

## Bio-Rad (BIO)

**\$477.66** (As of 07/10/20)

Price Target (6-12 Months): **\$502.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 04/06/20)

Prior Recommendation: Underperform

Short Term: 1-3 Months

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

**3-Hold**

Zacks Style Scores:

VGM:C

Value: C

Growth: C

Momentum: F

## Summary

Bio-Rad saw solid revenue growth at both operating segments in the first quarter of 2020 despite the adversities of the pandemic. Strength in many of its key product lines across major geographic regions buoys optimism. Its progress in the face of the pandemic is encouraging. Expansion of adjusted operating margin instills optimism. A strong solvency and balance sheet, solid prospects in blood typing market and focus on international markets are other positives. Its first quarter performance was better-than-expected. Over the past six months, Bio-Rad has outperformed its industry. However, escalating costs and expenses are putting pressure on margins. Also, foreign-exchange woes and operation in a highly competitive market raise concern. Macroeconomic woes stemming from the coronavirus pandemic is another headwind for the company.

## Price, Consensus & Surprise



## Data Overview

52 Week High-Low	\$497.42 - \$307.26
20 Day Average Volume (sh)	418,721
Market Cap	\$14.2 B
YTD Price Change	29.1%
Beta	1.08
Dividend / Div Yld	\$0.00 / 0.0%
Industry	<a href="#">Medical - Products</a>
Zacks Industry Rank	Bottom 38% (156 out of 252)

## Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	36.4%
Last Sales Surprise	4.8%
EPS F1 Est- 4 week change	0.0%
Expected Report Date	08/06/2020
Earnings ESP	0.0%
P/E TTM	64.5
P/E F1	66.3
PEG F1	4.4
P/S TTM	6.1

## Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	611 E	529 E	583 E	682 E	2,405 E
2020	572 A	487 E	558 E	656 E	2,272 E
2019	554 A	573 A	561 A	624 A	2,312 A

## EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$2.21 E	\$2.39 E	\$2.12 E	\$2.47 E	\$9.20 E
2020	\$1.91 A	\$0.99 E	\$1.68 E	\$2.62 E	\$7.20 E
2019	\$1.65 A	\$1.57 A	\$1.61 A	\$2.32 A	\$7.06 A

\*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 07/10/2020. The reports text is as of 07/13/2020.

## Overview

Headquartered in Hercules, CA, Bio-Rad Laboratories is a manufacturer and global supplier of clinical diagnostics and life science research products in the healthcare, analytical chemistry life science research and other markets. It offers a wide portfolio of products and systems which allow the separation of complex chemical and biological materials and discovery, analysis and purification of their components.

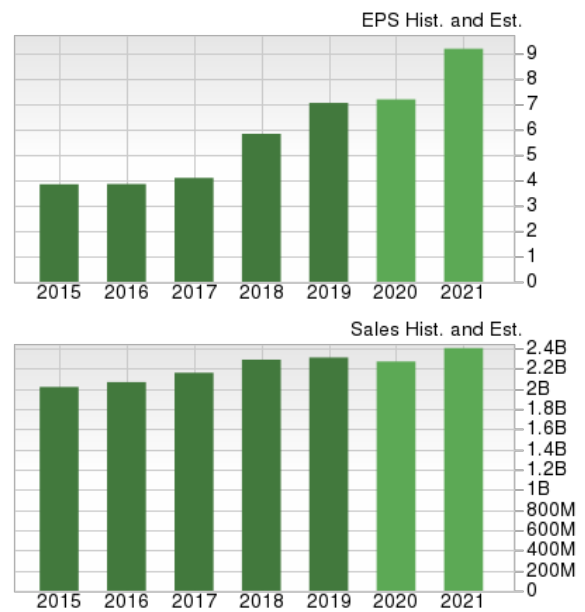
Bio-Rad has extensive and direct distribution channels in over 35 countries outside the United States through subsidiaries which focus on sales, customer service and product distribution.

The company operates through two reportable segments. Together, these segments offer over 9,000 different products and services. The details are as follows:

**Life Science** (38.3% of total revenues in 2019; constant exchange rate or CER growth rate was 4.6% from 2018): This segment designs, manufactures, markets and services reagents, apparatus and instruments utilized for biological research. The products manufactured are marketed in university and medical school laboratories, pharmaceutical and biotechnology companies, food testing laboratories and government and industrial research facilities. The company believes Life Science Segment represents a global market opportunity of approximately \$9 billion annually.

**Clinical Diagnostics** (61.1%; up 2.8%): This business markets and distributes products to reference laboratories, hospital laboratories, state newborn screening facilities, physicians' office laboratories, transfusion laboratories as well as insurance and forensic testing laboratories. It designs, manufactures, distributes and services automated test systems, informatics systems, test kits and specialized quality controls for the healthcare market. According to Bio-Rad, the Clinical Diagnostics segment presents an annual global market opportunity of roughly \$12 billion.

In February 2017, Bio-Rad acquired all the issued and outstanding stock of RainDance Technologies, Inc. for \$72.7 million, which added to Bio-Rad's Life Science segment.



## Reasons To Buy:

- ▲ **Share Price Performance:** Over the past six months, Bio-Rad has outperformed its industry. The stock has gained 24.3% against the industry's 9.9% fall. Bio-Rad exited the first quarter of 2020 with better-than-expected results. The company witnessed solid revenue growth at both operating segments despite the negative impacts of the pandemic. Further, strength in many of its key product lines across major geographic regions buoys optimism.

The uptick in core PCR and Droplet Digital PCR product revenues resulted from robust demand due to COVID-19 testing and related research. Further, the FDA's emergency use authorization (EUA) for the Droplet Digital PCR COVID-19 test kit buoys optimism. Partnerships and collaborations in the time of the pandemic seem strategic for the company.

Expansion of the company's adjusted operating margin instills optimism. A strong solvency with slight leverage, solid prospects in blood typing market and focus on international markets are other positives.

- ▲ **Focus on International Markets:** In recent times, Bio-Rad has been deriving more than 60% of its net sales globally. Europe happens to be the largest international market for the company. Geographically, Asia, Europe and Americas recorded robust growth (excluding Process Media sales) despite the pandemic. Overall, the company's diagnostic business recorded growth in the Americas and Europe.

- ▲ **Segmental Growth:** Bio-Rad witnessed constant currency sales growth across all channels in the first quarter of 2020. The reported growth was primarily driven by double-digit growth in Droplet Digital PCR, Gene Expression, Food Science, and Antibody products. Geographically, the company's quarterly growth was led by Asia and Europe. The company also recorded solid growth in the Americas, excluding the Process Media produce line. The fully-integrated QX ONE system (in its Life Science business arm), post its launch in the fourth quarter of 2019, has maintained its momentum.

Within Clinical Diagnostics, sales growth was 3.2% on a currency-neutral basis, primarily driven by solid growth in Quality Controls and Blood Typing products. Geographically, growth was led by sales in Europe and Asia.

- ▲ **Rise in Testing Demand Amid the Pandemic:** The coronavirus pandemic has been wreaking havoc on the economy as a whole. However, Bio-Rad seems to have stood its ground. The company recorded robust demand for PCR based products related to COVID-19 testing and research, resulting in the uptick in core PCR and Droplet Digital PCR product revenues.

In May, the company received the FDA's EUA for its SARS-CoV-2 Droplet Digital polymerase chain reaction (ddPCR) test kit, which runs on its QX200 and QXDx ddPCR systems. Further, Bio-Rad received another EUA for its SARS-CoV-2 Total Ab test, which the company has already commercially launched. Bio-Rad has also launched a blood-based immunoassay kit to identify antibodies to the SARS-CoV-2, the virus causing coronavirus in April.

The company has tied up with testing labs across the globe to support the rising testing requirements for coronavirus. It announced in March that it is providing Real-Time qPCR products to testing laboratories worldwide to screen COVID-19. The products included the company's CFX Real-Time PCR Detection Systems and reagents such as Reliance One-Step Multiplex RT-qPCR Supermix.

Bio-Rad further collaborated with Biodesix to get a EUA for ddPCR test to meet the escalating testing requirements in the United States for coronavirus. Bio-Rad further announced the launch of SARS CoV-2 Standard to support laboratory assay authentication of coronavirus testing and accelerate the access to testing through its Exact Diagnostics product line.

- ▲ **Solid Prospects in Blood Typing Market:** Bio-Rad offers a broad range of platforms, reagents, data management and connectivity solutions to cater to various blood typing demands, offering efficient and reliable results for blood grouping, phenotyping, crossmatching, antibody screening and identification, direct antiglobulin tests, and single antigen typing. The company has also been actively expanding its portfolio for the blood typing market. Performance of the company in the Blood typing market continues to be robust in the first quarter of 2020. Other company offerings like the IH-500 and IH-1000 maintained robust customer adoption.

Going by a MarketsAndMarkets report, the blood group typing market is projected to reach a worth of \$3.12 billion by 2021, at a CAGR of 9.8% from 2016 to 2021. Taking this into account, we view the developmental steps undertaken by the company as progressive and strategically aligned.

- ▲ **Strong Solvency and Balance Sheet:** Bio-Rad exited the first quarter of 2020 with cash, cash equivalents and short-term investments of \$1.04 billion compared with \$1.12 billion at the end of 2019. Meanwhile, total debt came up to \$649 million for the period, compared with \$652 million in the last-reported quarter. This figure is much lower than the quarter-end cash and cash equivalent, and investments level, indicating strong solvency.

Debt comparison with the industry is also favorable as the industry's total debt of \$10.61 billion stands much higher to the company's debt level.

The quarter's total debt-to-capital stands at a low level of 9.3% and also represented a sequential decrease from 10.2% at the end of the fourth quarter of 2019. This also compares favorably with the total debt-to-capital of the industry which stands at a higher level of 36.9%.

The overall data concludes that the solvency level of Bio-Rad is pretty promising. Further, with respect to the leverage level, the company's balance sheet looks promising and is positioned better than its industry average.

The times interest earned for the company stands at a very high level of 88.9%, which is excellent although representing a sequential decrease from 97.6% at the end of the last reported quarter. This, compares favorably with the times interest earned for the industry which stands at a pretty low level (4.8%).

Bio-Rad continues to gain ground on solid prospects in the blood typing market. The company's strong focus on geographic expansion is also encouraging.

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## Reasons To Sell:

▼ **Tough Competitive Pressure:** Bio-Rad operates in a highly competitive environment dominated by firms varying from large multinational corporations with significant resources to start-ups. Also, the competitive and regulatory conditions in the markets where the company operates limit Bio-Rad's ability to switch to strategies like price increases and other drivers of cost increases. Further, the extension of the public tender commitments to multiple years by the government, resulting in reduced number of annual tenders, has led to aggressive tender pricing by Bio-Rad's competitors. Thus, Bio-Rad faces pricing pressure resulting from increased competition which makes it difficult for the company to efficiently manage its operational, financial and business conditions.

Unfavorable macroeconomic conditions continue to weigh heavily on Bio-Rad's stocks. Also, competitive headwinds and currency fluctuations continue to pose a threat on the stock's value.

In the Life Science segment, Bio-Rad primarily competes with Becton Dickinson, GE Biosciences, Merck Millipore and Thermo Fisher Scientific. Again, some prominent competitors in the Clinical Diagnostics segment are Roche, Abbott Laboratories, Siemens, Danaher, Thermo Fisher, Becton Dickinson and DiaSorin.

▼ **Global ERP System Implementation Process Tough & Lengthy:** Bio-Rad has been involved in a multi-year implementation of a new global enterprise resource planning system (ERP). Through the ERP system, the company expects to effectively manage its books and record and make important business-related information available to management in a timely manner. Per the company, the successful implementation of ERP will depend on significant human and financial resource investments.

Further, any shortfall in the design or implementation of ERP might have a detrimental impact on the company's abilities to process and dispatch orders, sending invoices and tracking payments, meeting contractual obligations or maintaining normal business operations. For example, Bio-Rad progressed with the third deployment of ERP in Western Europe last April. In the process, the company faced several issues like lower productivity levels, adverse impact of the timing of payment of vendor invoices, delays in product availability and shipments, all of which dented sales in the second and third quarter of 2017. Thus, Bio-Rad continues to be at risk of failing to cope with the tough and lengthy ERP implementation process.

▼ **Exposure to Foreign Currency:** Bio-Rad derives more than 50% of its revenues from the international market, which exposes it to the effects of fluctuations in foreign currency. In the past several years, the company's earnings were significantly affected by foreign exchange.

▼ **Economic Uncertainty Continues to Hamper Growth:** Bio-Rad's business largely depends on global economic conditions. Weaker global economic conditions may lead to reduced demand for the company's products, increased competition, pressure on prices, declining supply and lengthier sales cycle. Moreover, a number of countries in Western Europe are facing liquidity crunch. Bio-Rad had to experience difficulty in collecting receivables in these and certain other regions facing similar economic conditions.

The company is also exposed to the risk of a slowdown in the Chinese economy along with some other emerging markets, particularly the oil-producing nations which get impacted by a drop in oil prices. Further, the company is closely monitoring the adverse possible impacts on its business following the United Kingdom's decision to exit the European Union. We are particularly cautious as growth could moderate further if the economic scenario worsens. Macroeconomic woes stemming from the coronavirus pandemic is another concern for the company.

▼ **Reduced Reimbursement Rates:** Bio-Rad's Clinical Diagnostics business is exposed to changing reimbursement rates for clinical tests from third-party payors like Medicare and Medicaid in the United States. Payment for several diagnostic tests furnished to Medicare fee-for-service beneficiaries is dependent on the Medicare Clinical Laboratory Fee Schedule (CLFS) in the United States. Notably, CLFS is a fee schedule that is managed by the Centers for Medicare and Medicaid Services (CMS).

Further, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act (PPACA) and the Middle Class Tax Relief and Job Creation Act of 2012, has lowered payments for clinical laboratory services paid under the CLFS. Additionally, the Protecting Access to Medicare Act of 2014 (PAMA) rule has led to lower reimbursement rates and mode of payment for clinical laboratory services by Medicare.

▼ **Difficult Pricing Scenario:** Bio-Rad is exposed to the effects of changes in the healthcare industry in the United States and Europe. The changing trend toward managed care, healthcare reform of the delivery system in the United States, efforts to reform in Europe, along with increasing consolidations among healthcare providers have resulted in increased pricing burden.

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## Last Earnings Report

### Bio-Rad Beats Q1 Earnings Estimates, Withdraws View

Bio-Rad posted first-quarter 2020 adjusted earnings per share of \$1.91, which surpassed the Zacks Consensus Estimate by 36.4%. Moreover, the bottom line rose 15.8% from the prior-year quarter.

The quarter's adjustments eliminate the impacts of certain non-recurring items like asset amortization costs, legal charges, restructuring benefits and acquisition-related one-time benefits.

On a GAAP basis, the company registered earnings of \$22.72 per share in the quarter compared with \$28.74 a year ago, down 20.9%.

### Revenues in Detail

Bio-Rad's revenues of \$571.6 million in the quarter surpassed the Zacks Consensus Estimate by 4.7%. Moreover, revenues inched up 3.2% from the year-ago quarter (up 4.3% at constant exchange rate or CER).

Bio-Rad's Asia business was the first to witness the coronavirus pandemic-led impact on its first-quarter revenues. Toward the end of the quarter, the impact was seen in the United States and Europe as well.

### Segmental Analysis

Sales at the **Life Sciences** segment in the first quarter totaled \$227.2 million, up 5.3% year over year and 6% at CER. The quarter saw double-digit growth in Droplet Digital PCR and Food Safety products. The reported growth was primarily driven by double-digit growth in Droplet Digital PCR, Gene Expression, Food Science, and Antibody products. Geographically, the company's quarterly growth was led by Asia and Europe. The company also recorded solid growth in Americas, excluding the Process Media produce line.

However, the segment's growth was offset by softer academic research demand and a tough comparison to Process Media produce line's sales last year.

Net sales at the **Clinical Diagnostics** segment totaled \$340.3 million, up 1.9% on a year-over-year basis and 3.2% at CER. The upside was primarily driven by solid growth in Quality Controls and Blood Typing products. Geographically, growth was led by sales in Europe and Asia.

### Margins

In the quarter under review, Bio-Rad's gross profit rose 1.8% to \$317.4 million. However, gross margin contracted 76 basis points (bps) to 55.5%. Per the company, adjusted gross margin was 55.9%, expanding 30 bps.

Adjusted operating expenses were \$242.9 million in the first quarter, down 4.8% year over year. Adjusted operating profit totaled \$74.4 million, reflecting a 31.4% surge from the prior-year quarter. Moreover, adjusted operating margin in the first quarter expanded 279 bps to 13%.

Company-adjusted operating margin was 13.9%, expanding 340 bps year over year.

### Financial Update

Bio-Rad exited the first quarter with cash and cash equivalents (including short-term investments) of \$1.04 billion compared with \$1.12 billion at the end of 2019.

At the end of the quarter under review, cash flow from operating activities was \$62.8 million compared with \$42.9 million in the year-ago quarter.

### 2020 Guidance

Given the economic impact of the coronavirus pandemic and uncertainties regarding the duration of the same, Bio-Rad has withdrawn its annual guidance for 2020.

However, the company expects second-quarter sales decline of 10-5%.

Quarter Ending **03/2020**

Report Date	May 06, 2020
Sales Surprise	4.75%
EPS Surprise	36.43%
Quarterly EPS	1.91
Annual EPS (TTM)	7.41

## Recent News

On **May 4, 2020**, Bio-Rad announced that the receipt of the FDA's EUA for its SARS-CoV-2 Droplet Digital PCR (ddPCR) test kit, which runs on Bio-Rad's QX200 and QXDx ddPCR systems.

On **Apr 30, 2020**, Bio-Rad announced that the receipt of the FDA's EUA for its SARS-CoV-2 Total Ab test, which is the first total antibody test receiving EUA from the FDA.

On **Apr 21, 2020**, Bio-Rad commercially launched its SARS-CoV-2 Total Ab test, which is a blood-based immunoassay kit. The kit will help in determining whether an individual has developed antibodies to SARS-CoV-2.

## Valuation

Bio-Rad shares are up 29.1% in the year-to-date period and up 52.9% in the trailing 12-month periods. Stocks in the Zacks sub-industry are down 8.9% while the Zacks Medical sector fell 2.5% in the year-to-date period. Over the past year, the Zacks sub-industry is down 7.1% and sector is up 2.6%.

The S&P 500 index is down 0.8% in the year-to-date period and rose 6.5% in the past year.

The stock is currently trading at 57.8X Forward 12-months earnings, which compares to 29.3X for the Zacks sub-industry, 22.7X for the Zacks sector and 22.7X for the S&P 500 index.

Over the past five years, the stock has traded as high as 92.8X and as low as 30.2X, with a 5-year median 41.9X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$502 price target reflects 60.8X forward 12-months earnings.

The table below shows summary valuation data for BIO

Valuation Multiples - BIO					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	57.81	29.28	22.65	22.71
	5-Year High	92.81	31.01	23.17	22.71
	5-Year Low	30.19	17.09	15.91	15.25
	5-Year Median	41.85	20.27	18.99	17.52
P/S F12M	Current	6.05	3.72	2.76	3.55
	5-Year High	6.28	3.92	3.74	3.55
	5-Year Low	1.75	2.90	2.22	2.53
	5-Year Median	3.15	3.29	2.90	3.02
P/B TTM	Current	2.25	2.85	4.25	4.37
	5-Year High	2.84	3.48	5.07	4.56
	5-Year Low	1.35	2.20	2.94	2.83
	5-Year Median	1.90	2.80	4.29	3.70

As of 07/10/2020

## Industry Analysis Zacks Industry Rank: Bottom 38% (156 out of 252)



## Top Peers

Company (Ticker)	Rec	Rank
ResMed Inc. (RMD)	Outperform	2
National Vision Holdings, Inc. (EYE)	Neutral	3
GN STORE NORD (GNNDY)	Neutral	3
HillRom Holdings, Inc. (HRC)	Neutral	3
ICU Medical, Inc. (ICUI)	Neutral	4
NuVasive, Inc. (NUVA)	Neutral	3
Envista Holdings Corporation (NVST)	Neutral	3
William Demant Holdings (WILYY)	Neutral	3

Industry Comparison Industry: Medical - Products				Industry Peers		
	BIO	X Industry	S&P 500	NVST	RMD	WILYY
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Outperform	Neutral
Zacks Rank (Short Term)	3	-	-	3	2	3
VGM Score	C	-	-	F	B	B
Market Cap	14.16 B	350.60 M	21.61 B	3.21 B	27.79 B	6.30 B
# of Analysts	1	3	14	8	6	1
Dividend Yield	0.00%	0.00%	1.92%	0.00%	0.81%	0.00%
Value Score	C	-	-	C	C	C
Cash/Price	0.08	0.11	0.07	0.10	0.01	0.02
EV/EBITDA	5.82	0.30	12.75	10.26	40.96	19.95
PEG Ratio	4.48	4.28	2.87	NA	3.01	NA
Price/Book (P/B)	2.25	3.32	3.01	0.92	12.32	5.60
Price/Cash Flow (P/CF)	67.08	16.57	11.53	6.99	40.75	29.26
P/E (F1)	67.22	33.65	21.07	86.84	42.25	31.14
Price/Sales (P/S)	6.08	5.02	2.23	NA	9.61	NA
Earnings Yield	1.51%	-0.51%	4.48%	1.14%	2.37%	3.21%
Debt/Equity	0.03	0.11	0.76	0.50	0.65	0.33
Cash Flow (\$/share)	7.12	-0.01	6.94	2.89	4.71	0.45
Growth Score	C	-	-	F	B	A
Hist. EPS Growth (3-5 yrs)	21.14%	13.05%	10.90%	NA	11.93%	NA
Proj. EPS Growth (F1/F0)	1.98%	4.50%	-9.99%	-87.01%	1.41%	-6.67%
Curr. Cash Flow Growth	20.61%	5.43%	5.51%	27.00%	7.87%	-24.10%
Hist. Cash Flow Growth (3-5 yrs)	19.12%	7.87%	8.55%	NA	9.87%	NA
Current Ratio	2.40	2.74	1.30	1.83	2.66	0.78
Debt/Capital	2.90%	14.48%	44.46%	33.12%	39.48%	24.73%
Net Margin	67.81%	-25.53%	10.62%	NA	17.73%	NA
Return on Equity	3.95%	-8.55%	15.75%	NA	29.26%	NA
Sales/Assets	0.30	0.54	0.55	NA	0.68	NA
Proj. Sales Growth (F1/F0)	-1.72%	0.00%	-2.52%	-27.05%	5.02%	-2.88%
Momentum Score	F	-	-	D	D	D
Daily Price Chg	-0.08%	0.00%	1.51%	2.44%	-0.83%	0.00%
1 Week Price Chg	5.97%	2.73%	3.66%	8.41%	3.69%	-8.48%
4 Week Price Chg	8.90%	1.42%	1.85%	4.50%	21.42%	-8.34%
12 Week Price Chg	15.23%	9.75%	12.57%	25.33%	19.07%	-18.76%
52 Week Price Chg	53.88%	-2.61%	-7.10%	NA	54.02%	-16.15%
20 Day Average Volume	418,721	262,570	2,339,510	2,050,588	732,742	115
(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%	6.37%	0.92%	0.00%
(F1) EPS Est 12 week change	-13.77%	-7.61%	-7.77%	-68.94%	-2.99%	0.00%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	52.38%	0.83%	NA

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## 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.

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### Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	C
Growth Score	C
Momentum Score	F
VGM Score	C

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.

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### Disclosures

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