

Quest Diagnostics (DGX)

\$99.58 (As of 04/22/20)

Price Target (6-12 Months): **\$110.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 02/15/19)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:D

Value: D

Growth: D

Momentum: F

Summary

Quest Diagnostics reported better-than-expected first-quarter 2020 figures. However the year-over-year decline in adjusted earnings as well as revenues were concerning. Management noted that, the company's results in January and February were consistent with its earlier-provided full-year guidance. However, in March, the company experienced a significant decline in testing volumes since coronavirus took the shape of a global pandemic. Meanwhile, its newly launched COVID-19 tests have already started to add to the company's Diagnostic information Services sales. In this regard, the company noted that, to-date it has performed nearly one million molecular tests and has also begun to perform blood-based antibody testing. Overall, Quest Diagnostics outperformed its industry over the past year.

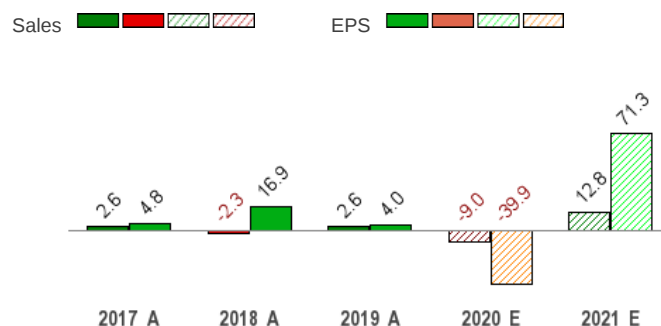
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$118.58 - \$73.02
20 Day Average Volume (sh)	1,980,047
Market Cap	\$13.3 B
YTD Price Change	-6.8%
Beta	1.12
Dividend / Div Yld	\$2.24 / 2.2%
Industry	<u>Medical - Outpatient and Home Healthcare</u>
Zacks Industry Rank	Top 25% (62 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	13.3%
Last Sales Surprise	4.6%
EPS F1 Est- 4 week change	-40.8%
Expected Report Date	07/28/2020
Earnings ESP	-267.1%
P/E TTM	16.3
P/E F1	25.3
PEG F1	3.3
P/S TTM	1.7

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	1,971 E	1,953 E	2,012 E	2,019 E	7,928 E
2020	1,822 A	1,427 E	1,945 E	2,027 E	7,030 E
2019	1,891 A	1,953 A	1,956 A	1,926 A	7,726 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$1.60 E	\$1.65 E	\$1.77 E	\$1.77 E	\$6.75 E
2020	\$0.94 A	-\$0.12 E	\$1.63 E	\$1.87 E	\$3.94 E
2019	\$1.40 A	\$1.73 A	\$1.76 A	\$1.67 A	\$6.56 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 04/22/2020. The reports text is as of 04/23/2020.

Overview

Quest Diagnostics, Inc., headquartered in Madison, NJ, is one of the largest providers of commercial laboratory services in North America. The company was spun off from Corning, Inc.'s laboratory testing business in 1996 and has grown primarily through acquisitions and strategic alliances. Quest provides lab testing services primarily to physicians, hospitals, managed care organizations, employers, government institutions, and other independent clinical laboratories.

The company consists of two business groups – Diagnostic Information Services (95.4% of total revenues in full-year 2019) and Diagnostic Solutions (accounting for the rest).

5 Point Strategy

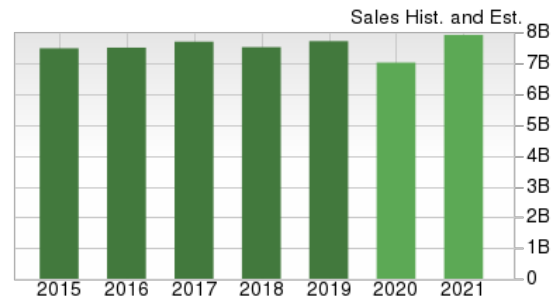
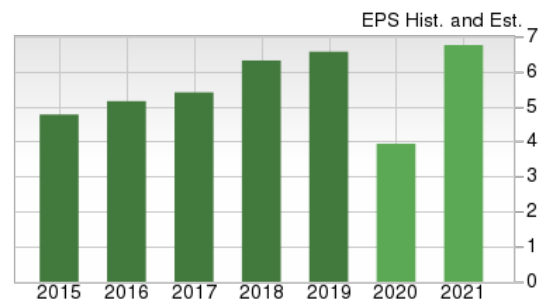
In 2012, Quest Diagnostics introduced a five-point business strategy which the company continued to execute till 2016. The points being refocuson diagnostic information services; drive operational excellence; restore growth; simplifying the organization to enable growth and productivity and delivering disciplined capital deployment; and strategically aligned accretive acquisitions.

New Two-Point Strategy

In Nov 2016, the company updated its existing 5-Point strategy and narrowed its focus to two elements- to accelerate growth and to drive operational excellence.

1. Restore Growth: The company has adopted seven tactical approaches to accelerate growth such as sales and marketing excellence; development of esoteric testing through a disease focus; partnerships with hospitals and successful testing of international IDNs; creation of value from information assets; leadership in companion diagnostics; and extension into adjacent markets.

2. Drive Operational excellence: The company plans to focus on four strategic requirements – to enhance end-to-end customer value chain, enterprise information technology architecture, business performance tools and cost excellence.



Reasons To Buy:

▲ **Share Price Performance:** Quest Diagnostics has outperformed its industry over the past year. The stock has gained 5.1% as against a 0.2% decline of the industry. The company reported better-than-expected first-quarter figures. Quest Diagnostics noted that, its financial performance in the first quarter was off to a strong start in January and February, the period when coronavirus impact was not significant in the United States. Through February year-to-date, total revenues grew more than 6%. Even after adjusting for the calendar benefit and favorable weather in the first two months of the year, organic volume grew more than 4%. Although, the overall year-over-year decline in adjusted earnings and revenues were concerning, this was totally induced by the coronavirus-led market debacle.

As a part of its two-point strategy, Quest Diagnostics has been focusing on areas with high potential. Positive demography and cost reduction initiative are the other upsides.

Meanwhile, the company newly launched COVID-19 tests have already started to significantly add to its Diagnostic information Services business. In this regard, the company noted that, to-date it has performed nearly one million molecular tests and this is approximately a quarter of all of testing by Quest Diagnostics done in the United States. It has also begun to perform blood-based antibody testing.

Overall, we note that, Quest Diagnostics is currently refocusing on diagnostic information services wing and disciplined capital deployment. Its acquisitions and collaborations with hospitals and integrated delivery networks consistently act as major catalysts. Recently, the company announced the acquisition of Boston Clinical Laboratories, a small regional laboratory in Massachusetts. Two other recently announced acquisitions are Blueprint Genetics (to strengthen position in advanced diagnostics) and a multifaceted long-term collaboration with the Memorial Hermann Health System. Quest Diagnostics has also signed a professional laboratory services agreement with an eight-hospital health system in Tennessee.

▲ **COVID-19 Tests to Boost Sales:** As a remarkable breakthrough, Quest Diagnostics launched a COVID-19 test service on Mar 9. This test got the green light from the FDA's EUA on Mar 17. As per the company's Apr 22 update, the company performed and reported results of nearly 1 million tests across the United States. This is approximately a quarter of all testing done in the United States. In the meantime, the company implemented a higher throughput in vitro diagnostic test for coronavirus from Roche at 12 Quest Diagnostics laboratories across the United States. Currently through these 12 laboratories across the nation, Quest Diagnostics can perform more than 50,000 COVID-19 tests per day. In April, the company has begun to perform blood-based antibody testing as well. By mid-May, the company anticipates to have the capacity to perform over 200,000 antibody tests per day.

The company has also joined forces with Walmart to make testing sites available to anyone who may be exhibiting symptoms of the virus, as well as all health care workers and first responders, whether or not they're exhibiting symptoms. Meanwhile the CMS' recent, decision to increase the reimbursement for high throughput molecular COVID-19 testing to \$100 is a favorable update for Quest Diagnostics.

All these developments are expected to negate to a significant extent, the company's global business loss over the ongoing coronavirus-led economic mayhem in the upcoming period.

▲ **Positive Demography:** We are upbeat about the long-term growth drivers that are expected to deliver positive outcomes in the upcoming period. With baby boomers moving into Medicare and living longer, the company is grasping the benefit from continued population growth and favorable demographics. Esoteric testing business is growing at a faster pace as physician medicine drives demand for advanced esoteric tests. Going by a Grand View Research analysis, the global clinical laboratory testing market is expected to reach \$286.7 billion by 2026 at a 7.1% CAGR from 2018. In fact, there is growing demand for these diagnostic testing laboratories which can help in providing early diagnosis in order to render effective therapeutic interventions. According to many researchers, there increasing incidence rates of infectious and chronic diseases in the years to come where these clinical labs will come up with range of diagnostic tests. This is expected to drive market growth gradually in this niche. As far as the market projections, going forward, the company continues to see modest shifts from uninsured patient volumes to government and other payers.

▲ **Long Term Growth Outlook Strong:** Quest Diagnostics' long-term growth outlook based on its new and extended two-point strategy to generate shareholder value- accelerating growth and driving operational excellence has continued to drive investors' optimism. As per this outlook, revenue growth for the period 2017-2020 is expected to be 3-5% with 1% to 2% growth expected from acquisitions. Earnings for the same period are expected to grow faster than revenues in the mid-to-high single digit range. According to the company, this outlook implied adjusted EPS in the range of \$6 to \$7 by 2020.

Quest Diagnostics stated that, its increasing number of partnerships with other health care leaders are creating promising opportunities for top and bottom line growth while improving the patient experience and reducing the overall cost of care.

Despite the PAMA related reimbursement pressure, the company is attaining the outlined targets through 2020. In fact, the company has recently noted that the impact of these Medicare reimbursement cuts will be more significant on smaller independent and hospital outreach laboratories. Per Quest Diagnostics, these reimbursement cuts could potentially eliminate the majority of its profits and provide a catalyst for market consolidation.

▲ **Growth Acceleration Strategy Bodes Well:** Quest Diagnostics is moving ahead with regard to its accelerating growth strategy, which consists of five elements. So far, the first element to grow more than 2% through strategically aligned accretive acquisitions is progressing well.

In this regard, earlier in 2020, the company announced the acquisition of Boston Clinical Laboratories, a small regional laboratory in Massachusetts. Quest Diagnostics has also announced two new acquisitions. The first, Blueprint Genetics to strengthens the company's position in advanced diagnostics, through proprietary bioinformatics, which is often a bottleneck in next-generation sequencing. It has announced a multifaceted long-term collaboration with the Memorial Hermann Health System under which Quest Diagnostics will acquire Memorial Hermann's outreach lab services business and manage all 17 of its inpatient hospital labs in Greater Houston.

Going by the second element, Quest Diagnostics continues to extend health plan contracts and tie-ups with hospital health systems. In this

regard, the company has signed a professional laboratory services agreement with an eight-hospital health system in Tennessee. This apart, the company has become the UnitedHealthcare preferred lab network provider and begun an aggressive outreach campaign to physicians and UnitedHealthcare members.

With respect to the third element to offer a wider access to diagnostic innovation, the company has been witnessing growth in prescription drug monitoring, QuantiFERON and T-SPOT, hemepath, blood cancer test and Cardio IQ. The company is also optimistic about successful execution of its plans to build an esoteric testing business and boost profitability.

About the fourth element of the company's growth strategy, which is to provide ample choices to consumers, the company's relationship with Walmart has already started adding value to this end with higher patient traffic. Besides, the company's alliance with Safeway currently has more than 200 patient service centers across the retail store locations.

Finally, the company is complying well with the fifth element of its growth strategy which requires to support population health with data analytics and extended care services. In this regard, earlier, the company launched Quest Clinical Trial Connect, a new patient recruitment service.

▲ **Strategy to Drive Operational Excellence on Track:** In terms of the company's efforts to ramp up operating efficiency, Quest Diagnostics' Invigorate cost-cutting initiatives have been successful and the company is working on more opportunities ahead. At the end of the first quarter, Quest Diagnostics noted that, it has successfully continued with the goal of reducing cost base by 3% by continuing to drive increases in productivity. The company expects to see more opportunities ahead to drive further productivity gains, while enhancing the customer experience.

In terms of productivity gains, the company noted that its immunoassay platform consolidation is expected to provide brief throughput, autonomy and more efficient footprint, while saving approximately \$35 million annually when fully implemented. Further, the company is optimizing its lab network through investments in new flagship laboratory in Clifton, New Jersey. After getting operationally active in 2021, this new lab is expected to consolidate three regional hub labs, doubling Quest Diagnostics' average throughput and provide 30% more capacity. Thus apart, the company is using digital technology to enhance the customer experience. Nearly nine million patients so far have downloaded the MyQuest digital platform, which enables them to make appointments and receive their results.

▲ **Extended Partnership With UnitedHealthcare Impresses:** Management also seems upbeat about the expanded long-term strategic partnership with UnitedHealthcare, a business of UnitedHealth Group, to operate as a preferred national laboratory for all of the company's members starting Jan 1, 2019. Under the expanded tie-up, the companies are working on a variety of value-based programs.

In this line, UnitedHealthcare is helping in moving testing volume to high-value laboratories like Quest from high-cost hospital and out-of-network labs. Further, from on October 1, UnitedHealthcare began offering a product with zero-dollar member out-of-pocket charges for laboratory testing for the majority of fully insured lives in select states. This apart, UnitedHealthcare will also make the lab savings program available for their self-insured employer groups beginning in 2020.

▲ **Strong Balance Sheet Aids Acquisitions:** Quest Diagnostics ended first quarter of 2020 with cash and cash equivalents of \$342 million compared with \$1.19 billion at the end of 2019. First-quarter net cash provided by operating activities was \$247 million compared with \$275 million a year ago. Capital expenditures were \$83 million in the quarter, compared to \$47 million a year ago.

The company's capital deployment policy is based on its suitable acquisitions and the return of shareholders' money through dividends and share buybacks. For the three months ended Mar 31, 2020, the company repurchased 0.7 million shares of its common stock for \$75 million. The company's board of directors remains committed to its quarterly dividend at this time too.

We also believe that Quest Diagnostics' strong focus combined with positive long-term demographic trends should help retain its position as one of the leading players in the diagnostic industry.

Reasons To Sell:

- ▼ **Coronavirus Impact Significant on Q1 Sales:** Quest Diagnostics' year-over-year decline in first-quarter adjusted earnings and as well as revenues were concerning. Revenues for diagnostic information services declined 3.8% compared to the prior year. Management noted that, the company's results in January and February were consistent with its earlier-provided full-year guidance. However, in March, the company experienced a significant decline in testing volumes since the COVID-19 took the shape of pandemic and social distancing and shelter-in-place measures were instituted to combat the outbreak. During the last two weeks of March, volumes declined over 40%, including COVID-19 testing. In fact, in April, volume declines continued to intensify, bottoming out at around 50% to 60%.

Given the rapidly-changing uncertainties and likely outcomes of coronavirus, Quest Diagnostics is currently unable to gauge the near-term impact on its business. Accordingly, it has withdrawn its full-year 2020 outlook.

- ▼ **Volume Decline Intensifies:** Pressure on volume, owing to a difficult macro-economic situation and pricing, constitutes the primary risk for Quest Diagnostics. Nevertheless, we have observed some changes in the volume trend over the past couple of quarters. In the reported quarter, volume measured by the number of requisitions declined 2.4% year over year, (excluding acquisition, volume decline was 2.7%). Meanwhile, revenue per requisition dipped 1.2% in the reported quarter.

We should also take into consideration that the unit price headwinds persisted through the first quarter (slightly more than 2%). We also expect that a low level of employment and slow growth of commercially-insured lives will continuously impact the company's overall improvement, until the economy rebounds.

- ▼ **Current Market Headwinds Weigh Heavily on the Stock:** The current market environment remains challenging for Quest Diagnostics in the form of continued decline in healthcare utilization rate, softer volume, commercial pricing pressure and reimbursement headwind. Over the last two years, reimbursement challenges became much more pronounced with a 10% reduction in Medicare payments, cuts to pathology codes on Medicare physician fee schedule, changes to Medicare fee schedules including requirements from molecular diagnostics, and the effects of renewed commercial payer contracts. This apart, the political power change redirecting towards the chance of full repeal of ACA may impact the company's business model grossly.
- ▼ **Reimbursement Update Not in Favor of Clinical Labs:** In the last couple of years, Quest Diagnostics faced several reimbursement issues, hurting its revenues. Turning to PAMA (Protecting Access to Medicare Act), first-quarter 2018 was the opening quarter operating under the clinical IP schedule. Medicare rates in 2019 were down by 10% from the prior year, in line with the company's expectation. With the enactment of Lab Act in December 2019 (delaying the upcoming data reporting period by one year and commissioning a study on how to improve data collection and rate setting to better reflect Congress' original intent of a market-based fee schedule for clinical laboratory services—American Clinical Laboratory Association) CDLT data that was supposed to be reported between Jan 1, 2020 and Mar 31, 2020, will now be reported between Jan 1, 2021, and Mar 31, 2021. Although, this includes an increase in reimbursement reduction caps from 10% in 2020 to 15% in 2021, according to Quest Diagnostics, the PAMA headwinds in 2021 are expected to be relatively consistent with 2019 and 2020. This PAMA impact includes both direct cuts to the Clinical Lab Fee Schedule as well as a modest indirect price changes from Medicaid and a small number of floating rate contracts.
- ▼ **Competitive Landscape:** Quest Diagnostics faces intense competition primarily from Laboratory Corporation of America, other commercial laboratories and hospitals. Hospitals control an estimated 60% of the diagnostic test market, compared to Quest Diagnostic's 15% share. While pricing is an important factor in choosing a testing lab, hospital-affiliated physicians expect a high level of service, including accurate and rapid turnaround of testing results. As a result, Quest Diagnostics and other commercial labs compete with hospital-affiliated labs primarily on the basis of quality of service.

Over the past several quarters, the overall soft industry trends leading to low volume environment have acted as a dampener for Quest Diagnostics. The reimbursement scenario also remains a major cause of concern.

Last Earnings Report

Quest Diagnostics Posts Earnings Beat, Volume Down in Q1

Quest Diagnostics's first-quarter 2020 adjusted earnings per share of 94 cents surpassed the Zacks Consensus Estimate by 13.3%. Adjusted earnings declined 32.9% from the year-ago number.

Certain one-time expenses, like the ones related to the COVID-19 pandemic and their resultant impact including certain asset impairment charges; as well as incremental costs incurred to protect the health and safety of employees and customers and to transition certain employees to a remote work environment, were excluded from the quarter's adjusted figures.

GAAP earnings from continuing operations came in at 73 cents per share, marking a 39.2% decline from the year-ago quarter. Reported revenues in the first quarter declined 3.7% year over year to \$1.82 billion. The same beat the consensus estimate by 4.6%.

Quarterly Details

Volumes (measured by the number of requisitions) declined 2.4% year over year in the first quarter (down 2.7% organically). Revenue per requisition also inched down 1.2% year over year.

Diagnostic information services revenues in the quarter were down 3.8% on a year-over-year basis to \$1.74 billion.

Margins

Cost of services during the reported quarter was \$1.27 billion, up 2.1% year over year. Gross margin came in at 30.3%, reflecting contraction of 392 basis points (bps) from the year-ago figure.

Adjusted operating margin of 11.3% represented a 266-bps contraction year over year. Selling, general and administrative expenses declined 9.6% to \$347 million in the quarter under review.

Cash, Capital Structure and Solvency

Quest Diagnostics exited the first quarter of 2020 with cash and cash equivalents of \$342 million compared with \$1.19 billion at the end of 2019. First-quarter net cash provided by operating activities was \$247 million compared with \$275 million a year ago.

For the three months ended Mar 31, 2020, the company repurchased 0.7 million shares of its common stock for \$75 million but suspended additional share repurchases through the end of the year under its existing authorization.

The company's board of directors remains committed to its quarterly dividend at this time.

Withdraws 2020 Guidance

Given the rapidly-changing uncertainties and likely outcomes of coronavirus, Quest Diagnostics is currently unable to gauge the near-term impact on its business. The company looks to announce its updated outlook at an 'appropriate time'.

Quarter Ending 03/2020

Report Date	Apr 22, 2020
Sales Surprise	4.64%
EPS Surprise	13.25%
Quarterly EPS	0.94
Annual EPS (TTM)	6.10

Recent News

On **Apr 21, 2020**, Quest Diagnostics announced that it has begun to perform antibody testing for coronavirus using blood samples. With the new service, Quest Diagnostics now provides healthcare providers in the United States access to COVID-19 antibody as well as molecular diagnostic laboratory testing.

On **Mar 19, 2020**, Quest Diagnostics received emergency use authorization for its SARS-CoV-2 RNA, Qualitative Real-Time RT-PCR (Quest SARS-CoV-2 rRT-PCR) test for the qualitative detection of nucleic acid from SARS-CoV-2 in respiratory specimens from individuals suspected of COVID-19 by their healthcare provider.

On **Jan 27, 2020**, Quest Diagnostics announced that, under a definitive agreement it will acquire select assets of Memorial Hermann Health System which constitute substantially all the operations of Memorial Hermann Diagnostic Laboratories (MHDL), the outreach laboratory division of Memorial Hermann.

On **Jan 22, 2020**, Quest Diagnostics announced that it has acquired Blueprint Genetics in an all-cash equity transaction. Blueprint Genetics is a specialty genetic testing company with deep expertise in gene variant interpretation based on next generation sequencing and proprietary bioinformatics.

Valuation

Quest Diagnostics' shares are down 6.7% in the year to date period and up 5% in the trailing 12-month periods. Stocks in the Zacks sub-industry and Zacks Medical are down 8.1% and DOWN 5.2% in the year to date period, respectively. Over the past year, the Zacks sub-industry is down 4.1% and Zacks Medical is up 1.3%.

The S&P 500 index is down 13.1% in the year to date period and down 4.9% in the past year.

The stock is currently trading at 14.7X Forward 12-months earnings, which compares to 20.9X for the Zacks sub-industry, 21.1X for the Zacks sector and 19.3X for the S&P 500 index.

Over the past five years, the stock has traded as high as 19.5X and as low as 11.5X, with a 5-year median of 15.4X.

Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$110 price target reflects 16.2X forward 12-months earnings.

The table below shows summary valuation data for DGX.

Valuation Multiples - DGX					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	14.73	20.97	21.12	19.32
	5-Year High	19.51	19.51	21.12	19.34
	5-Year Low	11.52	11.52	15.81	15.19
	5-Year Median	15.41	15.41	18.81	17.45
P/S F12M	Current	1.68	2.33	2.68	3.14
	5-Year High	2	2.45	3.84	3.44
	5-Year Low	1.14	1.14	2.25	2.54
	5-Year Median	1.67	1.67	2.96	3.01
P/B TTM	Current	2.34	3.28	3.66	3.71
	5-Year High	3.26	4	5.05	4.55
	5-Year Low	1.72	1.91	2.91	2.84
	5-Year Median	2.53	2.47	4.29	3.64

As of 04/22/2020

Industry Analysis Zacks Industry Rank: Top 25% (62 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
Addus HomeCare Corporation (ADUS)	Outperform	3
Bio-Rad Laboratories, Inc. (BIO)	Neutral	3
DaVita Inc. (DVA)	Neutral	3
Exact Sciences Corporation (EXAS)	Neutral	2
Laboratory Corporation of America Holdings (LH)	Neutral	3
Myriad Genetics, Inc. (MYGN)	Neutral	3
NeoGenomics, Inc. (NEO)	Neutral	3
OPKO Health, Inc. (OPK)	Neutral	3

Industry Comparison Industry: Medical - Outpatient And Home Healthcare				Industry Peers		
	DGX	X Industry	S&P 500	DVA	LH	MYGN
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	D	-	-	A	B	D
Market Cap	13.29 B	606.35 M	18.94 B	9.09 B	14.97 B	1.06 B
# of Analysts	7	3	14	7	8	5
Dividend Yield	2.25%	0.00%	2.23%	0.00%	0.00%	0.00%
Value Score	D	-	-	B	B	B
Cash/Price	0.09	0.04	0.05	0.12	0.02	0.13
EV/EBITDA	10.21	10.35	11.56	10.26	9.97	14.10
PEG Ratio	3.43	2.61	2.20	1.39	3.36	2.97
Price/Book (P/B)	2.33	2.48	2.58	4.00	1.98	0.98
Price/Cash Flow (P/CF)	10.95	11.79	10.22	6.42	7.93	6.09
P/E (F1)	25.97	25.30	17.79	12.00	17.65	38.72
Price/Sales (P/S)	1.74	1.33	1.99	0.80	1.30	1.30
Earnings Yield	3.96%	3.27%	5.49%	8.34%	5.66%	2.61%
Debt/Equity	0.71	0.58	0.72	4.61	0.86	0.26
Cash Flow (\$/share)	9.09	1.90	7.01	11.28	19.44	2.33
Growth Score	D	-	-	A	C	F
Hist. EPS Growth (3-5 yrs)	8.95%	12.31%	10.92%	2.09%	10.73%	-9.38%
Proj. EPS Growth (F1/F0)	-40.00%	1.38%	-4.22%	11.77%	-22.86%	-78.08%
Curr. Cash Flow Growth	10.66%	6.12%	5.93%	19.72%	12.16%	21.53%
Hist. Cash Flow Growth (3-5 yrs)	6.08%	13.00%	8.55%	0.89%	17.70%	-3.44%
Current Ratio	1.38	1.27	1.24	1.56	1.12	3.25
Debt/Capital	41.88%	50.68%	43.79%	83.67%	46.20%	20.85%
Net Margin	10.36%	2.93%	11.55%	7.12%	7.13%	-3.22%
Return on Equity	14.79%	14.15%	16.74%	25.18%	15.37%	5.42%
Sales/Assets	0.63	0.97	0.54	0.59	0.65	0.52
Proj. Sales Growth (F1/F0)	-9.01%	0.00%	-0.39%	2.04%	-3.32%	-16.44%
Momentum Score	F	-	-	B	D	D
Daily Price Chg	5.42%	0.00%	1.83%	-0.17%	4.02%	-2.34%
1 Week Price Chg	6.27%	0.38%	0.42%	4.46%	1.17%	-1.64%
4 Week Price Chg	26.02%	16.38%	10.68%	3.15%	25.49%	-2.01%
12 Week Price Chg	-10.02%	-14.47%	-20.87%	-12.84%	-14.36%	-50.64%
52 Week Price Chg	5.09%	-8.01%	-15.29%	34.02%	0.11%	-55.79%
20 Day Average Volume	1,980,047	170,058	2,886,084	1,333,301	1,124,792	740,069
(F1) EPS Est 1 week change	0.00%	0.00%	-0.10%	-0.47%	0.00%	0.00%
(F1) EPS Est 4 week change	-40.78%	-5.15%	-6.36%	-0.47%	-27.09%	-21.15%
(F1) EPS Est 12 week change	-41.55%	-11.24%	-11.38%	8.50%	-26.87%	-85.86%
(Q1) EPS Est Mthly Chg	-106.72%	-8.90%	-9.71%	-1.46%	-72.90%	-250.00%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

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

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

Value Score	D
Growth Score	D
Momentum Score	F
VGM Score	D

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

Disclosures

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