Jazz Pharmaceuticals (JAZZ)

$127.07 (As of 08/07/20)

Price Target (6-12 Months): **$133.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 03/29/20) Prior Recommendation: Underperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM:A
	Value: A | Growth: C | Momentum: B	

Summary

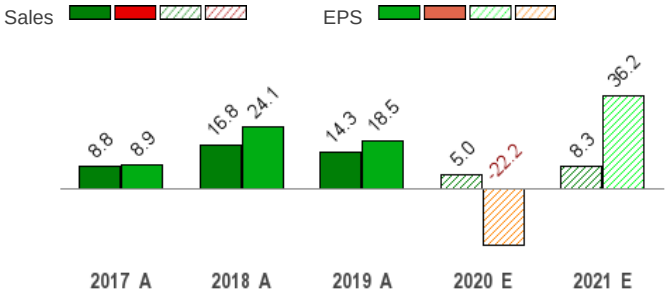
Jazz reported encouraging second-quarter results wherein sales and earnings beat estimates. The company's key drug, Xyrem, has witnessed improved volume so far in 2020 on the back of awareness efforts and label expansion in pediatric patients. Management expects Xyrem's volume growth to continue going forward. Sunosi's launch complements the sleep franchise and its successful commercialization may offset a decline in Xyrem's sales following patent expiry in 2023. However, shares of Jazz have underperformed the industry so far this year. Meanwhile, Erwinaze has been facing supply crunch due to constrained manufacturing capacity, which is likely to continue in rest of 2020. The study on Defitelio for the prevention of VOD was discontinued, which hampered pipeline progress.

Price, Consensus & Surprise

Data Overview

52 Week High-Low	**$154.24 - $86.88**
20 Day Average Volume (sh)	**596,312**
Market Cap	**$7.0 B**
YTD Price Change	**-15.5%**
Beta	**1.19**
Dividend / Div Yld	**$0.00 / 0.0%**
Industry	**Medical - Drugs**
Zacks Industry Rank	**Top 48% (122 out of 252)**
Last EPS Surprise	**10.1%**
Last Sales Surprise	**11.1%**
EPS F1 Est- 4 week change	**5.8%**
Expected Report Date	**NA**
Earnings ESP	**0.0%**
P/E TTM	**9.9**
P/E F1	**10.1**
PEG F1	**1.1**
P/S TTM	**3.2**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2021	591 E	584 E	618 E	650 E	2,460 E
2020	535 A	562 A	566 E	598 E	2,271 E
2019	508 A	534 A	538 A	582 A	2,162 A

EPS Estimates

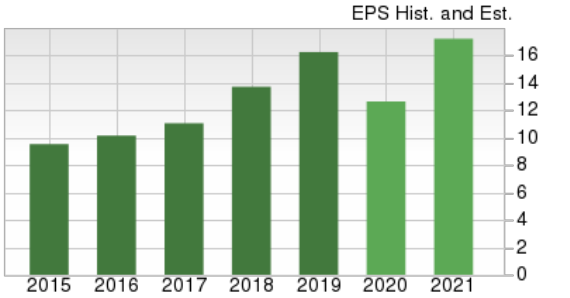
	Q1	Q2	Q3	Q4	Annual*
2021	$3.75 E	$3.62 E	$3.89 E	$4.17 E	$17.20 E
2020	$0.45 A	$3.71 A	$4.06 E	$4.29 E	$12.63 E
2019	$3.67 A	$4.05 A	$4.10 A	$4.42 A	$16.23 A

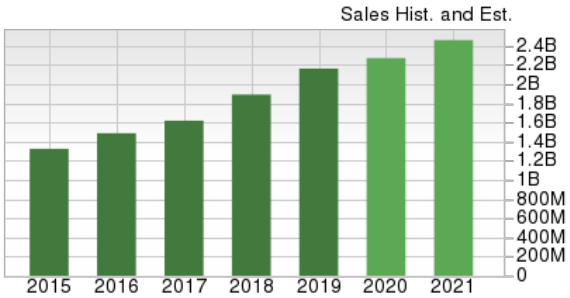
*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 08/07/2020. The reports text is as of 08/10/2020.

Overview

Dublin, Ireland-based Jazz Pharmaceuticals is a specialty biopharmaceutical company with a focus in the areas of sleep and hematology/oncology. Key drugs include Xyrem for cataplexy and excessive daytime sleepiness (EDS) in narcolepsy patients, Erwinaze for acute lymphoblastic leukemia (ALL) patients who have developed hypersensitivity to E.coli-derived asparaginase,Defitelio for the treatment of patients with hepatic veno-occlusive disease (VOD) with renal or pulmonary dysfunction following hematopoietic stem cell transplantation (HSCT) and Vyxeos for the treatment of adults with two types of acute myeloid leukemia (AML). Sunosi (solriamfetol) was approved for excessive sleepiness in narcolepsy & obstructive sleep apnea (OSA) in March 2019. While Zepzelca (lurbinectedin) received approval for metastatic small cell lung cancer (SCLC) in June 2020, Xywav was approved for cataplexy and EDS in July 2020.





Jazz has bolstered its commercial portfolio and pipeline through acquisitions. Jazz added Sunosi, through one of these acquisitions. Other include addition of marketed drugs – Defitelio, Vyxeos and Erwinaze. These oncology drugs also diversified the company's product portfolio. The company is also developing a few new oncology candidates. Jazz is targeting launch of four products in the 2020-2021 period including Zepzelca, Xywav and JZP-458 following approval.

The company generates the majority of its revenues from Xyrem sales. The drug registered sales of $1.64 billion in 2019, up 16.9% from 2018 and generated almost 76% of total revenues, in 2019. Full-year sales for the company rose 14% year over year to $2.16 billion in 2019.

Reasons To Buy:

> Jazz's sleep franchise should continue to perform well. The company is looking to broaden Xyrem's label by expanding the targeted patient population.

- **Xyrem has Strong Commercial Potential:** Xyrem has immense commercial potential in its targeted indication of both cataplexy and EDS. Volume trends for Xyrem improved in the last two years supported by the company's disease awareness education efforts, which led to increased diagnosis rate of new narcolepsy patients. Management seems confident of generating volume growth in the rest of 2020.

  The company is also striving to expand Xyrem's label. In 2018, the FDA granted approval for Xyrem's label expansion to include the pediatric patients with cataplexy or EDS. Jazz launched the drug for pediatric patients in March 2019, which is bringing in additional sales. Moreover, settlement of all patent litigation related to generic version removes an overhang. There is no generic competition expected till 2022 as of now.

- **Strong Sleep Disorder Portfolio:** Jazz's sleep disorder portfolio looks strong with the launch of Sunosi and several ongoing and planned development activities in the sleep therapeutic area.

  In March 2019, Sunosi (solriamfetol), received approval in the United States for excessive sleepiness in narcolepsy & OSA and was launched in the United States in July 2019. The drug is showing encouraging initial uptake trend along with improved coverage. The drug was approved in Europe for a similar indication in January 2020 with rolling launch started in Germany in May 2020. According to Jazz, there is significant unmet need in narcolepsy and OSA in both the United States and Europe. The company plans to develop Sunosi as a potential treatment for EDS in other sleep or central nervous system disorders, including major depressive disorder (MDD).

  Other than Sunosi, Jazz received approval for Xywav (JZP-258; a low sodium formulation of Xyrem) in July 2020 for EDS and cataplexy in narcolepsy patients. The drug's low sodium content of Xywav boosts its potential as it can cater to more number of patients compared to Xyrem. The drug is also being studied for Idiopathic hypersomnia, or IH in a phase III study.

- **Oncology Drugs Add Strong Growth and Diversification:** Apart from a strong sleep disorder, Jazz also has three marketed oncology drugs in its portfolio, which were internally developed or added through acquisitions. The company is also developing a few new oncology candidates and is also focused on expanding the labels of marketed drugs — Defitelio, Vyxeos and Erwinaze. These products bring additional revenues as well as diversify Jazz's marketed portfolio. The marketed oncology drugs generated more than 20% of the product revenues in 2019. Successful label expansion and new drug development will further boost revenues.

  Jazz is evaluating Defitelio in a phase III study for the prevention of VOD in high-risk patients. Two mid-stage studies are evaluating the drug for prevention of acute graft versus host disease (aGVHD) and prevention of CAR T-cell associated neurotoxicity in patients with relapsed or refractory DLBCL. Top-line data from aGvHD study is expected in the later in 2020. Meanwhile, Jazz is also evaluating Vyxeos in other AML patient populations, such as pediatric patients and adults with standard or intermediate risk AML, in combination with targeted AML treatments and in new populations (myelodysplastic syndromes, or MDS).

  In June 2020, Zepzelca received accelerated approval for treating relapsed small cell lung cancer (SCLC). The company has a late-stage oncology candidate in its pipeline – JZP-458. A pivotal phase II/III study initiated in December 2019 is evaluating JZP-458 as a treatment for patients with acute lymphoblastic leukemia (ALL)/lymphoblastic lymphoma (LBL), who are hypersensitive to E. coli-derived asparaginase products.

- **Regular Acquisitions/Collaborations to Boost Portfolio:** Jazz has added several drugs to its marketed portfolio and clinical-stage candidates to its pipeline through acquisitions or collaborations. In December 2019, the company acquired U.S. rights for Zepzelca (lurbinectedin) from Ireland-based PharmaMar. In August 2019, the company acquired private biotech Cavion adding a mid-stage movement disorder candidate (JZP-358). In July 2019, the company acquired Redx Pharma's pan-RAF inhibitor program for developing treatment for RAF and RAS mutant tumors. In January 2019, Jazz collaborated with Codiak BioSciences, to develop and commercialize exosome therapeutics to treat cancer. It also includes an exclusive license for five targets to be developed using Codiak's exosome platform. Other deals include the acquisition of biopharma company Gentium in December 2013, which added Defitelio to its portfolio. The company also acquired worldwide development, manufacturing and commercial rights to Sunosi (solriamfetol) from Aerial BioPharma in January 2014. In July 2016, Jazz acquired Celator, which added Vyxeos to its pipeline.

  The company continues to look for portfolio expansion through acquisitions or partnerships.

- **Favorable Debt Profile:** Jazz has a favorable debt profile. Although, the company's debt to total capital ratio was 0.42 as of Mar 31, 2020, which compared unfavorably with the previous quarter's 0.39, the company has significant funds. With a cash position of $1.7 billion and a favorable debt ratio, Jazz has a sound debt profile. Moreover, the company's cash resources are sufficient to pay its short-term debt of $33 million in case of insolvency.

Reasons To Sell:

The earlier-than-expected entry of Xyrem generics and any pipeline setback would weigh heavily on the stock.

- **Regulation on Xyrem and Competition:** Xyrem is a controlled substance with a highly restricted distribution channel subject to a risk evaluation and mitigation strategy (REMS). In February 2015, the FDA approved Jazz's Xyrem REMS requiring distribution through a single pharmacy. Single pharmacy can put pressure on patient access as well as the overall healthcare delivery system. Moreover, the FDA plans to evaluate the Xyrem REMS on an ongoing basis and reserves the rights to make modifications if required, which can either lower entry barriers for companies looking to market generic versions of Xyrem or make it more expensive or difficult to market the drug.

  Jazz had been involved in patent infringement lawsuits with generic drug makers for Xyrem. Several generic versions of Xyrem may hit the market in 2023. Launch of Xyrem's generic will unfavorably impact sales of the company's major drug. With nearly three-fourth of sales coming from Xyrem this will severely impact the company's top-line and weigh on share price. Moreover, the market for EDS in patients with narcolepsy is highly competitive, given the presence of Teva's Nuvigil and generic versions of Provigil, among others. Moreover, other companies are also developing treatments for similar indication including Avadel Pharmaceuticals' sodium oxybate formulation, FT-218, and Axsome Therapeutics' reboxetine.

- **Erwinaze Supply Constraints:** In 2019 and 2018, Jazz faced supply constraints for Erwinaze due to supply and manufacturing issues at the sole manufacturer, PDL. Supply disruptions to continue in 2020. Moreover, in February 2019, Jazz received termination notice from Porton Biopharma related to license and supply of Erwinaze which is set to expire by 2020 end. Without renewing the agreement, Jazz will not be able to sell Erwinaze beginning 2021, except for certain Erwinaze inventory for 12 months post termination of the agreement.

- **Pipeline Setbacks:** Jazz has had its share of pipeline setbacks. The company discontinued enrollment in the study evaluating Defitelio for the prevention of VOD in high-risk patients in April 2020 as it is highly unlikely that it will reach its primary endpoint. However, the company decided to continue to evaluate already enrolled patients. Although solriamfetol achieved improvement in patients in a phase II study evaluating it in EDS and Parkinson's disease, the company discontinued further development in May 2019.

  In January 2016, the company terminated a phase II pivotal study on JZP-416 due to the occurrence of hypersensitivity-like reactions in patients suffering from ALL who are hypersensitive to pegylated E. coli-derived asparaginase. In addition to this, the company terminated a study evaluating Erwinaze in patients (18 to 39 years) suffering from ALL who are hypersensitive to E. coli-derived asparaginase due to its inability to enroll patients. Moreover, the company along with its partner Concert Pharmaceuticals decided not to move sleep disorder candidate, JZP-386, into the next stage of development following phase I study results.

Last Earnings Report

Jazz Pharmaceuticals Beats on Q2 Earnings & Sales

Quarter Ending	06/2020
Report Date	**Aug 04, 2020**
Sales Surprise	**11.06%**
EPS Surprise	**10.14%**
Quarterly EPS	**3.71**
Annual EPS (TTM)	**10.90**

Jazz Pharmaceuticals delivered adjusted earnings of $3.71 per share for the second quarter of 2020, which beat the Zacks Consensus Estimate of $3.38. However, earnings were down 8.4% from the year-ago figure of $4.05 per share.

Total revenues in the reported quarter rose 5.3% year over year to $562.4 million and beat the Zacks Consensus Estimate of $506.43 million.

Quarter in Detail

Net product sales increased 6.6% from the year-ago quarter to $558.2 million on the back of growth in Xyrem, Sunosi and Erwinaze net sales, partially offset by a decrease in Defitelio and Vyxeos sales.

Royalties and contract revenues declined 60.5% to $4.2 million in the quarter.

Sales of Xyrem, rose 8.1% year over year to $446.8 million. Sales were driven by 5% rise in bottle volume growth. The average number of active Xyrem patients increased 3%. Beginning mid-March, Jazz noticed a decline in new patient enrollments for Xyrem, following the coronavirus outbreak. However, the trend reversed in the latter half of the second quarter.

Sunosi recorded sales of $8.6 million in the quarter, higher than $1.9 million in the previous quarter. Sales reflected lower gross-to-net deductions and 12% increase in prescriptions compared to the first quarter of 2020.

Erwinaze/Erwinase (for acute lymphoblastic leukemia [“ALL”]) revenues were $32.7 million, up 18.3% year over year. The drug’s availability continues to be impacted by ongoing supply and manufacturing issues.

Defitelio sales declined 7.3% year over year to $42.7 million in the quarter. The sales decline reflects reduction in the number of hematopoietic stem cell transplants performed due to COVID-19.

Vyxeos generated sales of $26.6 million, down 15.3% from the year-ago period. Restrictions due to COVID-19 hurt Vyxeos’ demand in the United States.

Other product sales declined 83.5% to $0.9 million.

Adjusted selling, general and administrative (SG&A) expenses rose 9.3% to $170.4 million due to higher expenses for business expansion and preparation for multiple product launches.

Adjusted research and development (R&D) expenses increased 26.1% to $71.3 million, primarily due to escalating expenses related to development of the company’s pipeline.

2020 Guidance

The company raised its financial guidance for 2020 based on strong performance of its drugs during the second quarter,

The company expects 2020 earnings in the range of $11.90-$13.00 compared with the prior expectation of $11.25-$12.50. Total revenues are expected to be in the range of $2.23-$2.33 billion versus $2.12-$2.26 billion expected previously.

Total product sales are anticipated in the range of $2.21-$2.31 billion versus $2.11-$2.24 billion expected previously. Instead of providing guidance for individual products, Jazz provided revenue guidance for its two therapeutic areas — Neuroscience and Oncology. While Neuroscience franchise comprises Xyrem, Sunosi and Xywav, Oncology franchise includes Erwinaze, Defitelio, Vyxeos and Zepzelca.

Neuroscience sales are expected in the range of $1.73 billion to $1.8 billion versus the previous range of $1.65 billion to $1.74 billion. The Oncology franchise is expected to record sales of $445 million to $525 million compared with the previous range of $420 million to $510 million.

While adjusted SG&A expenses are anticipated in the range of $700 million to $750 million (same as previous), adjusted R&D expenses are expected to be in the band of $275 million to $305 million (previously $250 million to $280 million).

Recent News

Receives Approval for Xywav – Jul 22

Jazz announced that the FDA has approved Xywaz (JZP-258) for the treatment of cataplexy and EDS. It is the first drug to receive approval for both indications after 15 years, following Xyrem's approval. The company plans to launch the drug by year-end.

Lurbinectedin Receives FDA Approval – Jun 15

Jazz and partner PharmaMar announced that the FDA has granted accelerated approval to their selective inhibitor, lurbinectedin, as a monotherapy for metastatic SCLC in patients whose disease progressed on or after platinum-based chemotherapy. The drug will be commercially available in the U.S. market under the tradename of Zepzelca from early July.

The approval was based on data from a phase II monotherapy study, which evaluated an intravenous infusion, Zepzelca in platinum-sensitive and platinum-resistant SCLC patients. Data from the study showed that objective response rate (ORR) was 35% and the median duration of response (DoR) was 5.3 months, as measured by investigator assessment. However, ORR and median DoR were 30% and 5.1 months, respectively, per an independent review committee.

Continued approval to Zepzelca is contingent upon verification and description of clinical benefit in a confirmatory study.**Stops Enrollment in Phase III Defitelio Study – Apr 29**

Jazz announced its decision to stop enrollment in its phase III study evaluating Defitelio for the prevention of VOD in high-risk patients. The decision was based on the recommendation of an Independent Data Monitoring Committee, which said that it is highly unlikely that the study will reach its primary endpoint. Accordingly, Jazz discontinued the study.

FDA Accepts JZP-258 NDA – Mar 25

Jazz announced that the FDA has accepted its NDA seeking approval for JZP-258 as a treatment for cataplexy and EDS associated with narcolepsy in patients seven years or older. The FDA has also granted priority review to the NDA and a decision is expected by Jul 21, 2020.

FDA Accepts Lurbinectedin NDA – Feb 17

Jazz announced that the FDA has accepted an NDA seeking accelerated approval of lurbinectedin as a treatment for patients with SCLC, whose disease have progressed after treatment with platinum-containing therapy. The NDA was granted priority review and a decision from the FDA is expected by Aug 16, 2020. The NDA was submitted by PharmaMar in December 2019 based on data from a phase II monotherapy basket study.

Files NDA for JZP-258 – Jan 22

Jazz announced that it has submitted a NDA seeking approval for JZP-258 as a treatment for cataplexy and EDS associated with narcolepsy in patients seven years or younger. The company has redeemed a priority review voucher for the NDA submission.

Sunosi Gets Approval in Europe – Jan 20

Jazz announced that the European Commission approved Sunosi. The drug will be available in Europe as a treatment to improve wakefulness and reduce EDS in adults with narcolepsy (with or without cataplexy) or OSA, whose EDS has not been satisfactorily treated by primary OSA therapy.

Valuation

Jazz's shares are down 15.6% in the year-to-date period and 7.7% over the trailing 12-month period. Stocks in the Zacks sub-industry and sector are down 5.1% and up 1%, respectively, in the year-to-date period. Over the past year, stocks in the sub-industry and the sector are down 1.3% and up 9.1%, respectively.

The S&P 500 Index is up 3.8% in the year-to-date period and 16.4% in the past year.

The stock is currently trading at 3.18X trailing 12-month sales per share which compares to 2.2X for the Zacks sub-industry, 3.1X for the Zacks sector and 3.75X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 9.27X and as low as 2.32X, with a 5-year median of 5.44X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our $133.00 price target reflects 3.35X trailing 12-month sales per share.

Valuation Multiples - JAZZ					
		Stock	Sub-Industry	Sector	S&P 500
P/S TTM	Current	3.18	2.2	3.1	3.75
	5-Year High	9.27	4.3	3.99	3.75
	5-Year Low	2.32	1.7	2.29	2.43
	5-Year Median	5.44	2.57	3.19	3.21
	Current	2.23	1.57	4.41	4.67

P/B TTM	5-Year High	7.94	13.33	5.07	4.67
	5-Year Low	1.6	1.02	2.94	2.83
	5-Year Median	3.49	2.45	4.3	3.73

As of 08/07/2020

Industry Analysis **Zacks Industry Rank:** Top 48% (122 out of 252)

Top Peers

Company (Ticker)	Rec	Rank
Horizon Therapeutics Public Limited Company **(HZNP)**	Outperform	1
Alkermes plc **(ALKS)**	Neutral	3
Alexion Pharmaceuticals, Inc. **(ALXN)**	Neutral	3
Avadel Pharmaceuticals PLC. **(AVDL)**	Neutral	4
BioMarin Pharmaceutical Inc. **(BMRN)**	Neutral	3
Endo International plc **(ENDP)**	Neutral	3
Incyte Corporation **(INCY)**	Neutral	3
Ionis Pharmaceuticals, Inc. **(IONS)**	Neutral	3

Industry Comparison Industry: Medical - Drugs

	JAZZ	X Industry	S&P 500	Industry Peers: ALKS	ALXN	BMRN
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	A	-	-	B	A	B
Market Cap	6.99 B	147.93 M	23.30 B	2.97 B	22.64 B	21.52 B
# of Analysts	10	3	14	9	15	9
Dividend Yield	0.00%	0.00%	1.76%	0.00%	0.00%	0.00%
Value Score	A	-	-	C	A	D
Cash/Price	0.16	0.25	0.07	0.19	0.13	0.04
EV/EBITDA	8.72	-2.78	13.32	-26.34	8.45	661.97
PEG Ratio	1.13	1.14	2.94	71.61	0.70	NA
Price/Book (P/B)	2.23	3.54	3.19	2.80	2.16	6.62
Price/Cash Flow (P/CF)	5.67	11.93	12.51	32.15	8.84	186.25
P/E (F1)	10.04	17.90	22.02	191.20	9.40	76.95
Price/Sales (P/S)	3.15	7.18	2.53	2.56	4.09	11.65
Earnings Yield	10.02%	-14.56%	4.37%	0.54%	10.63%	1.30%
Debt/Equity	0.70	0.01	0.77	0.26	0.24	0.15
Cash Flow ($/share)	22.22	-0.50	6.94	0.58	11.68	0.64
Growth Score	C	-	-	B	A	A
Hist. EPS Growth (3-5 yrs)	16.56%	5.38%	10.46%	NA	27.70%	NA
Proj. EPS Growth (F1/F0)	1,114.23%	15.66%	-6.80%	-86.23%	6,965.63%	2,103.14%
Curr. Cash Flow Growth	24.39%	2.74%	5.39%	-4.72%	28.27%	200.25%
Hist. Cash Flow Growth (3-5 yrs)	15.52%	6.17%	8.55%	-0.32%	20.68%	27.84%
Current Ratio	5.62	3.68	1.33	2.95	4.79	2.58
Debt/Capital	41.34%	5.17%	44.50%	20.46%	19.13%	13.06%
Net Margin	6.01%	-138.40%	10.13%	-10.87%	15.28%	6.62%
Return on Equity	20.47%	-62.90%	14.39%	4.47%	22.57%	4.40%
Sales/Assets	0.40	0.27	0.51	0.65	0.33	0.40
Proj. Sales Growth (F1/F0)	4.75%	0.00%	-1.51%	-15.19%	13.24%	12.14%
Momentum Score	B	-	-	A	C	B
Daily Price Chg	-0.78%	0.00%	0.90%	0.30%	-0.60%	-0.82%
1 Week Price Chg	-4.11%	-1.52%	0.14%	-8.99%	0.99%	-2.55%
4 Week Price Chg	19.55%	0.58%	8.95%	-6.71%	-4.78%	-6.42%
12 Week Price Chg	15.88%	7.38%	18.90%	25.55%	2.34%	29.28%
52 Week Price Chg	-8.05%	-3.23%	1.18%	-18.26%	-7.88%	54.34%
20 Day Average Volume	596,312	286,725	2,057,775	1,564,483	1,604,979	1,042,230
(F1) EPS Est 1 week change	6.38%	0.00%	0.00%	0.00%	0.74%	0.97%
(F1) EPS Est 4 week change	5.80%	0.00%	1.36%	50.53%	1.00%	2.64%
(F1) EPS Est 12 week change	6.38%	0.31%	1.57%	50.53%	0.59%	7.99%
(Q1) EPS Est Mthly Chg	2.08%	0.00%	0.54%	62.70%	-4.63%	-61.11%

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	A
Growth Score	C
Momentum Score	B
VGM Score	A

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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