

## The Cooper Companies (COO)

**\$316.63** (As of 05/28/20)

Price Target (6-12 Months): **\$332.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 05/06/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

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

**3-Hold**

Zacks Style Scores:

VGM:C

Value: C

Growth: B

Momentum: F

### Summary

The Cooper Companies saw solid gains from its core CVI unit, which performed impressively in the United States and the EMEA. Apart from these, management is optimistic about the Clarity, MyDay and Biofinity suite of products and the portfolio of daily silicone hydrogel lenses, which make the company one of the leaders in the soft contact lens market. A raised view for fiscal 2020 earnings buoys optimism. The revenue guidance has also been retained. The stock has outperformed the industry in a year's time. However, the company exited the fiscal first quarter on a dull note. The contraction in margins raises concern. Moreover, the company's non-single-use sphere sales were soft, while CVI revenues declined in the APAC.

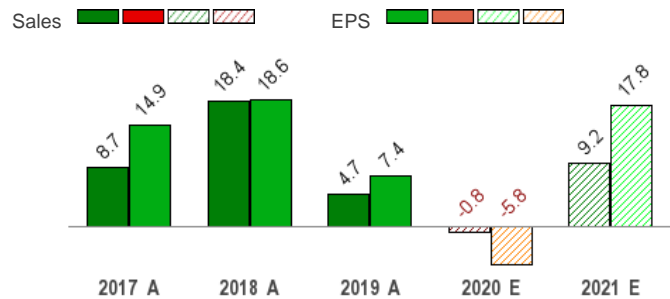
### Price, Consensus & Surprise



### Data Overview

|                            |   |
|----------------------------|---|
| 52 Week High-Low           | \$365.68 - \$236.68                       |
| 20 Day Average Volume (sh) | 292,361                                   |
| Market Cap                 | \$16.9 B                                  |
| YTD Price Change           | -1.5%                                     |
| Beta                       | 0.90                                      |
| Dividend / Div Yld         | \$0.06 / 0.0%                             |
| Industry                   | <a href="#">Medical - Dental Supplies</a> |
| Zacks Industry Rank        | Bottom 39% (154 out of 254)               |

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



|                           |            |
|---------------------------|------------|
| Last EPS Surprise         | -0.7%      |
| Last Sales Surprise       | -0.3%      |
| EPS F1 Est- 4 week change | -4.7%      |
| Expected Report Date      | 06/04/2020 |
| Earnings ESP              | -18.1%     |
| P/E TTM                   | 26.0       |
| P/E F1                    | 27.2       |
| PEG F1                    | 2.5        |
| P/S TTM                   | 6.3        |

### Sales Estimates (millions of \$)

|      | Q1    | Q2    | Q3    | Q4    | Annual* |
|------|-------|-------|-------|-------|---------|
| 2021 | 694 E | 712 E | 754 E | 782 E | 2,874 E |
| 2020 | 646 A | 633 E | 643 E | 709 E | 2,631 E |
| 2019 | 628 A | 654 A | 679 A | 692 A | 2,653 A |

### EPS Estimates

|      | Q1       | Q2       | Q3       | Q4       | Annual*   |
|------|----------|----------|----------|----------|-----------|
| 2021 | \$3.13 E | \$3.32 E | \$3.70 E | \$3.94 E | \$13.71 E |
| 2020 | \$2.69 A | \$2.63 E | \$2.75 E | \$3.44 E | \$11.64 E |
| 2019 | \$2.88 A | \$2.94 A | \$3.23 A | \$3.30 A | \$12.35 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 05/28/2020. The reports text is as of 05/29/2020.

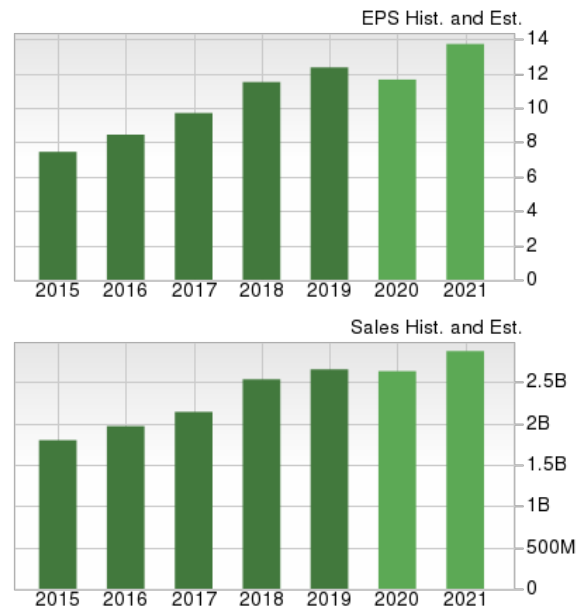
## Overview

The Cooper Companies Inc (COO), based in Pleasanton, CA, is a specialty medical device company operating on a global basis. Cooper has two business segments- CooperVision (CVI) and CooperSurgical (CSI).

CooperVision manufactures and sells a wide range of contact lenses. CooperVision develops manufactures and markets a broad range of single-use, two-week and monthly contact lenses, featuring advanced materials and optics. The company's products are primarily designed for solving vision challenges like astigmatism, presbyopia and ocular dryness.

This segment has gained from recent progress in optics and lens material to create proprietary lenses that can treat different kinds of visual defects. It specializes not only in toric lenses that correct astigmatism, but also cosmetic lenses that help reset the appearance of the color of the eye, multifocal lenses that correct presbyopia, and other types of lenses such as those managing ocular dryness. Its principal products include disposable toric lenses, planned replacement toric lenses, and spherical lenses.

CooperSurgical sells a variety of medical devices and surgical instruments that are primarily utilized by gynecologists and obstetricians. This strategic business unit has pursued a strategy of consolidation by acquiring critical treatment niches in a fragmented market.



### FY19 At a Glance

For fiscal 2019, Cooper's revenues totaled \$2.65 billion.

Revenues at CVI totaled \$1.97 billion (74.4% of net sales), while that at CSI grossed \$680.5 million (25.6%).



## Reasons To Buy:

▲ **Shares Up:** In the past year, shares of Cooper Companies have gained 10.6% against the industry's decline of 8%. Strong prospects in the soft contact lenses industry and solid focus on inorganic expansion favor the stock. An impressive view for adjusted earnings per share (EPS) also buoys optimism in the stock.

▲ **View Impressive:** For fiscal 2020, Cooper Companies projects adjusted EPS within \$12.80-\$13.20. This compares to the previously communicated range of \$12.60-\$13.00. The upside reflects lower interest expense and tax rate.

The Cooper Companies is poised to gain from an expanding product portfolio and increasing penetration in International markets. Accretive acquisition is also a key catalyst in the long haul.

Also, the company has retained its revenue guidance despite a drop in its fiscal first-quarter top line. Notably, revenues are projected within \$2,767-\$2,817 million, suggesting 5-7% growth at cc.

▲ **Prospects in CVI – Portfolio of Specialty Lenses:** Cooper Companies maintained its leading position in the markets of specialty lenses, supported by highly exclusive products of Biofinity and Clariti. In fact, the company's flagship silicone hydrogel lenses are also expected to deliver strong sales for in the coming quarters. The company's MyDay lenses are already available in Europe and has gained significant traction within a short span of time. Clariti lenses also holds significant growth prospects for the company.

The CooperVision segment's revenues totaled \$485.2 million, up 3% on a constant currency (cc) and 4% on a reported basis in the fiscal first quarter. Per management, the segment saw a substantial uptick in revenues from Single-use sphere lenses (28% of CVI), reflecting growth of 5% at cc on accelerating growth in both Clariti and MyDay. Single-use sphere lenses revenues totaled \$138.1 million.

Earlier, CooperVision acquired Blanchard contact lenses, thereby strengthening its specialty segment. Further, CooperVision announced the nationwide availability of expanded parameters for its Avaira Vitality toric two-week contact lenses in the recent past. Last month, the company announced the FDA approval of its MiSight 1-day contact lens, indicated to slow the progression of myopia when initially prescribed for children aged 8-12 years.

For fiscal 2020, CVI revenues are expected between \$2,070 million and \$2,100 million, suggesting growth of 5.5-7% at cc.

▲ **Robust CSI Product Portfolio:** The Cooper Companies is well positioned to benefit from the expanding CSI product portfolio. In an initiative to bolster its CSI portfolio, CooperSurgical acquired Incisive Surgical which sells unique absorbable skin staple — INSORB. The company recently announced that it has signed an asset-purchase agreement to acquire the flagship contraception platform of Israel-based Teva Pharmaceutical Industries (TEVA) — PARAGARD Intrauterine Device. For fiscal 2020, the company expects mid-single digit growth from the PARAGARD acquisition.

Notably, in the fiscal first quarter, CSI revenues totaled \$161 million, up 2% at cc and year over year. Per management, growth was led by strength in EndoSee, the company's second-generation handheld office hysteroscope and surgical retractor.

For fiscal 2020, CSI revenues are estimated in the range of \$697-\$717 million, indicating growth of 3-6% at cc.

▲ **Inorganic Expansion:** Cooper Companies is progressing well through inorganic expansion. Further, the market seems to be upbeat about two major investments made by the company in January. Notably, CooperSurgical acquired Incisive Surgical which sells unique absorbable skin staple — INSORB. Around that time, CooperVision acquired Blanchard contact lenses, thereby strengthening its specialty segment. Both of these acquisitions are expected to fuel growth for Cooper Companies.

Recently, the company acquired the assets of The LifeGlobal Group and its affiliates, a leading global provider of in-vitro fertilization (IVF) devices. Per management, the acquisition perfectly fits into the company's fertility solutions portfolio.

The acquisitions of Genesis and Recombine have expanded the company's presence in the women healthcare market, in our view. Notably, both the partnerships have exclusively strengthened Cooper Companies' IVF genetic testing platform as the deal supports the company's leading IVF products. The earlier takeover of Sauflon significantly expanded the company's product portfolio. Sauflon's material formulation and manufacturing expertise is expected to drive down cost per unit, which will eventually benefit margins. Given the success of its previous acquisitions, we believe the company will continue to pursue strategic acquisitions, which will expand its product line and market share over the long term.

▲ **Focus on Generic Testing:** Cooper Companies recently decided to increase focus on core genomics offerings such as PGS and PGD and move away from carrier screening and NIPT owing to significant pricing pressure. Notably, PGS and PGD are key parts of the IVF process within the United States and also gaining recognition, globally. They also fit well within the company's best-in-class fertility solutions portfolio.

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## Reasons To Sell:

- ▼ **Global Headwinds:** in the fiscal first quarter, Cooper Companies saw softer CVI revenues from the APAC. Notably, revenues declined 1% at cc and 1% year over year to \$108.8 million owing to capacity constraints in Biofinity, MyDay and Avaira Vitality lenses.

Moreover, the coronavirus pandemic is likely to weigh on the company's fiscal second-quarter results. Management is already seeing modest impact on Cooper Companies' global sales and apprehends a \$15-million loss in revenues in the quarter. However, management expects to make up for the loss incurred in the second half of fiscal 2020.

A highly competitive medical device industry and foreign exchange vulnerability prevail as major headwinds.

- ▼ **Margins Dented:** In the fiscal first quarter, Cooper Companies' gross margin was 66% of net revenues, down 60 basis points (bps) year over year. Meanwhile, adjusted operating margin was 25%, down 100 bps from the prior-year quarter. Per management, headwinds in Costa Rica weighed on the company's quarterly margins.
- ▼ **Immense Volatility in Distributor Base:** The Cooper Companies continues to face immense volatility in its distributor base, which has impacted the company's top-line growth. Due to an insufficient distribution network in the United States, the company faced softness with Sauflon products.
- ▼ **Cutthroat Competition in Contact Lens Industry:** The Cooper Companies operates in a highly competitive contact lens industry. Both the business segments face considerable competition from peers. CooperVision's primary competitors in the spherical, toric and multifocal lens categories are Johnson & Johnson Vision Care, CIBA Vision owned by Novartis AG, and Bausch & Lomb owned by Valeant Pharmaceuticals. CooperSurgical also faces competition from Johnson & Johnson's Ethicon Endo-Surgery, Boston Scientific, Gyrus ACMI and Covidien. We believe that intensifying competition will continue to increase pricing pressure.
- ▼ **Foreign Currency Fluctuation:** The company generates a significant part of its revenues in foreign currencies. Fluctuations in foreign exchange rates may significantly mar the company's overseas revenues. Notably, in the fiscal first quarter, foreign exchange impacted revenues by \$2.8 million, dragging the metric down on a year-over-year basis.

For fiscal 2020, revenues are expected to be impacted by \$11 million.

- ▼ **Weak Liquidity Position:** Cooper Companies exited the fiscal first quarter of 2020 with cash of \$76.8 million, down from \$89 million sequentially. Meanwhile, the company's long-term debt for the fiscal first quarter came at \$1.23 billion, down from \$1.26 billion sequentially. Also, the current debt for the quarter under review amounted to \$534 million, down from \$563.7 million sequentially. So, we can see that both the long-term debt level and current debt level are significantly higher than the company's short-term cash level, which is not particularly good when it comes to company's solvency position as at least during the year of economic downturn, the company is not holding sufficient cash for debt repayment.

The quarter's total debt-to-capital of 32.3% stands at a moderately high level indicating a leveraged balance sheet. The overall data concludes that the company's solvency level is not very encouraging.

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## Last Earnings Report

### Cooper Companies Misses on Q1 Earnings, Margins Contract

Cooper Companies reported first-quarter fiscal 2020 adjusted EPS of \$2.69, which lagged the Zacks Consensus Estimate of \$2.71. The bottom line deteriorated 6.6% on a year-over-year basis.

Revenues of the company came in at \$646.2 million, beating the Zacks Consensus Estimate by 0.3%. Also, on a year-over-year basis, the top line improved 2.9%.

Quarter Ending **01/2020**

| Report Date      | Mar 05, 2020 |
|------------------|--------------|
| Sales Surprise   | -0.26%       |
| EPS Surprise     | -0.74%       |
| Quarterly EPS    | 2.69         |
| Annual EPS (TTM) | 12.16        |

### Q1 Segment Details

#### *CooperVision (CVI)*

This segment's revenues totaled \$485.2 million, up 3% at cc and 4% on a reported basis.

Per management, the segment saw a substantial uptick in revenues from Single-use sphere lenses (28% of CVI), reflecting growth of 5% at cc on accelerating growth in both Clariti and MyDay. Single-use sphere lenses revenues totaled \$138.1 million.

Toric (32% of CVI) revenues totaled \$155.1 million, up 7% at cc.

Multifocal (11% of CVI) generated revenues of \$51.8 million, up 6% at cc.

Non single-use sphere (29% of CVI) revenues came in at \$140.2 million, down 1% at cc and 2% from the year-ago quarter.

Geographically, the segment witnessed an improvement in revenues in the Americas (39% of CVI), up 8% at cc and 8% year over year to \$189.4 million.

EMEA revenues (39% of CVI) totaled \$187 million, up 3% at cc and 1% from the prior-year quarter.

Asia Pacific sales (22% of CVI) declined 1% at cc and 1% year over year to \$108.8 million.

#### *CooperSurgical (CSI)*

This segment posted revenues of \$161 million, up 2% at cc and also year over year.

Sub-segment Office and Surgical products (61% of CSI) accounted for \$98.5 million revenues, up 3% at cc and on a year-over-year basis.

Fertility (39% of CSI) revenues were \$62.5 million, flat year over year and up 1% at cc.

### Margin Analysis

In the fiscal first quarter, gross profit was \$426.5 million, up 1.9% year over year. Gross margin was 66% of net revenues, down 60 bps year over year.

On an adjusted basis, gross margin was 67%, flat year over year.

Operating income in the quarter totaled \$111.1 million, up 0.2% year over year. Adjusted operating margin was 25%, down 100 bps from the prior-year quarter.

### FY20 View

For fiscal 2020, Cooper Companies continues to expect revenues within \$2,767-\$2,817 million, suggesting 5-7% growth at cc.

CVI revenues are expected between \$2,070 million and \$2,100 million (5.5-7% at cc).

CSI revenues are estimated in the range of \$697-\$717 million (3-6% at cc).

Adjusted EPS is projected within \$12.80-\$13.20. This compares to the previously communicated range of \$12.60-\$13.00.

## Valuation

Cooper's shares are down 1.5% and up 10.6% in the year-to-date and trailing 12-month periods, respectively. Stocks in the Zacks sub-industry and Zacks Medical sector are down 1.6% and down 2.4% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry is down 8% while the sector is up 4.3%.

The S&P 500 index is down 5.7% in the year-to-date period and up 8.7% in the past year.

The stock is currently trading at 24.2X Forward 12-months earnings, which compares to 18.9X for the Zacks sub-industry, 22.7X for the Zacks sector and 21.8X for the S&P 500 index.

Over the past five years, the stock has traded as high as 27.4X and as low as 15.1X, with a 5-year median 20.7X.

Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$332 price target reflects 25.4X forward 12-months earnings.

The table below shows summary valuation data for COO.

| Valuation Multiples - COO |               |       |              |        |         |
|---------------------------|---------------|-------|--------------|--------|---------|
|                           |               | Stock | Sub-Industry | Sector | S&P 500 |
| P/E F12M                  | Current       | 24.15 | 18.91        | 22.71  | 21.75   |
|                           | 5-Year High   | 27.40 | 19.08        | 22.71  | 21.75   |
|                           | 5-Year Low    | 15.11 | 13.70        | 15.93  | 15.23   |
|                           | 5-Year Median | 20.73 | 16.56        | 19.00  | 17.49   |
| P/S F12M                  | Current       | 6.02  | 0.34         | 2.74   | 3.42    |
|                           | 5-Year High   | 6.22  | 0.36         | 3.76   | 3.44    |
|                           | 5-Year Low    | 3.08  | 0.23         | 2.21   | 2.53    |
|                           | 5-Year Median | 4.55  | 0.28         | 2.92   | 3.01    |
| P/B TTM                   | Current       | 4.53  | 4.35         | 4.01   | 4.15    |
|                           | 5-Year High   | 5.10  | 4.72         | 5.06   | 4.56    |
|                           | 5-Year Low    | 2.20  | 2.53         | 2.93   | 2.83    |
|                           | 5-Year Median | 3.62  | 3.45         | 4.29   | 3.65    |

As of 05/28/2020

## Industry Analysis Zacks Industry Rank: Bottom 39% (154 out of 254)



## Top Peers

| Company (Ticker)                     | Rec          | Rank |
|--------------------------------------|--------------|------|
| Bausch Health Cos Inc. (BHC)         | Neutral      | 3    |
| National Vision Holdings, Inc. (EYE) | Neutral      | 3    |
| Hologic, Inc. (HOLX)                 | Neutral      | 2    |
| JohnsonJohnson (JNJ)                 | Neutral      | 3    |
| Medtronic PLC (MDT)                  | Neutral      | 3    |
| Novartis AG (NVS)                    | Neutral      | 3    |
| STAAR Surgical Company (STAA)        | Neutral      | 3    |
| Boston Scientific Corporation (BSX)  | Underperform | 3    |

| Industry Comparison Industry: Medical - Dental Supplies |         |            |           | Industry Peers |           |           |
|---|---------|------------|-----------|----------------|-----------|-----------|
|   | COO     | X Industry | S&P 500   | BSX            | JNJ       | NVS       |
| Zacks Recommendation (Long Term)                        | Neutral | -          | -         | Underperform   | Neutral   | Neutral   |
| Zacks Rank (Short Term)                                 | 3       | -          | -         | 3              | 3         | 3         |
| VGM Score   | C       | -          | -         | F              | B         | A         |
| Market Cap  | 16.89 B | 1.92 B     | 21.49 B   | 52.43 B        | 387.21 B  | 197.74 B  |
| # of Analysts   | 11      | 5          | 14        | 11             | 9         | 5         |
| Dividend Yield  | 0.02%   | 0.00%      | 1.98%     | 0.00%          | 2.75%     | 2.33%     |
| Value Score   | C       | -          | -         | D              | B         | B         |
| Cash/Price  | 0.01    | 0.06       | 0.06      | 0.01           | 0.05      | 0.03      |
| EV/EBITDA   | 21.84   | 13.18      | 12.50     | 26.97          | 16.00     | 14.01     |
| PEG Ratio   | 2.49    | 3.67       | 2.87      | 3.90           | 3.19      | 1.90      |
| Price/Book (P/B)  | 4.53    | 4.44       | 2.95      | 3.79           | 6.32      | 3.88      |
| Price/Cash Flow (P/CF)                                  | 17.47   | 15.05      | 11.81     | 15.59          | 12.76     | 11.06     |
| P/E (F1)  | 26.80   | 28.88      | 21.33     | 41.59          | 19.15     | 15.31     |
| Price/Sales (P/S)                                       | 6.32    | 2.20       | 2.28      | 4.86           | 4.68      | 4.07      |
| Earnings Yield  | 3.68%   | 2.45%      | 4.50%     | 2.40%          | 5.23%     | 6.54%     |
| Debt/Equity   | 0.33    | 0.31       | 0.76      | 0.68           | 0.41      | 0.50      |
| Cash Flow (\$/share)                                    | 18.13   | 1.35       | 6.96      | 2.40           | 11.52     | 7.80      |
| Growth Score  | B       | -          | -         | F              | C         | B         |
| Hist. EPS Growth (3-5 yrs)                              | 13.58%  | 10.40%     | 10.87%    | 13.88%         | 9.40%     | 1.77%     |
| Proj. EPS Growth (F1/F0)                                | -5.73%  | -3.33%     | -10.48%   | -42.98%        | -11.57%   | 7.56%     |
| Curr. Cash Flow Growth                                  | 6.09%   | 3.15%      | 5.39%     | 12.08%         | 3.68%     | 4.27%     |
| Hist. Cash Flow Growth (3-5 yrs)                        | 12.65%  | 12.23%     | 8.55%     | 10.33%         | 7.62%     | 7.11%     |
| Current Ratio   | 1.08    | 1.60       | 1.29      | 1.21           | 1.31      | 0.74      |
| Debt/Capital  | 24.85%  | 26.51%     | 44.54%    | 40.33%         | 29.29%    | 33.33%    |
| Net Margin  | 16.99%  | 2.12%      | 10.59%    | 39.75%         | 24.47%    | 24.97%    |
| Return on Equity  | 16.74%  | 15.11%     | 16.26%    | 18.24%         | 39.71%    | 24.39%    |
| Sales/Assets  | 0.42    | 1.07       | 0.55      | 0.39           | 0.53      | 0.41      |
| Proj. Sales Growth (F1/F0)                              | -0.83%  | 0.00%      | -2.53%    | -11.12%        | -2.59%    | 4.76%     |
| Momentum Score  | F       | -          | -         | F              | C         | B         |
| Daily Price Chg   | 2.62%   | 0.00%      | -0.65%    | 0.89%          | 1.44%     | 2.17%     |
| 1 Week Price Chg  | -3.07%  | 8.57%      | 4.99%     | 3.10%          | -4.03%    | 1.06%     |
| 4 Week Price Chg  | 10.44%  | 6.82%      | 4.28%     | -0.03%         | -2.05%    | 1.83%     |
| 12 Week Price Chg                                       | -2.66%  | -0.46%     | -3.05%    | 0.03%          | 3.49%     | 0.55%     |
| 52 Week Price Chg                                       | 10.54%  | 0.91%      | 0.01%     | -2.52%         | 11.25%    | 0.56%     |
| 20 Day Average Volume                                   | 292,361 | 396,182    | 2,425,602 | 10,300,110     | 6,385,277 | 1,641,149 |
| (F1) EPS Est 1 week change                              | -2.67%  | 0.00%      | 0.00%     | 0.21%          | 0.00%     | 0.00%     |
| (F1) EPS Est 4 week change                              | -4.69%  | -4.69%     | -1.70%    | -20.35%        | 0.00%     | -1.12%    |
| (F1) EPS Est 12 week change                             | -9.04%  | -22.61%    | -16.00%   | -48.89%        | -15.00%   | -1.81%    |
| (Q1) EPS Est Mthly Chg                                  | -9.05%  | -20.93%    | -3.25%    | -170.00%       | 0.00%     | 0.00%     |

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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   | B |
| 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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