

Myriad Genetics, Inc.(MYGN)

\$15.39 (As of 06/02/20)

Price Target (6-12 Months): **\$16.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 01/09/20)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

4-Sell

Zacks Style Scores:

VGM:D

Value: B

Growth: D

Momentum: F

Summary

Myriad Genetics exited third-quarter fiscal 2020 on a dull note, with earnings lagging the consensus estimate. While revenues beat the mark, the company saw a decline in operating segments due to the coronavirus outbreak since mid-March. The top line, however, registered robust performance in the first two months of the quarter. EndoPredict testing boosted the top line and FDA approvals for myChoice CDx and BRACAnalysis CDx bode well. Potential in hereditary cancer testing instills optimism. However, gross margin contraction and operating loss are deterring. Further, weak solvency is concerning. Over and above, uncertainties related to any recovery in the economic conditions have compelled the company to withdraw guidance. Over the past six months, Myriad Genetics has underperformed the industry it belongs to.

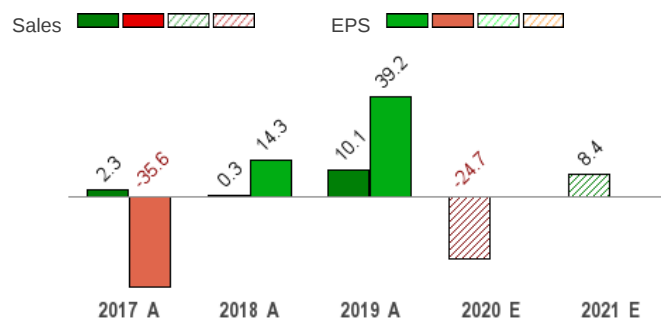
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$48.40 - \$9.24
20 Day Average Volume (sh)	1,091,615
Market Cap	\$1.1 B
YTD Price Change	-43.5%
Beta	1.29
Dividend / Div Yld	\$0.00 / 0.0%
Industry	Medical - Biomedical and Genetics
Zacks Industry Rank	Top 10% (26 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-700.0%
Last Sales Surprise	0.2%
EPS F1 Est- 4 week change	-565.2%
Expected Report Date	08/11/2020
Earnings ESP	0.0%
P/E TTM	24.1
P/E F1	NA
PEG F1	NA
P/S TTM	1.5

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	150 E	179 E	184 E	192 E	695 E
2020	186 A	195 A	164 A	95 E	641 E
2019	202 A	217 A	217 A	215 A	851 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.09 E	\$0.17 E	\$0.12 E	\$0.14 E	\$0.54 E
2020	\$0.08 A	\$0.23 A	-\$0.08 A	-\$0.36 E	-\$0.13 E
2019	\$0.43 A	\$0.38 A	\$0.46 A	\$0.41 A	\$1.67 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 06/02/2020. The reports text is as of 06/03/2020.

Overview

Myriad Genetics, headquartered in Salt Lake City, UT, employs a number of proprietary technologies to target the genetic basis of human diseases and the role these genes might play in the onset, progression and treatment of the respective diseases. The company currently has 12 proprietary molecular diagnostic products in market.

Currently, Myriad Genetics has so far made significant progress with its five strategic imperatives that include transition and expand the hereditary cancer market, diversify revenues by commercializing its new products, increase the company's international contribution by investing in large countries, gaining reimbursement for new products, increasing international RNA kit revenue and enhancing profitability with Elevate 2020.

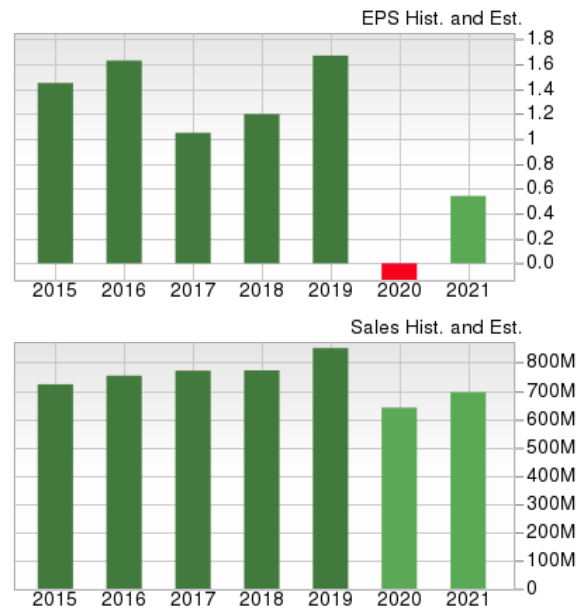
Myriad's flagship product – BRACAnalysis – offers a comprehensive analysis of BRCA1 and BRCA2 genes to assess a woman's risk of hereditary breast and ovarian cancers. In Sep 2013, Myriad launched its major pipeline product myRisk Hereditary Cancer.

In Oct 2013, Myriad launched its myPlan Lung Cancer, a gene expression test that helps in predicting the aggressiveness of a patient's lung cancer catering to leading oncologists throughout the U.S. In Nov 2013, the company launched its molecular diagnostic test – myPath Melanoma, which detects malignancy in skin biopsy.

In the global market that is worth \$18 billion, myChoice HRD/BRACAnalysis CDx/Tumor BRACAnalysis CDx holds an opportunity of 33.3%, myRisk of 27.8%, Vectra DA of 27.5%, Prolaris of 11.1% and both myPlan Lung Cancer and myPath Melanoma of 5.6% each.

The company currently reports through two operating segments: Molecular diagnostic (92.7% of revenues in fiscal 2019) and Pharmaceutical and clinical services(7.2%).

In fiscal 2019, **Molecular diagnostic** tests segment registered 14% growth and **Pharmaceutical and clinical services** segment registered 16% growth from fiscal 2018.



Reasons To Buy:

▲ **Progress in Five-Pronged Strategy:** Myriad Genetics has so far made significant progress with its five strategic imperatives that include transition and expansion of the hereditary cancer market, diversify revenues by commercializing its new products, increase the company's international contribution by investing in large countries, gaining reimbursement for new products, increasing international RNA kit revenue and enhancing profitability with Elevate 2020.

Myriad is making significant progress in its portfolio expansion. The company's impressive five-year plan also encourages us.

▲ **Huge Potential of Hereditary Cancer Testing:** The company recorded mid-single digits growth in Hereditary Cancer test volumes on a year-over-year basis till the implementation of social distancing policies in March to fight the coronavirus outbreak.

Going ahead, Myriad Genetics expects to register an uptick in hereditary cancer volumes on account of its contract with UnitedHealthcare.

The company's myPath Melanoma, which is in the preliminary stages of commercialization, has completed the first phase of the expanded launch and is being promoted to approximately 35% of the targeted market.

From a companion diagnostic perspective, the company witnessed significant progress with both BRACAnalysis CDx and myChoice CDx. In December 2019, the company attained FDA approval for BRACAnalysis CDx in pancreatic cancer. Around the same time, it received FDA approval for myChoice CDx as the companion diagnostic in ovarian cancer patients.

In January 2020, the company submitted its application for BRACAnalysis CDx in castrate resistant metastatic prostate cancer, with the FDA approval anticipated to come in the latter half of fiscal 2020.

These developments are expected to result in a clinical impetus for patients of these two cancer types which comprise approximately 90000 incident patients in the United States per year.

Thus, we believe that the company is boding well to cash on the huge potential in the breast cancer screening market. Also, per a report by DPI Research on Medium, the breast cancer screening market in the United States is expected to reach a value of roughly \$5.8 billion by 2022.

▲ **New Products Bode Well:** Myriad Genetics continues to record strong testing volumes from new products.

In the fiscal third quarter, EndoPredict testing revenues rose 25% year over year whereas Other testing revenues surged 124% year on year. The uptick in EndoPredict resulted from surge in test volumes and revenues in both the U.S. and international markets.

Myriad genetics also signed a master service deal with a large pharmacy benefit manager in the United States to offer GeneSight to its commercial payer and self-funded employer customers.

▲ **myChoice CDx Progresses Domestically:** Myriad Genetics' progress in the United States with respect to myChoice CDx test seems impressive. The company recently received the FDA's approval for the test to be used as a companion diagnostic by healthcare professionals.

Further, Myriad Genetics has submitted for a supplementary premarket approval (sPMA) application in February to the FDA for its myChoice CDx test. The test will help identify women with advanced ovarian cancer who are potential candidates for maintenance therapy with Lynparza (olaparib) in combination with bevacizumab.

▲ **Increased Focus on International Revenues:** In line with one of its strategies, the company earlier stated that it aims to boost international revenues to 10% by fiscal 2020. Further, the company informed that they have switched to focus on a kit-based strategy to grow globally. In this regard, the company's EndoPredict, Prolaris, and myPath Melanoma tests can be performed on Thermo Fisher's QuantStudio 5.

Fortifying its foothold internationally, the company has been receiving encouraging response for its BRACAnalysis CDx in Japan for metastatic breast cancer. In this regard, the company has received Japanese approval for BRACAnalysis CDx as the companion diagnostic in first line ovarian cancer with olaparib. The company is optimistic about the scope of this test in Japan on the fact that, every year roughly 22,000 cancer patients in Japan are eligible for companion diagnostic testing. The company also recently filed for regulatory approval of myChoice CDx in Japan for its potential use in ovarian cancer, which comprises approximately 9000 patients per year.

In April, the company received reimbursement for the BRACAnalysis Diagnostic System in Japan. The system can be utilized by physicians to identify whether people, who already have breast and ovarian cancer, have Hereditary Breast and Ovarian Cancer ("HBOC") syndrome, thus qualifying for additional diagnostic and medical management.

Myriad Genetics had earlier announced the inclusion of EndoPredict by the United Kingdom's National Institute for Health and Care Excellence (NICE) in its recommendations for guiding adjuvant chemotherapy decisions for patients with ER-positive, HER2-negative early breast cancer and are lymph node-negative. Per management, this development provides the company access to a new market opportunity of roughly 25,000 patients per year.

▲ **Impressive Reimbursement Update:** Myriad Genetics continues to witness progress with respect to commercial payers' ongoing GeneSight technical assessments. According to the company, its GeneSight and Vectra coverage saw positive momentum with the announcement of GeneSight coverage by Kroger. Notably, the company had announced coverage decision from UnitedHealthcare for its GeneSight patients during the first quarter of fiscal 2020.

An expansion in the GeneSight Medicare LCD to primary care is awaited, which is expected to add approximately \$30 million annually to the company's revenues. With GeneSight, the management expected the finalization of MoIDX LCD in the third quarter of fiscal 2020 which

could result in the coverage for tests ordered by primary care physicians who are responsible for 60% of antidepressant prescriptions. However, it got delayed due to the pandemic based upon the volume of LCDs, which have been issued by Medicare.

With regard to EndoPredict test, this test got included in the National Comprehensive Cancer Network (NCCN) guidelines. With myPath Melanoma, during the last fiscal, the company received reimbursement from eight commercial payers and a final local coverage determination from Meridian Healthcare Solutions or Medicare Administrative Contractor. This test has also been recognized in the American Academy of Dermatology and NCCN guideline.

▲ **Strong Solvency and Slight Leverage:** Myriad Genetics exited the third quarter of fiscal 2020 with cash and cash equivalents, and marketable investment securities of \$182 million compared with \$142 million at the end of the second quarter of fiscal 2020. Meanwhile, total debt rose to \$297 million for the period, which is flat sequentially. The figure however is higher than the quarter-end cash and cash equivalent, and marketable investment securities.

However, if we go by the company's level of debt payable in the near term, it stands at \$16 million, insignificant compared to the current cash holding. This is good news in terms of the company's solvency structure, implying that it has sufficient cash for debt repayment despite the pandemic.

The quarter's total debt-to-capital ratio of 0.23 indicates a slightly leveraged balance sheet. This also represents a marginal increase from 0.22 compared with the sequentially last-reported quarter.

Reasons To Sell:

- ▼ **Share Price Performance:** Over the past six months, Myriad Genetics has underperformed the industry it belongs to. The stock fell 40.4% against the industry's 7.9% rise. The company saw a decline in both operating segments owing to the pandemic since mid-March. Within Molecular Diagnostics, majority of its tests segments witnessed a year-over-year revenue loss. The company experienced gross margin contraction due to escalation in costs and expenses and incurred operating loss during the quarter as well. Further, withdrawal of its guidance is concerning.
- ▼ **Escalating Expenses Dent Growth:** In the third quarter of fiscal 2020, gross margin contracted 811 basis points (bps) to 69.5% due to escalation in costs and expenses. Research and development (R&D) expenses fell 8.4% year over year to \$19.7 million along with a 5.5% contraction in selling, general and administrative (SG&A) expenses to \$132.9 million. Adjusted operating loss was \$38.7 million against adjusted operating profit of \$5.9 million in the year-ago quarter.
- ▼ **Foreign Exchange Headwinds:** Myriad receives a considerable portion of its revenues and pays a portion of its expenses in foreign currencies. As a result, the company remains at risk of exchange rate fluctuations between foreign currencies and the U.S. dollar. If the dollar strengthens against foreign currencies, the translation of these foreign currency denominated transactions will result in decreased revenues, operating expenses and net income. Management fears this may not be significantly outweighed through increased revenues. Moreover, management does not currently utilize hedging strategies to mitigate foreign currency risk. This is also worrying given that currently the dollar has strengthened, affecting many U.S. companies trading in foreign currencies in some of the previous quarters.
- ▼ **Increasing Competition:** With the entry of new players, imminent price competition is another cause of concern. Per management, Myriad is currently facing competition in its key BRACAnalysis market. The company expects competition to intensify in its current fields with recently observed advancements in technology. Further, Myriad anticipates that other companies may also launch their own molecular diagnostic tests which may compete with its testing products and services. In our opinion, competitive headwinds might push down prices for the high-priced tests provided by Myriad. This might deter margin improvement going forward.
- ▼ **Adverse Impact of new Regulations:** CMS has lately adopted a new coding set for diagnoses, commonly known as ICD-10-CM, which significantly expands the current coding set. Myriad fears that the company may have to incur considerable expense in implementing ICD-10-CM, and, in failure of its adequate implementation, Myriad's business might suffer a setback. In addition, as a result of the new coding set, if physicians fail to provide appropriate codes for desired tests, Myriad may not be reimbursed for tests it performs; which in turn might drag down the demand for its tests.

Emerging competitors and pricing pressure may plague Myriad's stock in the near future. Additionally, macroeconomic uncertainty and higher expenses owing to extensive pipeline of some tests still remain a matter of concern.

Last Earnings Report

Myriad Genetics Lags Q3 Earnings Estimates, Cancels View

Myriad Genetics reported adjusted loss per share of 8 cents in the third quarter of fiscal 2020, deteriorating from earnings of 46 cents reported in the year-ago quarter. Adjusted loss per share was also wider than the Zacks Consensus Estimate of a loss of a penny.

The quarter's adjustments exclude one-time impairment charges on intangible assets and goodwill tied to company acquisitions, a penny-per-share impact related to COVID-19 expenses and Elevate 2020 program-related expenses, among others.

On a reported basis, loss per share was \$1.55 against the prior-year quarter's earnings of 9 cents.

Overall, a sharp year-over-year decline in revenues stemming from coronavirus impact since mid-March affected the bottom line.

Revenues

Total revenues plunged 24.3% year over year to \$164 million in the quarter under review. The figure, however, edged past the Zacks Consensus Estimate by 0.2%.

In the fiscal third quarter, the company reported lower-than-expected results due to effects of the pandemic. Revenues were hampered since mid-March when social distancing policies were imposed to combat the outbreak, leading to unprecedented delays in elective testing for the lab industry and negatively impacting all aspects of its business.

Quarter in Detail

Segment-wise, **Molecular Diagnostic** tests recorded total revenues of \$150.5 million, down 24.9% year over year.

Within this segment, Hereditary Cancer testing revenues fell 28% year over year to \$85.2 million. Vectra testing revenues were \$10.5 million, down 7% year over year.

Further, GeneSight testing revenues fell 31% year over year to \$20.4 million in the reported quarter. ProLaris tests raked in revenues of \$6.8 million, down 1% year over year. Prenatal testing revenues came in at \$20.3 million, down 34%.

However, EndoPredict testing revenues rose 25% year over year to \$3.5 million. Other testing revenues surged 124% to \$3.8 million year on year.

Pharmaceutical and clinical service revenues in the quarter under review totaled \$13.5 million, down 16% on a year-over-year basis.

Margin Trends

Gross margin in the quarter under review contracted 811 basis points (bps) to 69.5%.

Research and development (R&D) expenses fell 8.4% year over year to \$19.7 million along with 5.5% a contraction in selling, general and administrative (SG&A) expenses to \$132.9 million in the reported quarter.

Adjusted operating loss was \$38.7 million against adjusted operating profit of \$5.9 million in the year-ago quarter.

Financial Position

Myriad Genetics exited third-quarter of fiscal 2020 with cash and cash equivalents of \$121 million compared with \$81.2 million at the end of the second quarter of fiscal 2020. Long-term debt at the end of the third quarter was \$225.2 million compared with \$225.1 million at the end of second quarter.

Cumulative cash flow from operating activities at the end of the third quarter was \$30.7 million compared with \$52.2 million at the end of the year-ago quarter.

2020 Guidance

Per a business update provided by Myriad Genetics on Apr 8, it is currently unable to ascertain the scope and duration of the pandemic as well as quantify the actual impact. The company has experienced adverse impacts on its test volume trends in late March, which is expected to continue in the fiscal fourth quarter. Given the difficulty in predicting the future business trend for the company, the company will provide an update on its business, including the impact of COVID-19, on its next quarterly earnings call.

At present, the company is withdrawing its existing fiscal year 2020 financial guidance and not issuing a new one.

Quarter Ending **03/2020**

Report Date	May 05, 2020
Sales Surprise	0.21%
EPS Surprise	-700.00%
Quarterly EPS	-0.08
Annual EPS (TTM)	0.64

Recent News

On **May 11, 2020**, Myriad Genetics received the FDA's approval for its myChoice CDx test for use as a companion diagnostic by healthcare professionals to identify advanced ovarian cancer patients with positive homologous recombination deficiency (HRD) status. This is applicable for such patients who are eligible or may become eligible for first-line maintenance treatment with Lynparza (olaparib) in combination with bevacizumab.

On **Apr 20, 2020**, Myriad Genetics announced the publication of a meta-analysis of four clinical trials that demonstrate the GeneSight Psychotropic test significantly improves clinical outcomes among patients with major depressive disorder (MDD).

On **Apr 6, 2020**, Myriad Genetics announced the receipt of reimbursement and the subsequent launch of the BRACAnalysis Diagnostic System in Japan.

On **Mar 30, 2020**, Myriad Genetics announced its submission of a supplementary application with the Japanese Ministry of Health Labour and Welfare for its BRACAnalysis in March. The application was regarding the use of the BRACAnalysis as a companion diagnostic to help in the identification of people with metastatic pancreatic or metastatic castration-resistant prostate cancer, having germline BRCA1 and BRCA2 mutations.

Valuation

Myriad Genetics shares are down 43.5% in the year to date period and down 38.2% in the trailing 12-month periods. Stocks in the Zacks sub-industry are up 9.2% while the Zacks Medical sector fell 0.7% in the year to date period. Over the past year, the Zacks sub-industry is up 15.4% and sector is up 4.8%.

The S&P 500 index is down 5.2% in the year to date period and up 9.1% in the past year.

The stock is currently trading at 31.3X Forward 12-months earnings, which compares to 291.6X for the Zacks sub-industry, 23.1X for the Zacks sector and 22.3X for the S&P 500 index.

Over the past five years, the stock has traded as high as 241.3X as low as 11X, with a 5-year median 21.7X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$16 price target reflects 32.7X forward 12-months earnings.

Valuation Multiples - MYGN					
		Stock	Sub-Industry	Sector	S&P 500
P/E F 12M	Current	31.27	291.65	23.13	22.3
	5-Year High	241.3	589.17	23.13	22.3
	5-Year Low	11.02	20.63	15.92	15.23
	5-Year Median	21.71	42.8	18.95	17.49
P/S F12M	Current	1.66	2.79	2.79	3.44
	5-Year High	4.3	3.17	3.75	3.44
	5-Year Low	0.96	2.05	2.21	2.53
	5-Year Median	2.6	2.62	2.92	3.02
P/B TTM	Current	1.19	4.35	4.23	4.18
	5-Year High	4.66	5.46	5.07	4.56
	5-Year Low	0.68	2.45	2.93	2.83
	5-Year Median	2.25	3.33	4.29	3.66

As of 06/02/2020

Industry Analysis Zacks Industry Rank: Top 10% (26 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
QIAGEN N.V. (QGEN)	Outperform	1
Abbott Laboratories (ABT)	Neutral	3
Becton, Dickinson and Company (BDX)	Neutral	4
Danaher Corporation (DHR)	Neutral	3
Hologic, Inc. (HOLX)	Neutral	2
Illumina, Inc. (ILMN)	Neutral	2
Laboratory Corporation of America Holdings (LH)	Neutral	2
Thermo Fisher Scientific Inc. (TMO)	Neutral	3

Industry Comparison Industry: Medical - Biomedical And Genetics				Industry Peers		
	MYGN	X Industry	S&P 500	ILMN	LH	TMO
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	4	-	-	2	2	3
VGM Score	D	-	-	C	B	D
Market Cap	1.15 B	232.58 M	22.11 B	53.81 B	17.48 B	138.27 B
# of Analysts	5	3	14	8	8	9
Dividend Yield	0.00%	0.00%	1.93%	0.00%	0.00%	0.25%
Value Score	B	-	-	C	B	C
Cash/Price	0.17	0.23	0.06	0.06	0.02	0.02
EV/EBITDA	14.67	-3.90	12.69	36.91	11.17	22.00
PEG Ratio	NA	1.96	2.98	5.40	3.86	2.35
Price/Book (P/B)	1.19	4.36	3.07	11.61	2.49	4.84
Price/Cash Flow (P/CF)	6.61	15.52	11.86	44.47	9.25	19.36
P/E (F1)	NA	31.12	21.79	59.36	19.98	29.37
Price/Sales (P/S)	1.51	16.40	2.29	15.13	1.51	5.39
Earnings Yield	-0.84%	-13.11%	4.39%	1.69%	5.01%	3.40%
Debt/Equity	0.29	0.02	0.76	0.29	0.92	0.67
Cash Flow (\$/share)	2.33	-1.05	7.01	8.23	19.44	18.08
Growth Score	D	-	-	B	C	C
Hist. EPS Growth (3-5 yrs)	-16.35%	16.29%	10.87%	20.07%	9.93%	13.78%
Proj. EPS Growth (F1/F0)	-107.90%	7.98%	-10.74%	-6.14%	-20.49%	-3.48%
Curr. Cash Flow Growth	21.53%	13.58%	5.48%	13.10%	12.16%	6.99%
Hist. Cash Flow Growth (3-5 yrs)	-3.44%	7.77%	8.55%	16.75%	17.70%	10.08%
Current Ratio	3.14	5.18	1.29	4.10	1.18	2.32
Debt/Capital	22.52%	4.34%	44.75%	22.53%	48.11%	40.24%
Net Margin	-19.49%	-203.29%	10.59%	26.48%	2.77%	14.31%
Return on Equity	1.95%	-63.33%	16.29%	21.78%	15.03%	17.25%
Sales/Assets	0.49	0.20	0.55	0.50	0.65	0.44
Proj. Sales Growth (F1/F0)	-24.70%	0.00%	-2.67%	0.01%	-3.17%	-0.99%
Momentum Score	F	-	-	F	B	C
Daily Price Chg	1.32%	0.31%	0.99%	0.18%	1.58%	0.22%
1 Week Price Chg	-1.36%	0.00%	4.60%	2.35%	3.03%	2.62%
4 Week Price Chg	3.85%	11.04%	9.15%	17.99%	10.49%	4.09%
12 Week Price Chg	0.46%	13.41%	4.65%	36.51%	5.34%	13.78%
52 Week Price Chg	-38.19%	0.00%	-0.30%	16.64%	8.05%	30.65%
20 Day Average Volume	1,091,615	284,750	2,486,038	1,032,703	804,796	1,323,590
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	-1.30%	0.00%	0.00%
(F1) EPS Est 4 week change	-565.22%	0.00%	-0.33%	-1.65%	18.07%	0.36%
(F1) EPS Est 12 week change	-394.23%	0.32%	-16.13%	-10.10%	-24.93%	-12.45%
(Q1) EPS Est Mthly Chg	-170.37%	0.00%	-0.55%	-15.33%	463.66%	1.79%

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	B
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

This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock. The EPS and revenue forecasts are the Zacks Consensus estimates, unless indicated otherwise on the reports first page. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment. This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time. ZIR is not a broker-dealer. ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients. Zacks and its staff are not involved in investment banking activities for the stock issuer covered in this report.

ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.

No part of this report can be reprinted, republished or transmitted electronically without the prior written authorization of ZIR.