

## Ventas Inc. (VTR)

**\$38.17** (As of 08/04/20)

Price Target (6-12 Months): **\$41.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 12/30/18)

Prior Recommendation: Underperform

Short Term: 1-3 Months

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

**3-Hold**

Zacks Style Scores:

VGM:D

Value: C

Growth: C

Momentum: D

## Summary

Ventas recently announced that in light of the challenges to the senior living industry because of the coronavirus pandemic, the company has entered into a revised master lease agreement and other agreements with Brookdale Senior Living Inc. Notably, the company has been making efforts to bolster liquidity and solidify the balance sheet in these uncertain times. Over the long term, it remains well-poised to capitalize on the growing demand for healthcare assets amid rising healthcare spending. Further, Ventas is making efforts to enhance the office portfolio, banking on solid demand for university-based research. However, amid the coronavirus pandemic, its senior living operating and triple-net (NNN) leased portfolios are experiencing a choppy environment. Moreover, shares of Ventas have underperformed the industry over the past year.

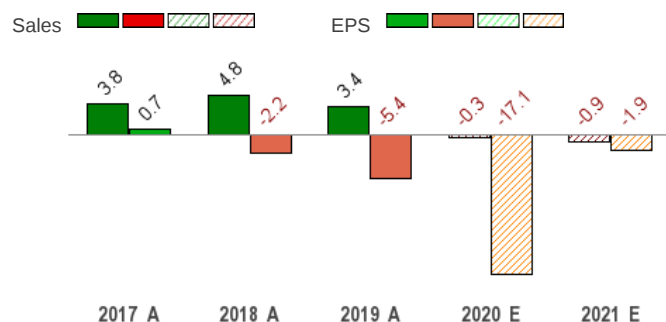
## Price, Consensus & Surprise



## Data Overview

|                            |                                               |
|----------------------------|-----------------------------------------------|
| 52 Week High-Low           | \$75.40 - \$13.35                             |
| 20 Day Average Volume (sh) | 2,929,004                                     |
| Market Cap                 | \$14.2 B                                      |
| YTD Price Change           | -33.9%                                        |
| Beta                       | 1.06                                          |
| Dividend / Div Yld         | \$1.80 / 4.7%                                 |
| Industry                   | <a href="#">REIT and Equity Trust - Other</a> |
| Zacks Industry Rank        | Bottom 16% (213 out of 254)                   |

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



|                           |            |
|---------------------------|------------|
| Last EPS Surprise         | 11.5%      |
| Last Sales Surprise       | 4.6%       |
| EPS F1 Est- 4 week change | 1.2%       |
| Expected Report Date      | 08/07/2020 |
| Earnings ESP              | -3.1%      |

## Sales Estimates (millions of \$)

|      | Q1      | Q2    | Q3    | Q4    | Annual* |
|------|---------|-------|-------|-------|---------|
| 2021 | 935 E   | 935 E | 941 E | 947 E | 3,827 E |
| 2020 | 1,012 A | 975 E | 940 E | 928 E | 3,862 E |
| 2019 | 943 A   | 951 A | 983 A | 996 A | 3,873 A |

## EPS Estimates

|      | Q1       | Q2       | Q3       | Q4       | Annual*  |
|------|----------|----------|----------|----------|----------|
| 2021 | \$0.80 E | \$0.79 E | \$0.81 E | \$0.83 E | \$3.13 E |
| 2020 | \$0.97 A | \$0.72 E | \$0.76 E | \$0.76 E | \$3.19 E |
| 2019 | \$0.99 A | \$0.97 A | \$0.96 A | \$0.93 A | \$3.85 A |

\*Quarterly figures may not add up to annual.

|         |      |
|---------|------|
| P/E TTM | 10.0 |
| P/E F1  | 12.0 |
| PEG F1  | 5.1  |
| P/S TTM | 3.6  |

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 08/04/2020. The reports text is as of 08/05/2020.

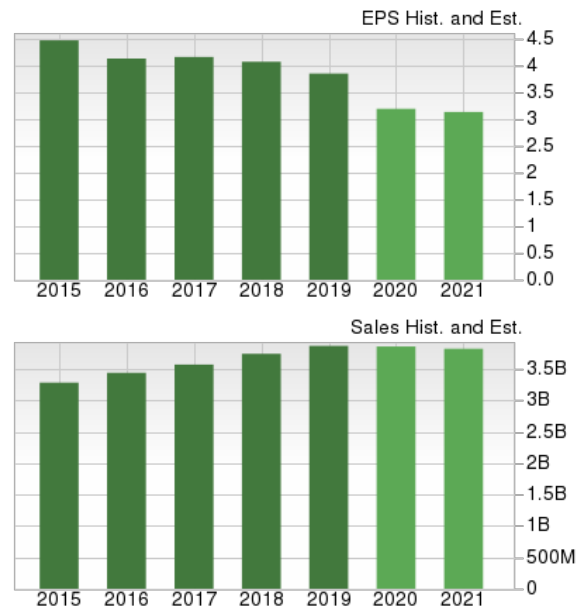
## Overview

Chicago, IL-based Ventas, Inc. is a healthcare real estate investment trust (REIT) that is mainly engaged in the acquisition and ownership of seniors housing, research and innovation as well as healthcare properties, and leasing them to unaffiliated tenants or operating them through independent third-party managers.

This S&P 500 company has a diverse portfolio of nearly 1,200 properties located in the United States, Canada and the U.K. These properties include seniors housing communities, medical office buildings (MOBs), research and innovation centers, inpatient rehabilitation, long-term acute-care facilities and health systems. Ventas offers MOB management, leasing, marketing, facility development and advisory services to well-rated hospitals and health systems throughout the United States through its ownership interest in PMB Real Estate Services LLC and its subsidiary, Lillibridge Healthcare Services, Inc. It also makes secured and non-mortgage loans and other investments relating to seniors housing and healthcare properties or operators.

As of Dec 31, 2019, Ventas mainly operated through three reportable segments — triple-net leased properties (generated 36.8% of net operating income or "NOI" in 2019), senior-living operations (30.7%) and office operations (28.0%).

Note: All EPS numbers presented in this report represent funds from operations ("FFO") per share. FFO, a widely used metric to gauge the performance of REITs, is obtained after adding depreciation and amortization and other non-cash expenses to net income.



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## Reasons To Buy:

- ▲ The national healthcare expenditure is expected to rise in the upcoming years. Also, senior citizens constitute the major customer base of healthcare services – they end up spending more on healthcare services compared with the average population. Hence, with an expectation of a rising senior citizens' population in the years ahead, Ventas has a strong upside potential, being well-poised to capitalize on this expenditure trend of senior citizens on healthcare services. Moreover, the healthcare sector is relatively immune to the macroeconomic problems faced by office, retail and apartment companies and offers stability to the company amid volatility in the market. This is because even amid tough economic conditions, consumers need to spend on healthcare services while curtailing discretionary purchases.
- ▲ Ventas is focusing on assets in high-barrier-to entry coastal markets. The company's SHOP assets are located in elite markets that enjoy stronger demographics trends and increasing penetration rates, positioning it to generate steady cash flows. The company completed or committed to nearly \$4 billion of new investments in 2019. In addition, the market for seniors' housing and healthcare real estate is large and fragmented, offering a huge scope of consolidation. This provides a solid opportunity for this healthcare REIT.
- ▲ Amid favorable demographics and growing outpatient trends, the company is focusing to capture the upside with its office segment, which includes MOBS, academic medical and research and innovation (R&I) businesses. The company's 2019 investments included five outstanding R&I development projects affiliated with top-tier new and existing university partners totaling nearly \$1 billion. The company also has a robust development pipeline and expects to spend \$340 million in the ongoing year for development and redevelopment activities. Such investments offer Ventas the opportunity to capitalize on the growing healthcare-driven research and development, supported by top-tier research universities. Increasing longevity of the aging U.S. population, along with biopharma drug development growth opportunities, have also promoted the institutional life science and medical-market fundamentals. Further, long-lease terms and top-rated, institutional quality tenants assure steady growth in cash flows for Ventas. Moreover, in March, Ventas completed the initial closing of the Ventas Life Science and Healthcare Real Estate Fund, L.P., a perpetual life vehicle, which will focus on investments in core and core plus life-science, medical office and senior housing real estate asset classes. This new growth platform builds on Ventas brand, team and industry expertise and relationships. In first-quarter 2020, the initial closing of the fund generated net proceeds of \$620 million to Ventas and the company recognized \$223 million in gain from the sale of assets to the fund.
- ▲ Ventas usually leases its healthcare facilities under NNN leases, where the tenant pays for taxes, insurance and maintenance of the properties, in addition to rent. These long-term net lease properties produce a steady cash flow with escalations, the majority of which are tied to CPI (consumer price index). This insulates the company from short-term market swings that may adversely affect the operations of a particular facility. In fact, other than the rent deferrals offered by the company, its NNN portfolio is well-diversified with rent-paying ability from significant tenants. Hence, its triple-net operation is likely to remain healthy.
- ▲ Ventas has a strong balance sheet, with ample liquidity to eye high-yielding acquisitions and high ROI (return on investments) capital projects. To strengthen its balance sheet position amid the virus outbreak, in March 2020, the company drew down \$2.75 billion under its existing \$3-billion revolving credit facility. Further, to preserve and enhance liquidity, the company also reduced its 2020 expenditure by \$0.3 billion, primarily by halting ground-up developments. It exited first-quarter 2020 with cash and cash equivalents of \$2.8 billion. Subsequent to the March-quarter end, Ventas raised \$0.5 billion through a senior notes offering. As a result of the efforts, the company had \$3.2 billion in cash and cash equivalents on hand as of May 6, with no commercial paper outstanding. Additionally, with manageable debt maturing in 2020, the company has decent financial flexibility to pursue its growth endeavors. Finally, as of the first-quarter end, the company enjoyed investment-grade credit rating of BBB+, BBB+ and Baa1 from S&P Global Ratings, Fitch, and Moody's, respectively.
- ▲ Shares of Ventas have lost 43.8% over the past year compared with the industry's decline of 2%. However, the trend in 2020 FFO per share estimate revisions also indicates an upbeat outlook for the company as estimates have moved 3.9% north over the past month. Therefore, given the above-mentioned factors and upward estimate revisions, the stock has decent upside potential.

Ventas' high-quality portfolio is well-poised to gain amid the rising healthcare spending and aging population. Accretive external investments and upside in the office portfolio are positives.

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## Reasons To Sell:

- ▼ Amid the COVID-19 pandemic, the company's senior living operating and NNN portfolios experienced a negative revenue trend during first-quarter 2020. A large New York and New Jersey footprint also contributed to the negative impact. Specifically, the pandemic impacted Ventas' 134 SHOP assets. The company's SHOP operators restricted access to communities in March. The company also noted limited new move ins, stable move outs and lower occupancy. In fact, since mid-March, "spot" SHOP occupancy declined at a rate of around 70 basis points (bps) per week. The trends are expected to continue through May, and impact rent coverage and revenues. Moreover, SHOP operating expenses are expected to increase. April cash rent receipts from the company's NNN senior housing tenants were reduced by nearly \$3 million as tenants were offered a 25% rent deferral program. New leasing across its office segment also slowed due to the virus outbreak. With anticipations of the trends to continue, the company withdrew its 2020 guidance.
- ▼ Apart from the coronavirus-led occupancy woes, the seniors housing market has been reeling with high-supply conditions in certain markets and rising labor costs. This is a concern for Ventas because elevated supply usually curtails landlords' pricing power and limits growth in occupancy level.
- ▼ The company also faces tenant concentration risk in its NNN leased property segment. Specifically, properties leased to Brookdale Senior Living, Ardent and Kindred account for a significant part of Ventas' segmental revenues and NOI. Hence, in case of no lease renewal or any adverse development in these three tenants, Ventas' financial condition and results will likely be impacted.
- ▼ The company is making efforts to unlock value of its assets through opportunistic disposals of non-core senior housing operating assets and using proceeds to retire debt and invest in growth opportunities. Particularly, the company initiated plans to dispose of \$600 million of non-strategic senior housing assets in 2020. In first-quarter 2020, the company sold two properties for gross proceeds of \$8.6 million. Although such efforts enable the company to optimize its portfolio, better manage financial obligations and reinvest in its attractive R&I development pipeline, near-term dilution in earnings cannot be bypassed.
- ▼ Ventas operates in a cut-throat market and competes with national and local healthcare operators on a number of factors, including quality, price and range of services provided, reputation, location and demographics of the population in the surrounding area, as well as the financial condition of its tenants and operators. Also, the company's operators contend with peers for occupancy and to manage labor costs. This significantly limits its power to drive its top line as well as crack deals at attractive rates.

Lower occupancy in senior living assets amid the pandemic, high supply and costs are concerning for Ventas. Dependence on few tenants, and competition with national and local operators are other woes.

## Last Earnings Report

### Ventas Q1 FFO & Revenues Surpass Estimates, NOI Declines

Ventas reported first-quarter 2020 normalized FFO per share of 97 cents, beating the Zacks Consensus Estimate of 87 cents. However, the figure was 2% lower than the year-ago quarter's 99 cents.

The company generated revenues of \$1.01 billion in the first quarter, which surpassed the Zacks Consensus Estimate of \$967.5 million. The top line also compared favorably with the year-ago number of \$942.9 million.

In a separate announcement issued today, Ventas completed a transaction with the affiliates of Holiday Retirement, terminating its lease with the latter relating to Ventas's 26 independent living assets. Ventas also entered a new, terminable management agreement with Holiday Management Company. Ventas received \$100 million, consisting of cash and secured notes for the transaction.

#### Quarter in Detail

For the first quarter, same-store cash NOI growth for the total property portfolio (1,094 assets) edged down 0.6% year over year. Segment wise, though same-store cash NOI for the NNN leased portfolio grew 3.9% and the office portfolio rose 5.8%, the SHOP portfolio reported a decline of 10.4% year over year.

Ventas completed the acquisition of two fully-occupied life science buildings for \$80 million in February. The company also generated \$109 million in proceeds from loan repayments and asset sales in the quarter.

#### Liquidity

Ventas exited first-quarter 2020 with cash and cash equivalents of \$2.8 billion, up from the \$106.4 million recorded as of the prior quarter end. Further, as of March 31, 2020, its net debt to EBITDA ratio sequentially improved by 40 basis points to 5.7. It also had negligible near-term maturities.

To strengthen its balance sheet position amid the virus outbreak, in March 2020, the company drew down \$2.75 billion under its existing \$3 billion revolving credit facility. Subsequent to the March-quarter end, the company raised \$0.5 billion through a senior note offering.

As a result of the efforts, Ventas had \$3.2 billion in cash and cash equivalents on hand as of May 6, with no commercial paper outstanding.

Quarter Ending **03/2020**

| Report Date      | May 08, 2020  |
|------------------|---------------|
| Sales Surprise   | <b>4.60%</b>  |
| EPS Surprise     | <b>11.49%</b> |
| Quarterly EPS    | <b>0.97</b>   |
| Annual EPS (TTM) | <b>3.83</b>   |

## Recent News

### Ventas Announces Revision to Master Lease Agreement With Brookdale – Jul 27, 2020

Ventas announced that in light of the challenges to the senior living industry because of the coronavirus pandemic, the company has entered into a revised master lease agreement (the "Brookdale Lease") and other agreements (together with the Brookdale Lease, the "Agreements") with Brookdale Senior Living Inc.

Per the arrangements, Ventas received up-front consideration of roughly \$235 million. This replaces more than two and a half years of the cash rent reduction effectuated under the Brookdale Lease. This comprises \$162 million in cash, \$45 million cash pay note from Brookdale, and warrants exercisable for 16.3 million shares of Brookdale common stock.

Base cash rent, under the Brookdale Lease that covers 121 senior living communities is now set at \$100 million per annum commencing in July 2020, with 3% annual escalators starting on Jan 1, 2022. This compared to \$182 million annualized cash rent paid in first-quarter 2020.

Moreover, Brookdale is transferring full ownership of five senior living properties to Ventas. This is in full satisfaction and repayment of a \$78 million loan to Brookdale from Ventas, which were secured by the five communities. These communities will now be managed by Brookdale for Ventas under a terminable management agreement. Brookdale paid all contractual rent at the previous rate through June 2020 and at the revised rate in July 2020.

Notably, adjusted for the Agreements, Ventas' trailing twelve-month EBITDAR (after a 5% management fee) and EBITDARM cash rent coverage under the Brookdale Lease through Mar 31, 2020 improves to more than 1.3x and 1.6x respectively. Previously reported (on Jun 19, 2020) trailing twelve-month EBITDARM coverage on the Brookdale Lease was reported at between 0.90x and 0.99x and the implied EBITDAR coverage after a 5% management fee would have been roughly 0.8x.

### Dividend Update

On Jun 19, Ventas announced second-quarter 2020 cash dividend of 45 cents per share. The dividend was paid out on Jul 14 to shareholders of record as of Jul 1, 2020.

Notably, it represents a 43% sequential decline from first-quarter dividend of 79.25 cents per share. The dividend cut can be viewed as a prudent move to conserve around \$130 million of cash per quarter, relative to the prior dividend level.

## Valuation

Ventas' shares have been down 43.8% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Finance have declined 2.0% and 8.5% in the past year, respectively.

The S&P 500 Index is up 16.2% in the past year.

The stock is currently trading at 12.11X forward 12-month FFO, which compares to 19.34X for the Zacks sub-industry, 16.28X for the Zacks sector and 22.58X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 19.29X and as low as 4.71X, with a 5-year median of 14.98X. Our neutral recommendation indicates that the stock will perform in line with the market. Our \$41 price target reflects 13.01X FFO.

The table below shows summary valuation data for VTR.

| Valuation Multiples - VTR |               |       |              |        |         |
|---------------------------|---------------|-------|--------------|--------|---------|
|                           |               | Stock | Sub-Industry | Sector | S&P 500 |
| P/E F12M                  | Current       | 12.11 | 19.34        | 16.28  | 22.58   |
|                           | 5-Year High   | 19.29 | 19.34        | 16.28  | 22.58   |
|                           | 5-Year Low    | 4.71  | 14.32        | 11.59  | 15.25   |
|                           | 5-Year Median | 14.98 | 16.09        | 14.21  | 17.55   |
| P/S F12M                  | Current       | 3.71  | 8.42         | 6.05   | 3.60    |
|                           | 5-Year High   | 7.79  | 8.42         | 6.66   | 3.60    |
|                           | 5-Year Low    | 1.60  | 5.97         | 4.97   | 2.53    |
|                           | 5-Year Median | 5.97  | 6.99         | 6.06   | 3.04    |
| P/B TTM                   | Current       | 1.33  | 2.45         | 2.39   | 4.50    |
|                           | 5-Year High   | 2.75  | 3.03         | 2.91   | 4.56    |
|                           | 5-Year Low    | 0.60  | 1.81         | 1.72   | 2.83    |
|                           | 5-Year Median | 2.07  | 2.51         | 2.53   | 3.72    |

As of 08/04/2020

## Industry Analysis Zacks Industry Rank: Bottom 16% (213 out of 254)



## Top Peers

| Company (Ticker)                          | Rec     | Rank |
|-------------------------------------------|---------|------|
| Healthcare Realty Trust Incorporated (HR) | Neutral | 4    |
| Healthcare Trust of America, Inc. (HTA)   | Neutral | 3    |
| LTC Properties, Inc. (LTC)                | Neutral | 2    |
| Medical Properties Trust, Inc. (MPW)      | Neutral | 4    |
| Omega Healthcare Investors, Inc. (OHI)    | Neutral | 2    |
| Healthpeak Properties, Inc. (PEAK)        | Neutral | 3    |
| Sabra Healthcare REIT, Inc. (SBRA)        | Neutral | 3    |
| Welltower Inc. (WELL)                     | Neutral | 3    |

| Industry Comparison Industry: Reit And Equity Trust - Other |           |            |           | Industry Peers |           |           |
|-------------------------------------------------------------|-----------|------------|-----------|----------------|-----------|-----------|
|                                                             | VTR       | X Industry | S&P 500   | PEAK           | SBRA      | WELL      |
| Zacks Recommendation (Long Term)                            | Neutral   | -          | -         | Neutral        | Neutral   | Neutral   |
| Zacks Rank (Short Term)                                     | 3         | -          | -         | 3              | 3         | 3         |
| VGM Score                                                   | D         | -          | -         | F              | D         | D         |
| Market Cap                                                  | 14.24 B   | 1.99 B     | 22.75 B   | 14.70 B        | 2.98 B    | 22.25 B   |
| # of Analysts                                               | 5         | 4          | 14        | 8              | 5         | 8         |
| Dividend Yield                                              | 4.72%     | 4.00%      | 1.76%     | 5.42%          | 8.29%     | 4.58%     |
| Value Score                                                 | C         | -          | -         | D              | C         | C         |
| Cash/Price                                                  | 0.20      | 0.06       | 0.07      | 0.06           | 0.00      | 0.02      |
| EV/EBITDA                                                   | 13.64     | 14.05      | 13.09     | 20.91          | 14.06     | 16.72     |
| PEG Ratio                                                   | 5.06      | 3.88       | 2.95      | 4.14           | NA        | 6.84      |
| Price/Book (P/B)                                            | 1.33      | 1.28       | 3.16      | 1.77           | 0.88      | 1.28      |
| Price/Cash Flow (P/CF)                                      | 9.53      | 11.00      | 12.32     | 18.40          | 11.69     | 9.49      |
| P/E (F1)                                                    | 11.99     | 15.51      | 21.81     | 16.65          | 8.82      | 15.82     |
| Price/Sales (P/S)                                           | 3.61      | 4.84       | 2.46      | 6.55           | 4.41      | 4.36      |
| Earnings Yield                                              | 8.36%     | 5.74%      | 4.40%     | 6.01%          | 11.33%    | 6.32%     |
| Debt/Equity                                                 | 1.32      | 0.91       | 0.76      | 0.82           | 0.73      | 0.82      |
| Cash Flow (\$/share)                                        | 4.01      | 2.05       | 6.94      | 1.48           | 1.24      | 5.62      |
| Growth Score                                                | C         | -          | -         | D              | D         | C         |
| Hist. EPS Growth (3-5 yrs)                                  | -3.31%    | 1.74%      | 10.46%    | -14.44%        | -3.31%    | -1.85%    |
| Proj. EPS Growth (F1/F0)                                    | -17.09%   | -1.99%     | -7.16%    | -6.82%         | -11.72%   | -19.05%   |
| Curr. Cash Flow Growth                                      | 13.38%    | 3.36%      | 5.47%     | -55.20%        | -46.74%   | 28.20%    |
| Hist. Cash Flow Growth (3-5 yrs)                            | 3.38%     | 12.74%     | 8.55%     | -12.01%        | 21.58%    | 9.39%     |
| Current Ratio                                               | 2.86      | 1.72       | 1.32      | 1.40           | 0.64      | 2.00      |
| Debt/Capital                                                | 56.94%    | 47.99%     | 44.36%    | 44.99%         | 42.21%    | 45.75%    |
| Net Margin                                                  | 19.80%    | 14.60%     | 10.25%    | 14.60%         | 26.98%    | 24.71%    |
| Return on Equity                                            | 7.26%     | 3.94%      | 14.67%    | 4.68%          | 5.42%     | 8.51%     |
| Sales/Assets                                                | 0.16      | 0.13       | 0.51      | 0.15           | 0.11      | 0.16      |
| Proj. Sales Growth (F1/F0)                                  | -0.27%    | 0.00%      | -1.71%    | 24.19%         | -10.87%   | -3.76%    |
| Momentum Score                                              | D         | -          | -         | F              | C         | F         |
| Daily Price Chg                                             | 1.22%     | 1.45%      | 0.42%     | 1.56%          | 0.63%     | 0.79%     |
| 1 Week Price Chg                                            | 7.24%     | 3.20%      | 0.14%     | 4.00%          | 4.99%     | 4.16%     |
| 4 Week Price Chg                                            | 7.73%     | 3.16%      | 4.97%     | 0.96%          | 3.06%     | 6.69%     |
| 12 Week Price Chg                                           | 37.50%    | 15.91%     | 15.30%    | 24.48%         | 31.76%    | 33.99%    |
| 52 Week Price Chg                                           | -44.49%   | -17.66%    | 2.34%     | -16.69%        | -28.32%   | -37.61%   |
| 20 Day Average Volume                                       | 2,929,004 | 678,515    | 2,082,836 | 3,558,129      | 1,362,995 | 2,447,345 |
| (F1) EPS Est 1 week change                                  | 0.00%     | 0.00%      | 0.00%     | -1.13%         | 0.00%     | -0.87%    |
| (F1) EPS Est 4 week change                                  | 1.18%     | 0.00%      | 0.93%     | -1.43%         | -0.12%    | -4.82%    |
| (F1) EPS Est 12 week change                                 | 5.44%     | -1.46%     | 0.78%     | -0.98%         | 0.98%     | -3.93%    |
| (Q1) EPS Est Mthly Chg                                      | -1.30%    | 0.00%      | 0.17%     | -2.40%         | 1.26%     | -8.79%    |

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## Zacks Stock Rating System

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

### Zacks Recommendation

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

### Zacks Rank

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

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### Zacks Style Scores

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

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

|                |   |
|----------------|---|
| Value Score    | C |
| Growth Score   | C |
| Momentum Score | D |
| 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.

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### Disclosures

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