

## Quest Diagnostics (DGX)

**\$107.99** (As of 01/23/20)

Price Target (6-12 Months): **\$118.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 02/15/19)

Prior Recommendation: Underperform

Short Term: 1-3 Months

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

**4-Sell**

Zacks Style Scores:

VGM:B

Value: B

Growth: C

Momentum: C

## Summary

We are upbeat about Quest Diagnostics' expanded network access, which helped the company accelerate volume growth in the third quarter. In recent times, Quest Diagnostics has been refocusing on its diagnostic information services wing and disciplined capital deployment. We are also upbeat about a number of Preferred Network partnerships, the recent one being with hc1. The updated 2019 outlook buoys optimism. In the past one year, the company has outperformed its industry. Quest Diagnostics reported a strong third quarter with both earnings and revenues beating the respective Zacks Consensus Estimate. On the flip side, the company is currently facing several PAMA-related reimbursement issues. This has also caused a decline in revenue per requisition. This apart, escalating costs and a tough competitive landscape are concerns.

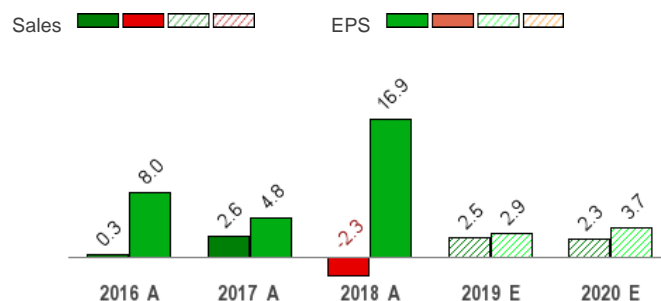
## Price, Consensus & Surprise



## Data Overview

52 Week High-Low	<b>\$108.95 - \$82.59</b>
20 Day Average Volume (sh)	<b>602,564</b>
Market Cap	<b>\$14.5 B</b>
YTD Price Change	<b>1.1%</b>
Beta	<b>0.85</b>
Dividend / Div Yld	<b>\$2.12 / 2.0%</b>
Industry	<b>Medical - Outpatient and Home Healthcare</b>
Zacks Industry Rank	<b>Bottom 33% (170 out of 255)</b>

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



Last EPS Surprise	<b>2.3%</b>
Last Sales Surprise	<b>0.7%</b>
EPS F1 Est- 4 week change	<b>-0.1%</b>
Expected Report Date	<b>01/30/2020</b>
Earnings ESP	<b>0.0%</b>
P/E TTM	<b>17.3</b>
P/E F1	<b>16.1</b>
PEG F1	<b>2.1</b>
P/S TTM	<b>1.9</b>

## Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2020	1,949 E	2,002 E	2,002 E	1,968 E	7,898 E
2019	1,891 A	1,953 A	1,956 A	1,918 E	7,718 E
2018	1,884 A	1,919 A	1,889 A	1,839 A	7,531 A

## EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2020	\$1.52 E	\$1.75 E	\$1.77 E	\$1.69 E	\$6.73 E
2019	\$1.40 A	\$1.73 A	\$1.76 A	\$1.60 E	\$6.49 E
2018	\$1.52 A	\$1.75 A	\$1.68 A	\$1.36 A	\$6.31 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 01/23/2020. The reports text is as of 01/24/2020.

## Overview

Quest Diagnostics, Inc. (DGX), 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 2018) and Diagnostic Solutions (accounting for the rest).

### 5 Point Strategy

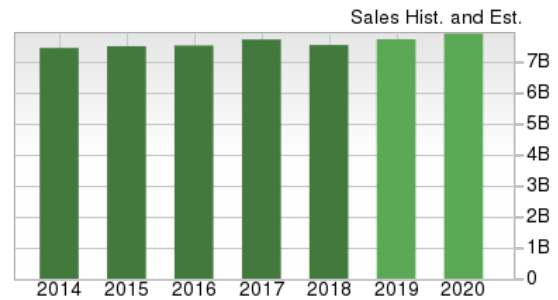
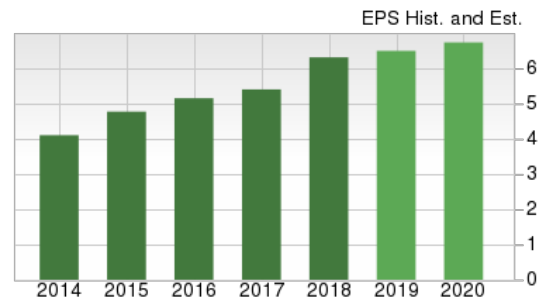
In 2012, Quest Diagnostics introduced a five-point business strategy which the company continued to execute till 2016. The points being refocuson diagnostic information services; drive operational excellence; restore growth; simplifying the organization to enable growth and productivity and delivering 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 one year. Per the last share price movement, the stock has gained 26.4% against a 15.2% decline of the industry. Notably, Quest Diagnostics exited third-quarter 2019 with better-than-expected earnings as well as revenues. Although Diagnostic information service revenues registered a mere 3.7% increase, three sequential quarters of top-line improvement after a persistent decline over the last many quarters can be considered a good sign of recovery amid significant reimbursement pressure related to PAMA. The company 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. We are upbeat about the company's Preferred Network partnerships with UnitedHealthcare and hc1.

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.

▲ **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. The nine deals closed in 2018, positioned the company to meet its 2019 target. In this regard, earlier in 2019, the company completed the purchase of a clinical laboratory services business of Boyce and Bynum, a provider of diagnostic and clinical laboratory services in the Midwest. This transaction is likely to garner favorable results through the rest of 2019.

Going by the second element, Quest Diagnostics continues to extend health plan contracts and tie-ups with hospital health systems. In this regard, the recent partnerships with Catholic Health Services (CHS), an integrated health care delivery system (to provide laboratory and supply chain expertise as well as perform laboratory reference testing), and hc1, a bioinformatics player in precision testing (to provide a solution that gives Quest Diagnostics a differentiated offering in a competitive hospital marketplace) are worth to mention. This apart, earlier in January, 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, tuberculosis test, T-SPOT, Cardio IQ and STD testing. We are also optimistic about the company's successful execution of its plans to build an esoteric testing business and boost profitability. This apart, per the company, the recently-inked acquisition deals are projected to upgrade its capabilities in advanced diagnostics, especially in the areas of Women's Health and Infectious Disease.

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 third quarter, the company noted that, it is on track to deliver 3% cost efficiencies for 2019 led by continuous increase in productivity.

In terms of productivity gains, the company recently noted that it is using digital technology to enhance customer experience, drive growth and reduce carbon footprint. Quest Diagnostics now has more than 8.2 million patients who are now using MyQuest digital platform for making appointments and receiving test reports. Further, the construction of its new flagship laboratory in Clifton, NJ is well underway. Quest Diagnostics expects the lab to be operational in 2021. These efforts are directed to drive operational excellence for meeting the cost of wage

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inflation and reimbursement pressure.

- ▲ **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 the third quarter with cash and cash equivalents of \$434 million compared with \$273 million at the end of the second quarter. Year-to-date net cash provided by operating activities was \$895 million compared with \$905 million a year ago. Capital expenditures for the same time frame were \$228 million compared with \$232 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. In the third quarter, the company repurchased 0.5 million shares of the common stock for \$50 million. As of Sep 30, 2019, Quest Diagnostics was left with \$0.4 billion of authorization under the approved share buyback plan.

The company has also been consistently raising dividends. 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.

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## Reasons To Sell:

▼ **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 the first half of 2019 were down by 10% from the prior year, in line with the company's expectation. This is expected to affect the company's business through the second half as well. In the third quarter particularly, the impact of PAMA amounted to a headwind of approximately 120 basis points. 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. The next data reporting period remains scheduled for the first quarter of 2020.

▼ **Volume Increase Sustainable?:** 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 expanded 5.1% year over year, driven by acquisitions. Meanwhile, revenue per requisition dipped 1.2% in the reported quarter.

Overall, it is still a matter of big question whether this improvement is sustainable. We should take into consideration that the unit price headwinds persisted through the third quarter (at around 2.5%). 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.

▼ **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.

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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, Revenue Per Requisition Falls in Q3

Quest Diagnostics' third-quarter 2019 adjusted earnings per share of \$1.76 surpassed the Zacks Consensus Estimate by 2.3%. Adjusted earnings also improved 4.8% from the year-ago number.

Reported EPS came in at \$1.56, up 1.9% from the year-ago quarter as well.

Reported revenues in the third quarter rose 3.5% year over year to \$1.96 billion. Moreover, the same beat the consensus estimate by 1%.

**Quarter Ending** **09/2019**

Report Date	Oct 22, 2019
Sales Surprise	0.71%
EPS Surprise	2.33%
Quarterly EPS	1.76
Annual EPS (TTM)	6.25

### Quarterly Details

Volumes (measured by the number of requisitions) expanded 5.1% year over year in the third quarter (up 3.7% organically). However, revenue per requisition dipped 1.2%.

Diagnostic information services revenues in the quarter were up 3.7% on a year-over-year basis to \$1.88 billion.

Cost of services during the reported quarter was \$1.26 billion, up 3.4% year over year. Gross margin came in at 35.4%, reflecting a 7-basis point (bps) improvement from the year-ago figure.

Selling, general and administrative expenses increased 2.3% to \$362 million in the quarter under review. Adjusted operating margin came in at 16.9%, representing a 30-bps expansion year over year.

Quest Diagnostics exited the quarter with cash and cash equivalents of \$434 million compared with \$273 million at the end of the second quarter.

Year-to-date net cash provided by operating activities was \$895 million compared with \$905 million a year ago.

In the third quarter, the company repurchased 0.5 million shares of the common stock for \$50 million. As of Sep 30, 2019, Quest Diagnostics was left with \$0.4 billion of authorization under the approved share buyback plan.

### 2019 Guidance

Quest Diagnostics has updated its 2019 outlook. Adjusted earnings for the full year is projected within \$6.45-\$6.50, indicating a restraint from the earlier projection of above \$6.40. The Zacks Consensus Estimate for the metric is pegged at \$6.50, touching the upper end of the guided band.

Revenues for 2019 are estimated to be around \$7.72 billion, near the upper end of the earlier provided guidance of \$7.60-\$7.75 billion. This indicates 2.5% estimated growth from the year-ago reported figure (earlier expectation was 1%-3% growth). The current Zacks Consensus Estimate for revenues of \$7.71 billion falls below the company's projected range.

Operating cash flow for 2019 is expected at around \$1.3 billion (unchanged). The estimated range for capital expenditure is maintained at \$350-\$400 million.

## Recent News

On **Dec 2, 2019**, Quest Diagnostics announced that it has acquired certain assets of the clinical laboratory services business of Boston Clinical Laboratories (BCL), a Waltham-based regional provider of laboratory services.

On **Sep 12, 2019**, Quest Diagnostics and hc1 announced their collaboration to optimize enterprise-wide laboratory testing for health systems.

## Valuation

Quest Diagnostics' shares are up 5.6% in the six-month period and up 26.4% in the trailing 12-month periods. Stocks in the Zacks sub-industry and Zacks Medical are down 21.5% and up 8.9% in the six-month period, respectively. Over the past year, the Zacks sub-industry is down 15.2% and Zacks Medical is up 6.2%.

The S&P 500 index is up 11.4% in the six-month period and up 23.8% in the past year.

The stock is currently trading at 15.9X Forward 12-months earnings, which compares to 22.2X for the Zacks sub-industry, 21.8X for the Zacks sector and 19.1X for the S&P 500 index.

Over the past five years, the stock has traded as high as 19.5X and as low as 11.8X, with a 5-year median of 15.4X.

Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$118 price target reflects 17.5X 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 F 12M	Current	15.95	22.19	21.77	19.13
	5-Year High	19.51	22.19	21.77	19.34
	5-Year Low	11.84	14.67	15.85	15.17
	5-Year Median	15.37	17.87	18.91	17.44
P/S F12M	Current	1.84	4.12	2.88	3.56
	5-Year High	2	4.12	3.82	3.56
	5-Year Low	1.14	0.73	2.43	2.54
	5-Year Median	1.64	0.96	2.94	3
P/B TTM	Current	2.57	6.86	4.61	4.54
	5-Year High	3.26	6.86	5.03	4.55
	5-Year Low	1.84	1.99	3.43	2.85
	5-Year Median	2.53	2.49	4.29	3.61

As of 01/23/2020

## Industry Analysis Zacks Industry Rank: Bottom 33% (170 out of 255)



## Top Peers

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

Industry Comparison Industry: Medical - Outpatient And Home Healthcare				Industry Peers		
	DGX Neutral	X Industry	S&P 500	DVA Neutral	LH Neutral	MYGN Neutral
<b>VGM Score</b>	<b>B</b>	-	-	<b>A</b>	<b>B</b>	<b>F</b>
Market Cap	14.55 B	965.93 M	24.46 B	10.31 B	17.46 B	2.14 B
# of Analysts	9	2	13	6	9	5
Dividend Yield	1.96%	0.00%	1.75%	0.00%	0.00%	0.00%
<b>Value Score</b>	<b>B</b>	-	-	<b>A</b>	<b>B</b>	<b>C</b>
Cash/Price	0.03	0.05	0.04	0.14	0.02	0.07
EV/EBITDA	12.34	12.48	14.11	11.93	11.54	26.90
PEG Ratio	2.11	2.59	2.04	0.61	1.77	2.33
Price/Book (P/B)	2.57	3.47	3.40	5.14	2.41	1.99
Price/Cash Flow (P/CF)	13.27	13.54	13.66	11.07	10.78	12.37
P/E (F1)	15.97	31.04	19.10	14.47	15.06	27.21
Price/Sales (P/S)	1.90	1.40	2.67	0.91	1.53	2.56
Earnings Yield	6.23%	2.77%	5.23%	6.91%	6.64%	3.68%
Debt/Equity	0.56	0.48	0.72	4.26	0.93	0.27
Cash Flow (\$/share)	8.14	1.98	6.94	7.27	16.68	2.33
<b>Growth Score</b>	<b>C</b>	-	-	<b>A</b>	<b>B</b>	<b>F</b>
Hist. EPS Growth (3-5 yrs)	9.46%	13.13%	10.60%	-0.06%	11.29%	-7.91%
Proj. EPS Growth (F1/F0)	3.66%	12.22%	7.59%	4.83%	6.10%	-36.65%
Curr. Cash Flow Growth	9.93%	20.06%	13.90%	-14.54%	9.98%	21.53%
Hist. Cash Flow Growth (3-5 yrs)	4.34%	9.79%	9.00%	-2.15%	14.10%	-3.44%
Current Ratio	0.88	1.11	1.22	1.81	1.17	2.86
Debt/Capital	36.60%	51.70%	42.99%	82.68%	48.26%	21.11%
Net Margin	9.58%	3.20%	11.35%	3.68%	6.63%	-1.83%
Return on Equity	15.32%	16.02%	17.10%	19.95%	15.33%	6.48%
Sales/Assets	0.65	0.91	0.55	0.57	0.66	0.53
Proj. Sales Growth (F1/F0)	2.33%	5.60%	4.03%	0.63%	3.41%	-5.24%
<b>Momentum Score</b>	<b>C</b>	-	-	<b>B</b>	<b>F</b>	<b>D</b>
Daily Price Chg	-0.51%	-0.05%	0.26%	-0.06%	0.12%	0.35%
1 Week Price Chg	0.20%	2.44%	2.29%	4.63%	-0.33%	2.13%
4 Week Price Chg	1.41%	4.43%	2.24%	7.66%	6.92%	7.19%
12 Week Price Chg	6.66%	14.42%	7.79%	37.37%	9.10%	-14.49%
52 Week Price Chg	26.16%	18.16%	21.61%	42.76%	31.83%	3.12%
20 Day Average Volume	602,564	99,608	1,536,379	889,918	621,012	681,203
(F1) EPS Est 1 week change	-0.16%	0.00%	0.00%	0.00%	-0.08%	0.00%
(F1) EPS Est 4 week change	-0.12%	0.00%	0.00%	0.00%	-0.07%	1.05%
(F1) EPS Est 12 week change	-0.12%	-0.06%	-0.23%	4.15%	-0.10%	-52.41%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	0.00%	-0.06%	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	<b>B</b>
Growth Score	<b>C</b>
Momentum Score	<b>C</b>
VGM Score	<b>B</b>

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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