

## Bruker Corporation (BRKR)

**\$39.32** (As of 04/30/20)

Price Target (6-12 Months): **\$33.00**

Long Term: 6-12 Months

**Zacks Recommendation:** Underperform

(Since: 04/08/20)

Prior Recommendation: Neutral

Short Term: 1-3 Months

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

**4-Sell**

Zacks Style Scores:

VGM:D

Value: D

Growth: B

Momentum: F

### Summary

Bruker's lower-than-expected earnings and contraction in the operating margin on escalating expenses are concerning. The company's exposure to foreign exchange fluctuations is concerning as it conducts majority of its business in international markets. A competitive landscape poses a persistent challenge to Bruker. Macroeconomic woes, stemming from the coronavirus pandemic is another headwind trailing the company. A weak solvency and capital structure is another headwind. Bruker has underperformed the industry it belongs to over the past six months. On a favorable note, its revenues surpassed estimates and improved on a year-over-year basis across most geographies. Its segmental performance and acquisition activities raise optimism. Further, we are upbeat about its current focus on product development through higher R&D investments.

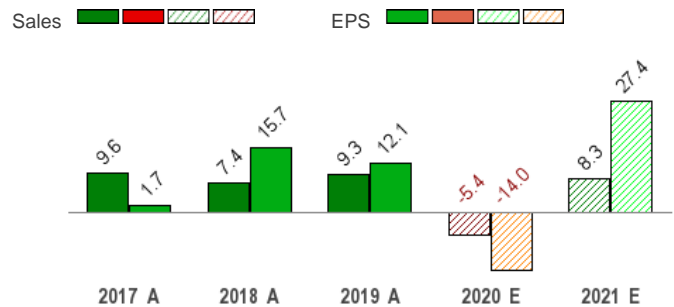
### Price, Consensus & Surprise



### Data Overview

52 Week High-Low	\$54.49 - \$30.78
20 Day Average Volume (sh)	969,713
Market Cap	\$6.1 B
YTD Price Change	-21.9%
Beta	1.48
Dividend / Div Yld	\$0.16 / 0.4%
Industry	<a href="#">Instruments - Scientific</a>
Zacks Industry Rank	Bottom 38% (158 out of 253)

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



Last EPS Surprise	-8.6%
Last Sales Surprise	2.4%
EPS F1 Est- 4 week change	-11.6%
Expected Report Date	05/06/2020
Earnings ESP	-50.0%

### Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	446 E	468 E	543 E	682 E	2,123 E
2020	429 E	382 E	504 E	645 E	1,961 E
2019	461 A	490 A	521 A	600 A	2,073 A

### EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.36 E	\$0.40 E	\$0.47 E	\$0.63 E	\$1.72 E
2020	\$0.28 E	\$0.12 E	\$0.39 E	\$0.64 E	\$1.35 E
2019	\$0.28 A	\$0.33 A	\$0.43 A	\$0.53 A	\$1.57 A

\*Quarterly figures may not add up to annual.

P/E TTM	25.4
P/E F1	29.1
PEG F1	2.4
P/S TTM	3.0

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 04/30/2020. The reports text is as of 05/01/2020.

## Overview

Billerica, MA-headquartered Bruker Corporation designs and manufactures proprietary life science and materials research systems and associated products that serve multiple customers in life science research, pharmaceuticals, applied markets, nanotechnology, cell biology, clinical research, microbiology and in-vitro diagnostics. Currently, Bruker employs 6,000 individuals who work at 90 locations across the globe. It has direct sales forces employed through North America, Europe, Japan, Asia Pacific and Australia.

### Business Segments:

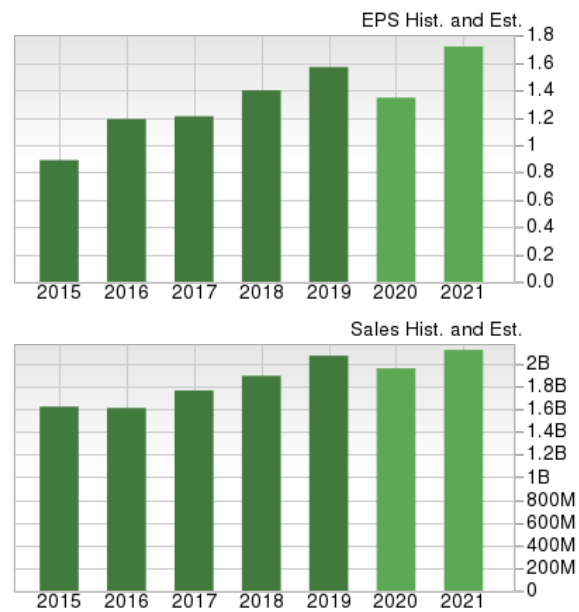
**Bruker Scientific Instruments (BSI) Life Science:** Within the segment, Bruker reports under two groups: Bruker BioSpin Group (comprising 29.9% of revenues in 2019, up 5.1% from 2018) and Bruker CALID Group (30.1%, up 13.8%).

The **Bruker BioSpin** comprises the Bruker Magnetic Resonance and Preclinical Imaging divisions, which designs, manufactures and distributes enabling life science tools based on the magnetic resonance technology.

The **Bruker CALID** comprises the Bruker Daltonics and primarily designs, manufactures and distributes life-science mass spectrometry instruments that can be integrated with other sample preparation or chromatography instruments.

**BSI Nano** (30.5%, up 11.4%): The Bruker Nano combines the Bruker AXS, Bruker Nano Surfaces, Bruker Nano Analytics and Bruker Elemental divisions, and designs, manufactures and distributes advanced X-ray instruments to determine the characteristics of matter and the three-dimensional structure of molecules.

**Bruker Energy & Supercon Technologies (BEST)** (10.1%, up 7.8%): This segment designs, manufactures and distributes superconducting materials, primarily metallic low temperature superconductors, for use in magnetic resonance imaging, nuclear magnetic resonance, fusion energy research and other applications.



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## Reasons To Sell:

- ▼ **Share Price Movement:** Over the past six months, Bruker has underperformed the industry it belongs to. The stock has lost 10.5% compared with the industry's 4.3% decline. The contraction in the operating margin, resulting from cost escalation, is concerning. The company's exposure to the foreign exchange fluctuations is a cause of concern as it conducts majority of its business in international markets. Further, a competitive landscape and macroeconomic woes, stemming from the coronavirus pandemic, pose persistent challenges to the company.
- ▼ **Exposed to Currency Movement:** Bruker conducts 80% of its business in international markets. As a result, currency fluctuations continue to result in foreign currency transaction losses at the company. In the fourth quarter of 2019, changes in foreign currency had 1.1% negative impact on the company's revenues. In addition, currency fluctuations could cause the price of Bruker's products to be less competitive than its principal competitors' offerings.
- ▼ **Coronavirus Dampeners:** The coronavirus pandemic has been wreaking havoc on the economy and Bruker has also been affected. The company has refrained from providing any guidance for 2020 amid the mayhem. It is anticipating lower revenues and earnings for the first quarter of 2020 from the year-ago reported figure. Additionally, the second-quarter 2020 results will likely be significantly impacted due to the coronavirus-led business disruptions.
- ▼ **Macroeconomic Factors:** Many of the countries in which Bruker operates, including the U.S., Russia, and certain European nations, have experienced and continue to face uncertain economic conditions. Any company conducting business in these nations tend to be impacted by unfavorable changes in economic or political conditions herein, including adverse changes in interest rates or tax rates, volatile financial and commodity markets, contraction in the availability of credit in the marketplace, and changes in capital spending patterns. Moreover, continued volatility and disruption of global financial markets might limit Bruker's customers' ability to obtain adequate financing to maintain operations and proceed with planned or new capital spending initiatives. This could lead to a drop in sales volume that could materially and adversely affect the company's operational results and cashflow. Management further anticipates that the persistence of an economic downturn may entail increased pricing pressure for Bruker's products and services, thus weighing on its operating margins and profitability.
- ▼ **Competitive Landscape:** Bruker faces substantial competition in a consolidating industry and expects competition in all of its markets to increase further. Bruker BioSpin competes with companies that offer magnetic resonance spectrometers, mainly JEOL and Oxford Instruments. In the field of preclinical imaging, Bruker BioSpin faces competitive threat from Perkin Elmer, Mediso, Trifol, MR Solutions, RS2D, Visualsonics (Fuji Film) and others. Bruker CALID's competitors in the life science markets and chemical and applied markets include Danaher, Agilent, GE-Healthcare, Waters, Thermo Fisher Scientific, Shimadzu, Hitachi and JEOL. BEST competes with Oxford Instruments and Luvata in low temperature superconducting materials. Unfortunately, a number of Bruker's peers have expanded their market share in recent years through business combinations. Other companies may also choose to enter Bruker's fields of operation in the near future.
- ▼ **Weak Solvency and Capital Structure:** Bruker exited the year with cash, cash equivalents and short-term investments of \$685 million compared with \$302 million at the end of the third quarter of 2019. Meanwhile, total debt came up to \$861 million in for the period, compared to \$569 million in the sequentially last reported quarter. This figure is much higher than the year-end cash and cash equivalent level indicating weak solvency. This is bad news during the time when the coronavirus mayhem has forced the corporate sector halt their production and supply. Debt comparison with the industry is, however, favorable as, industry's total debt of \$1.26 billion, stands much higher to the company's debt level.

Currency fluctuations remain a drag on Bruker's top as well as bottom-line. Moreover, headwinds such as unfavorable economic conditions and competitive threats continue to pose concern.

The quarter's total debt-to-capital of 48.4% represented a sequential increase from 40% at the end of the third quarter. It stands at a moderately high level indicating a high-leveraged balance sheet. However, this again compares favorably with the total debt-to-capital of the industry which stands at a higher level of 53.3%. The overall data concludes that, although the solvency level of Bruker is not promising, the company is still positioned better than its industry average.

In the fourth quarter, the company had paid out \$6.2 million as dividends to common stockholders. The current payout ratio stands at a very low level of 10.2%. Although, it represents a sequential increase from 10.1% from the end of the third quarter, this ratio itself indicates sustainability in terms of dividend payment amid the ongoing economic crisis. However, this compares unfavorably with the payout rate of the industry which stands at a further low level (4.2%).

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## Risks

- **BSI Nano Group Continue to Deliver Strong Performance:** In the fourth quarter of 2019, the BSI Nano group — which includes Bruker's atomic force microscopy products — rose 2.6% despite being dented by a steep year-over-year decline in the company's semiconductor metrology business and weaker results in some of the NANO industrial research businesses. The reported quarter registered significant growth in the BSI Nano group, backed by solid academic markets and strong industrial research demand for advanced X-ray and Nano Materials Analysis products. Notably, NANO analysis tools business registered robust organic growth in 2019.

Apart from these, the company's acquisitions of Anasys (in April 2018), JPK (in July) and Alicona progressed well during the quarter. In April 2019, NANO closed the acquisition of RAVE, a semiconductor mass repair business. The buyout continued to contribute significantly to the company's top line in the fourth quarter. NANO's advanced x-ray business grew on consistent demand from academic and government customers. NANO surface tools revenues increased, courtesy of these acquisitions.

The company has been working on a new Bruker NANO engineering final assembly and system test sensor in Penang, Malaysia, which is now operational. The company now has several Bruker NANO products that are being assembled and tested in Penang already, and by 2022, management expects more than \$50 million of revenues to be generated from Penang.

Overall, the Nano Group is witnessing a strong finish to the quarter with higher demand from industrial markets, strong semiconductor sales and improved academic markets.

- **High Potential of MALDI Biotyper:** Bacteria analysis and the identification of microorganisms to the species level and beyond is a key task in microbiology. Although current sequencing technologies provide more precise insights in biochemical analysis, they are still far too slow and expensive. Keeping this in mind, Bruker developed the MALDI Biotyper — a revolutionary approach for the analysis of microorganisms. The company expanded its MALDI Biotyper workflow's menu to include selected high-value resistance testing for clinical microbiology research.

We are also encouraged to note that demand for the MALDI Biotyper is increasing in applied markets, specifically for food, feed and beverage. Based on the recent developments witnessed in this product portfolio, management believes Bruker is poised to double its microbiology business over the next four to five years. Given an increase in the aging population, a higher number of individuals are likely to fall prey to illnesses, especially those caused by microorganisms. We believe MALDI Biotyper is thus positioned well to contribute significantly to the company's top line, over time.

- **Bruker's Prospects in NMR Industry:** Nuclear Magnetic Resonance (NMR) spectroscopy is an analytical technique used in quality control and research to identify the content and purity of a sample as well as its molecular structure. Bruker BioSpin's products, which have specific application in structural proteomics, drug discovery, research and food and materials science fields, provide customers with the ability to ascertain the structure, dynamics, and function of specific molecules, such as proteins, as well as characterize and determine the composition of mixtures. A vast majority of Bruker BioSpin's customers include academic and government customers as well as pharmaceutical and biotechnology companies.

In the fourth quarter, Bruker's BioSpin Group revenues rose 10.6% from the year-ago quarter, fuelled by the acceptance of a 1.1-gigahertz NMR system. Organic revenue growth and the same at CER for the BSI segment (including BSI Life Science and BSI Nano segments) were 5.8% and 10.3% year over year, respectively.

- **Growth in Preclinical Imaging Market:** Preclinical imaging (PCI) can dramatically increase the efficiency and pace of drug discovery and development. Bruker offers advanced PCI solutions for a broad spectrum of application fields, such as cancer research, functional and anatomical neuroimaging, orthopedics, cardiac imaging and stroke models. Moreover, this division is experiencing increasing customer demand for higher-strength pre-clinical magnetic resonance imaging (MRI) system. In this regard, the company's recent collaboration with Champalimaud Foundation to develop the world's first 18 Tesla 11 cm bore, preclinical ultra-high field MRI system seems strategic.

The MRI system market, which is expected to grow at a single-digit CAGR of 5% to reach \$6,802.7 million by 2020 from \$5,093.0 million in 2014 (as per research firm Markets and Markets), drives encouragement. We believe this translates into a golden opportunity for Bruker to expand its foothold in the PCI market and earn higher profits from this division, going ahead. Currently, the company is investing vigorously in the PCI division to capture a larger share in this fast-growing market space. In July, the company made an acquisition in support of its Project Accelerate- PMOD Technologies, a provider of research-use software for preclinical and molecular imaging applications, viz. PET/MR and PET/CT scanning.

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## Last Earnings Report

### Bruker's Q4 Earnings Miss Estimates, Revenues Beat

Bruker delivered adjusted earnings per share of 53 cents in the fourth quarter of 2019, down 1.9% year over year. Moreover, the figure lagged the Zacks Consensus Estimate by 8.6%.

GAAP earnings per share for the quarter was 44 cents a share, marking a 12% decline from the year-earlier figure.

Full-year adjusted earnings per share were \$1.57, reflecting a 12.1% increase from the year-earlier figure of \$1.40. The metric lagged the Zacks Consensus Estimate by 3.7%.

Notably, Bruker released preliminary top-line results for fourth-quarter and 2019 on Feb 18, 2020. The company's final earnings announcement was pending due to an income tax-related internal investigation.

Quarter Ending **12/2019**

Report Date	Mar 27, 2020
Sales Surprise	<b>2.40%</b>
EPS Surprise	<b>-8.62%</b>
Quarterly EPS	<b>0.53</b>
Annual EPS (TTM)	<b>1.57</b>

### Revenues in Detail

Bruker registered revenues of \$599.9 million in the fourth quarter, up 8.4% year over year. Further, the top line surpassed the Zacks Consensus Estimate by 2.4%.

Excluding a positive impact of 4.3% from acquisitions and a 1.1% negative impact from changes in foreign currency rates, the company recorded organic revenue growth of 5.2% and growth of 9.5% at constant exchange rate (CER) year over year.

Geographically, the United States witnessed 5.9% growth in the reported quarter. Also, revenues in the Asia Pacific grew 22.4%, whereas the Other category's revenues rose 1.2%. Meanwhile, Europe revenues declined 0.4% year over year.

Full-year revenues were \$2.07 billion, reflecting a 9.3% increase from the year-ago period. Revenues beat the Zacks Consensus Estimate by 0.7%.

### Segments in Details

Bruker reports results under three segments — BSI Life Science (comprising BioSpin and CALID), BSI NANO and BEST.

In the fourth quarter, its BioSpin Group revenues grew 10.6% from the year-ago quarter, fuelled by the acceptance of a 1.1-gigahertz NMR system. CALID revenues were up 14.7% year over year, fuelled by strong growth in all major CALID areas, including life science mass spec solutions, microbiology and FTIR/NIR molecular spectroscopy tools. Total **BSI Life Science** revenues were \$375.6 million, up 12.5% year over year.

Revenues in the **NANO** group rose 2.6%, dented by a steep year-over-year decline in the company's semiconductor metrology business and weaker results in some of the NANO industrial research businesses.

Organic revenue growth and revenue growth at CER of the BSI segment (including BSI Life Science and BSI Nano Segments) were 5.8% and 10.3% year over year, respectively.

In the fourth quarter, the company's **BEST** segment's revenues were \$57.7 million, indicating an improvement of 3.8% year over year. However, organically, the BEST segment declined 0.5% year over year, net of intercompany eliminations. At CER, the segment rose 2.8%.

### Margin Trend

In the quarter under review, Bruker's gross profit rose 8.6% to \$296.3 million. Gross margin expanded 11 basis points (bps) to 49.4%.

Meanwhile, selling, general & administrative expenses grew 11.1% to \$130.3 million. Research and development expenses went up 4.2% year over year to \$46.7 million. The adjusted operating expenses escalated to \$177 million, up 9.2% year over year.

Adjusted operating profit totaled \$119 million, reflecting a 7.8% increase from the prior-year quarter. However, adjusted operating margin in the fourth quarter dipped 11 bps to 19.9%.

### Financial Position

Bruker exited the year with cash and cash equivalents, and short-term investments of \$684.9 million compared with \$322.4 million at the end of 2018. Long-term debt at the end of 2019 was \$812.8 million compared with \$322.6 at the end of 2018.

At the end of 2019, cash flow from operating activities was \$213.4 million compared with \$239.7 million at the end of 2018.

### 2020 Guidance Update

Bruker refrained from providing any guidance for 2020 due to the challenging business conditions created by the coronavirus pandemic. The company expects to provide a business update on its first-quarter 2020 earnings conference call in early May 2020.

Bruker anticipates that revenues and earnings will be lower in the first quarter of 2020 than in the prior-year quarter. Its second-quarter 2020 results are expected to be significantly affected by COVID-19-related disruptions to its operations, customer operations, and global supply chains and logistics.

## Recent News

On **Mar 24, 2020**, Bruker inked a distribution deal with Primer Design Ltd (UK), a subsidiary of Novacyt SA, through its division Bruker-Hain Diagnostics, with the aim of distributing the CE-IVD-marked *genesig* real-time PCR coronavirus (COVID-2019) assay.

On **Mar 9, 2020**, Bruker announced the delivery of the world's first Avance NEO1.2 GHzNMR system to the CERM at the University of Florence, Italy.

## Valuation

Bruker shares are down 21.9% in the year-to date period and up 4.5% in the trailing 12-month periods. Stocks in the Zacks sub-industry are down 14.1% while the Zacks Medical sector fell 1.9% in the year-to-date period. Over the past year, the Zacks sub-industry is down 7.9% and sector is up 6.9%.

The S&P 500 index is down 8.8% in the year-to-date period and up 0.2% in the past year.

The stock is currently trading at 26.8X Forward 12-months earnings, which compares to 23.9X for the Zacks sub-industry, 23.1X for the Zacks sector and 20.8X for the S&P 500 index.

Over the past five years, the stock has traded as high as 31.6X and as low as 17X, with a 5-year median 23.8X. Our Underperform recommendation indicates that the stock will perform below the market. Our \$33 price target reflects 22.4X forward 12-months earnings.

The table below shows summary valuation data for BRKR

Valuation Multiples - BRKR					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	26.78	23.98	23.06	20.81
	5-Year High	31.63	26.74	23.06	20.81
	5-Year Low	17.00	18.41	16.71	15.19
	5-Year Median	23.75	22.31	19.23	17.44
P/S F12M	Current	3.03	4.66	3.53	3.30
	5-Year High	3.86	5.92	3.59	3.44
	5-Year Low	1.66	3.63	2.32	2.54
	5-Year Median	2.56	4.81	3.09	3.01
P/B TTM	Current	6.69	10.01	4.64	3.89
	5-Year High	9.32	12.24	5.38	4.55
	5-Year Low	3.57	5.27	3.16	2.84
	5-Year Median	6.05	7.58	4.29	3.64

As of 04/29/2020

## Industry Analysis Zacks Industry Rank: Bottom 38% (158 out of 253)



## Top Peers

Company (Ticker)	Rec	Rank
HITACHI CHEMICAL (HCHMY)	Outperform	1
AMETEK, Inc. (AME)	Neutral	3
Bio-Rad Laboratories, Inc. (BIO)	Neutral	3
Danaher Corporation (DHR)	Neutral	3
General Electric Company (GE)	Neutral	3
PerkinElmer, Inc. (PKI)	Neutral	3
Smiths Group PLC (SMGZY)	Neutral	4
Thermo Fisher Scientific Inc. (TMO)	Neutral	3

Industry Comparison Industry: Instruments - Scientific				Industry Peers		
	BRKR	X Industry	S&P 500	DHR	PKI	TMO
Zacks Recommendation (Long Term)	Underperform	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	4	-	-	3	3	3
VGM Score	D	-	-	D	D	D
Market Cap	6.14 B	221.52 M	20.82 B	114.97 B	10.10 B	133.85 B
# of Analysts	6	6	14	7	7	9
Dividend Yield	0.40%	0.00%	2.07%	0.44%	0.31%	0.26%
Value Score	D	-	-	D	D	D
Cash/Price	0.12	0.08	0.06	0.17	0.02	0.02
EV/EBITDA	17.74	16.28	12.12	25.67	20.15	21.37
PEG Ratio	2.38	3.14	2.51	2.65	5.43	2.26
Price/Book (P/B)	6.68	2.14	2.74	4.13	3.58	4.69
Price/Cash Flow (P/CF)	19.08	17.29	11.23	26.55	14.46	18.56
P/E (F1)	29.13	24.59	19.26	33.59	24.59	28.26
Price/Sales (P/S)	2.96	2.49	2.16	5.76	3.50	5.22
Earnings Yield	3.39%	4.07%	5.03%	2.98%	4.07%	3.54%
Debt/Equity	0.94	0.31	0.72	0.75	0.79	0.67
Cash Flow (\$/share)	2.09	1.81	7.01	6.21	6.27	18.08
Growth Score	B	-	-	C	B	D
Hist. EPS Growth (3-5 yrs)	15.94%	10.32%	10.88%	2.72%	10.71%	13.78%
Proj. EPS Growth (F1/F0)	-14.22%	-5.79%	-6.94%	11.12%	-10.03%	-3.83%
Curr. Cash Flow Growth	12.63%	-4.57%	5.92%	1.84%	15.05%	6.99%
Hist. Cash Flow Growth (3-5 yrs)	11.39%	6.01%	8.55%	5.87%	12.03%	10.08%
Current Ratio	2.78	2.09	1.23	5.19	1.80	2.32
Debt/Capital	48.99%	42.15%	43.90%	41.54%	43.99%	40.24%
Net Margin	9.51%	4.23%	11.15%	15.09%	7.89%	14.31%
Return on Equity	27.62%	5.94%	16.47%	11.50%	16.80%	17.25%
Sales/Assets	0.85	0.85	0.54	0.35	0.45	0.44
Proj. Sales Growth (F1/F0)	-5.39%	0.00%	-1.52%	2.25%	-0.87%	-1.47%
Momentum Score	F	-	-	D	F	C
Daily Price Chg	5.91%	4.61%	2.91%	-0.22%	2.57%	0.95%
1 Week Price Chg	-1.73%	-1.39%	-1.74%	5.46%	4.69%	-0.87%
4 Week Price Chg	26.14%	20.57%	21.33%	28.18%	28.08%	21.95%
12 Week Price Chg	-20.12%	-9.74%	-16.28%	1.28%	-5.72%	0.94%
52 Week Price Chg	4.49%	-6.27%	-7.57%	25.40%	-3.61%	21.39%
20 Day Average Volume	969,713	122,931	2,658,107	3,426,008	930,171	1,882,638
(F1) EPS Est 1 week change	-1.70%	-0.43%	0.00%	0.00%	-0.69%	0.23%
(F1) EPS Est 4 week change	-11.60%	-7.60%	-6.32%	-4.20%	-11.18%	-8.14%
(F1) EPS Est 12 week change	-26.55%	-15.85%	-12.93%	-10.20%	-18.93%	-12.74%
(Q1) EPS Est Mthly Chg	-59.50%	-23.35%	-11.84%	-4.25%	-34.52%	-21.08%



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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	D
Growth Score	B
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.

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