS	($0.61)	($0.10)	($0.10)	($0.11)	($0.10)	($0.41)	($0.28)	($0.19)	($0.14)
YOY Growth	-	-	-	-	-	-	-	-	-
Diluted Shares O/S	13,435	17,951	18,164	18,250	18,418	18,196	21,000	23,000	26,000

Brian Marckx, CFA

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ZIR uses the following rating system for the 1113 companies whose securities it covers, including securities covered by Zacks SCR:
Buy/Outperform: The analyst expects that the subject company will outperform the broader U.S. equity market over the next one to two quarters.
Hold/Neutral: The analyst expects that the company will perform in line with the broader U.S. equity market over the next one to two quarters.
Sell/Underperform: The analyst expects the company will underperform the broader U.S. Equity market over the next one to two quarters.

The current distribution is as follows: Buy/Outperform- 25.5%, Hold/Neutral- 56.6%, Sell/Underperform – 15.6%. Data is as of midnight on the business day immediately prior to this publication.