Contents

Introduction 2

Applied Materials (AMAT) 3

Duluth Holdings Inc. (DLTH) 4

Brinker (EAT) 5

Huntsman Corp. (HUN) 6

Kemet Corp (KEM) 7

SMART Global Holdings (SGH) 8

Vertex Pharmaceuticals (VRTX) 9

What to Do Next 10
The predictive ability of the Zacks Rank cannot be denied. In fact, since 1988, if you invested in Zacks Rank #1 stocks, you would have averaged a gain of +25% per year. This performance has been examined and attested by Baker Tilly Virchow Krause, LLP,* an independent accounting firm.

Now, in this report, you’ll receive highlights on 7 stocks from the more than 200 companies that compose the coveted Zacks #1 Rank List. Remember only 5% of all stocks covered by the proprietary Zacks Rank system have the promise and potential to beat the market in the next 30 days like these Strong Buy stocks.

Inside this report, you’ll discover the company financials, earnings data and analysis of these 7 promising companies.
Applied Materials (AMAT) is a leading equipment supplier to the global semiconductor industry. The company reported excellent results for Q3 FY 2017, beating our estimates on both the top and bottom lines.

The pro forma earnings of 86 cents per share beat the Zacks Consensus Estimate by 3 cents and were also toward the higher end of the guided range.

It was the company’s best quarter in its 50-year history. The company has an excellent record of beating estimates. They have missed only once in the past five years. Management also provided its guidance for the fourth quarter, which was better than the consensus. After strong results, analysts have been raising their estimates for the company. Shares are up more than 68% this year but, despite this surge, they are still trading at a rather attractive valuation of 16.5 times forward earnings.
Duluth Holdings Inc. (DLTH)

Duluth Holdings Inc. (DLTH) is a men and women’s lifestyle brand that offers casual wear, workwear and accessories.

On Sept 5, Duluth reported its second quarter results and beat the Zacks Consensus by 3 cents. Despite fears on Wall Street that Amazon is taking over the retail world, the company saw net sales increase 31% to $86.2 million.

It was the 30th consecutive quarter of increased year-over-year net sales. As of the end of the second quarter, it had opened 9 new stores this year, bucking the “brick and mortar is dying” theme and is on track to open six more stores for the remainder of the year.

That would be a total of 15 new stores in fiscal 2017. The company reaffirmed its full year outlook. That includes earnings in the range of $0.66 to $0.71. The analysts have fiscal 2017 estimates on the high end of the range.
Brinker (EAT) owns, develops, operates, and franchises casual dining restaurants worldwide.

As of June 28, 2017, it owned, operated, or franchised 1,674 restaurants comprising 1,622 restaurants under the Chili’s Grill & Bar brand name; and 52 restaurants under the Maggiano’s Little Italy brand name.

Looking out towards next year’s EPS number, analysts are starting to inch their estimates higher. Ninety days ago, analysts were looking for $3.20, but now that number has increased to $3.30. That represents incremental EPS growth over the current year’s $3.24 Zacks Consensus Estimate.
Huntsman Corp. (HUN) is one of the world’s largest manufacturers of differentiated commodity chemical products.

The Zacks Rank #1 (Strong Buy) stock recently agreed to merge with Clariant AG in a deal that will create a formidable industry player.

The company has beaten earnings estimates in the last 10 quarters, and has an average earnings surprise of more than 26% (based on the past four consecutive earnings beats). It reports again on October 27. So far this year, HUN stock has gained well over 51% compared to its industry’s year-to-date return of almost 15% and the S&P 500’s gain of about 14.4%. Even with this surge, shares of HUN are pretty cheap. With a forward P/E of 12.9, Huntsman has traded below the S&P 500’s average price-to-earnings for the last year, and is less expensive when compared to the industry average as well.
Kemet Corp (KEM), together with its subsidiaries, manufactures and sells passive electronic components under the Kemet brand worldwide.

In its most recent quarter, the company beat the Zacks Consensus Estimate of $0.18 by $0.14 for a 77% positive earnings surprise. This was the fourth consecutive beat of the Zacks Consensus Estimate.

Back in July, the Zacks Consensus Estimate was calling for $0.54 in EPS for 2017. The next month that number nearly tripled to $1.50. In the first few days of October, the estimate has again inched higher to $1.52. This is an impressive move higher. The 2018 number also saw a big move.
SMART Global Holdings (SGH) is a designer, manufacturer and supplier of electronic subsystems to OEMs.

The company reported their second quarter results since going public on September 28th where they easily beat Zacks Consensus Estimates for both earnings and revenue.

On a year over year basis, the company saw gains in Net Sales +52.5% (fifth consecutive quarter of YoY increases), Gross Profit +60.5%, and Operating Income +415%. Management also noted that they paid down $61.1 million of their term loans from the proceeds of their IPO, and refinanced other debt that reduced overall interest expenses. Over the past 30 days earnings estimates for Q1 18, Q2 18, FY 18 and FY 19 have all seen positive estimate revisions.
Vertex Pharmaceuticals (VRTX) is the leading biotechnology company with a treatment for cystic fibrosis (CF). Early in August, the company said that it expects its CF franchise to deliver revenues of $1.87 billion to $2.1 billion in 2017.

Vertex is working on expanding its CF portfolio and is currently seeking both FDA and EMA approval for new combination treatments of its so-called “correctors.”

With the FDA granting priority review, a response should be out by Feb 28, 2018. For the full-year 2017, Vertex is expected to earn $1.66 per share on revenues of $2.2 billion. Those projections represent 95% EPS growth and 29.5% growth on the top line. For 2018, Vertex is seen nearly doubling its EPS again to $3.13 (the high estimate is $4.64) on revenues of $2.7 billion, for 22% sales growth.
What to Do Next

In addition to the hand-selected picks included in this special report, you can move yourself way ahead of the crowd in any market environment with the following:

- As part of this free report, you will now receive our free daily e-newsletter, *Profit from the Pros*. Each morning, Executive Vice President Steve Reitmeister will summarize the market, what it means for investors and what to do next. Plus you get links to articles featuring some of our top stock, ETF and mutual fund recommendations. Be sure to look for it in your email inbox before the markets open every day.

- Now you should bookmark our homepage to take advantage of one of the most complete investment websites around. Go there now:

  [www.zacks.com](http://www.zacks.com)

- Even better, get all Zacks’ private buys and sells through our *Zacks Ultimate* program. Watch our trades and market insights from all of Zacks’ private portfolios from growth to value to momentum stocks, from insider moves to big earnings surprises, from options to ETFs, even trades EVP Steve Reitmeister makes in his personal account, and much more. This see-everything arrangement is unique: one month, one dollar, not one cent of further obligation.

  Learn more about the Zacks Ultimate Trial now.
Zacks.com provides investment resources and informs you of these resources, which you may choose to use in making your own investment decisions. Zacks is providing information on this resource to you subject to the Zacks “Terms and Conditions of Service” disclaimer. www.zacks.com/disclaimer.

*Past performance is no guarantee of future results. Inherent in any investment is the potential for loss. This material is being provided for informational purposes only and nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security. No recommendation or advice is being given as to whether any investment is suitable for a particular investor. It should not be assumed that any investments in securities, companies, sectors or markets identified and described were or will be profitable. All information is current as of the date of herein and is subject to change without notice. Any views or opinions expressed may not reflect those of the firm as a whole. Zacks Investment Research is not a licensed securities dealer, broker or US investment adviser or investment bank. The Zacks #1 Rank Performance covers a period beginning on January 1, 1988 through December 31, 2016 and was examined and attested by Baker Tilly Virchow Krause, LLP, an independent accounting firm. These returns are from hypothetical portfolios consisting of stocks with Zacks Rank #1 that were rebalanced monthly (see additional details regarding rebalancing below) with zero transaction costs. These are not the returns of actual portfolios of stocks. Zacks Rank #1 stock-rating system returns are computed monthly based on the beginning of the month and end of the month Zacks Rank #1 stock prices plus any dividends received during that particular month. A simple, equally-weighted average return of all Zacks Rank #1 stocks is calculated to determine the monthly return. The monthly returns are then compounded to arrive at the annual return. Only Zacks Rank #1 stocks included in Zacks hypothetical portfolios at the beginning of each month are included in the return calculations. Zack Rank #1 stocks can, and often do, change throughout the month. Certain Zacks Rank #1 stocks for which no month-end price was available, pricing information was not collected, or for certain other reasons have been excluded from these return calculations. The S&P 500 is an unmanaged index. Visit www.zacks.com/performance for information about the performance numbers displayed above.