

Caseys General Stores (CASY)

\$161.33 (As of 06/09/20)

Price Target (6-12 Months): **\$171.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 12/10/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:A

Value: B

Growth: A

Momentum: A

Summary

Shares of Casey's have lagged the industry so far in the year. The company reported a negative earnings surprise in the fourth quarter of fiscal 2020, following a beat in the trailing seven quarters. Nonetheless, the bottom line improved on a year-over-year basis owing to higher fuel margin. Meanwhile, the top line came ahead of the Zacks Consensus Estimate, after a missing the same in the preceding two quarters. However, the metric declined from the prior-year's tally primarily due to lower retail fuel prices. While the first half of the quarter looked strong, the COVID-19 outbreak hurt the company's overall performance. Nonetheless, the company is focused on curtailing costs, minimizing capital expenditures and optimizing inventory levels. It is also enhancing its delivery capabilities amid the coronavirus crisis.

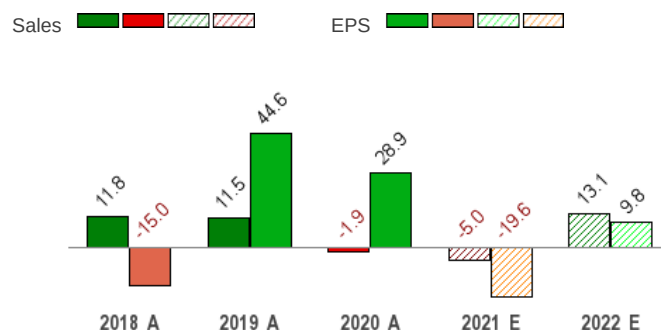
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$181.99 - \$114.01
20 Day Average Volume (sh)	331,355
Market Cap	\$5.9 B
YTD Price Change	1.5%
Beta	0.76
Dividend / Div Yld	\$1.28 / 0.8%
Industry	Retail - Convenience Stores
Zacks Industry Rank	Bottom 17% (211 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-15.2%
Last Sales Surprise	1.8%
EPS F1 Est- 4 week change	1.9%
Expected Report Date	09/14/2020
Earnings ESP	0.0%

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	2,566 E	2,558 E	2,423 E	2,363 E	9,864 E
2021	2,147 E	2,281 E	2,172 E	2,193 E	8,719 E
2020	2,627 A	2,488 A	2,248 A	1,813 A	9,175 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	\$2.33 E	\$2.31 E	\$1.06 E	\$0.57 E	\$6.27 E
2021	\$1.75 E	\$2.25 E	\$1.04 E	\$0.66 E	\$5.71 E
2020	\$2.31 A	\$2.21 A	\$0.91 A	\$1.67 A	\$7.10 A

*Quarterly figures may not add up to annual.

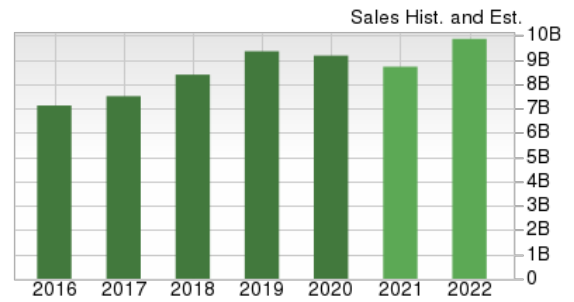
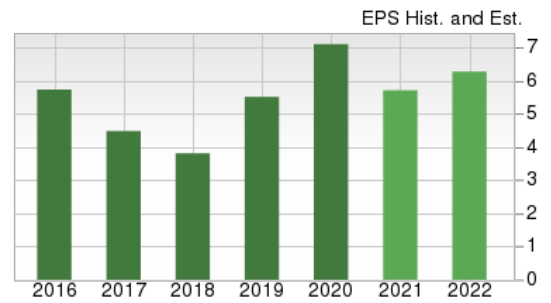
P/E TTM	22.7
P/E F1	28.3
PEG F1	3.1
P/S TTM	0.7

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 06/09/2020. The reports text is as of 06/10/2020.

Overview

Founded in 1959 and based in Ankeny, IA, Casey's General Stores, Inc. operates convenience stores under the Casey's and Casey's General Store names in 16 Midwestern states, mainly Iowa, Missouri and Illinois. The company's stores offer a variety of food selection (including freshly prepared foods such as pizza, donuts and sandwiches), beverages, tobacco products, health and beauty aids, automotive products and other non-food items. Its stores also offer fuel for sale on a self-service basis.

The company, which operates more than 2,000 stores, primarily derives revenues under three categories — Fuel (63% of FY19 total revenue), Grocery and Other Merchandise (25% of FY19 total revenue) and Prepared Food and Fountain (11% of FY19 total revenue). Other category accounts for 1% of total revenues.



Reasons To Buy:

▲ **Prioritize Actions to Tackle Coronavirus Crisis:** In order to steer through the uncertain environment, Casey's has prioritized its actions. Management clarified that the company is well positioned to sail through these troubled waters, citing strong balance sheet and ample liquidity. Moreover, management is undertaking some bold steps to optimize cash flow. These involves deferring capital expenditures, revisiting payment terms with suppliers, lowering inventory levels and adjusting store operating hours. The company also plans to lower production of prepared foods in order to contain in-store stale costs. Casey's is strengthening pizza promotions for guests who are seeking meal solutions. It is also enhancing delivery capabilities via DoorDash at 579 stores. It is increasing online grocery items at all outlets. Notably, the company also owns and operates distribution centers and transportation fleet.

Casey's remains on track with its value creation plan to improve sales and profitability. This includes fleet card program, price and product optimization, and loyalty program.

▲ **Positive Highlights of Q4:** Casey's bottom line improved on a year-over-year basis during the fourth quarter of fiscal 2020. Notably, quarterly earnings of \$1.67 per share increased significantly from 68 cents posted in the year-ago period owing to higher fuel margin versus the year-ago period. We note that fuel margin surged to 40.8 cents per gallon during the quarter under review from 18.6 cents per gallon in the prior-year period. Management notified that macroeconomic factors that resulted in the fall of wholesale fuel costs contributed to fuel margins. Meanwhile, the top line came ahead of the Zacks Consensus Estimate, after a missing the same in the preceding two quarters. Total revenues of \$1,812.9 million beat the Zacks Consensus Estimate of \$1,781.1 million. Grocery & Other Merchandise sales rose 1% to \$568.1 million. With restrictions to check the coronavirus outbreak being lifted, the company has started to witness improvement across its categories. Gross profit increased 16.1% year over year to \$525.1 million due to fall in cost of goods sold. Notably, gross margin expanded to 29% from 20.8% in the year-ago period. The company witnessed a decline of 25.4% in cost of goods sold during the reported quarter. Gross profit increased 96% to \$198.8 million at Fuel category.

▲ **Value Creation Plan:** Casey's remains on track with its value creation plan to improve sales and profitability. This includes new fleet card program, price and product optimization, loyalty program, digital engagements comprising mobile app and online ordering capabilities, cost containment efforts as well as capital reallocation plan. Management is also focusing on improving distribution efficiency. Casey's had earlier highlighted that cost-reduction initiatives are likely to result in savings of approximately \$200 million in store-level operating expenditures by fiscal 2021. The company had launched the new Caseys.com e-commerce website, rolled out new mobile app, initiated fuel price optimization platform across all outlets. Further, the company remains optimistic about the Casey's Rewards program, wherein customers can gain points from everyday purchases and redeem the same for fuel discounts, Casey's Cash or donate to a local school. As June 9, the company has more than 8,100 accounts and 20,000 cardholders.

▲ **Efforts to Yield Results:** Management highlighted that Casey's fleet card program, which involves managing and monitoring of initial sales, back-end system processing, billing and other consumer-oriented services, is likely to lift fuel sales. Moreover, the program is anticipated to be accretive to fuel and in-store sales. FLEETCOR Technologies is handling the company's fleet card program. The company's digitization efforts will help create a seamless shopping experience online as well as in-store and facilitate same-store sales growth. Further, the company's price and product optimization strategy will help augment sales and fuel margin. During the fourth quarter of fiscal 2020, fuel margin surged to 40.8 cents per gallon from 18.6 cents per gallon in the prior-year period. Management notified that macroeconomic factors that resulted in the fall of wholesale fuel costs contributed to fuel margins.

▲ **Store Update:** During fiscal 2018, the company opened 85 new outlets, acquired 26 stores, completed 30 replacements, and remodeled 74 stores. In fiscal 2019, the company constructed 56 new stores and acquired 24. The company closed 10 stores. The company replaced eight stores and has eight acquisition stores under agreement to purchase. During fiscal 2020, the company constructed 60 new stores, acquired 18 and had two additional stores under agreement to purchase. The company closed 13 stores. As of April 30, the company operated 2,207 stores. So far in the first quarter of fiscal 2021, the company has opened six new stores and has eight stores under construction.

▲ **Financial Flexibility:** Casey's ended fourth-quarter fiscal 2020 with cash and cash equivalents of \$78.3 million, which reflects an increase of 79.8% on a sequential basis. Also, the company's long-term debt of \$714.5 million as of April 30, 2020, reflects a sequential decline of just 0.1% but year-over-year decrease of 44.3%. Notably, the company's debt-to-capitalization ratio was a respectable 0.44 compared with 0.51 for the industry at the end of the quarter. Also, the company's debt-to-capitalization has improved from 0.45 in the preceding quarter and 0.48 in the year-ago period. Moreover, the company's times interest earned ratio stands at 7.4 better than the industry's ratio of 6. Also, the company's net debt-to-EBITDA at the end of the quarter was 2.1 times.

Moreover, the company's Board of Directors declared a quarterly dividend of 32 cents a share, payable on August 17 to shareholders of record on August 3. The company looks well placed on the dividend-payout front. We note that the company's current annualized dividend rate of \$1.28 per share reflects an increase of 10.3% from the year-ago period. Notably, the company has a dividend payout of 18%, dividend yield of 0.8% and free cash flow yield of 1.83%. With an annual free cash flow return on investment of 4.4%, the dividend payment is likely to be sustainable.

Reasons To Sell:

- ▼ **Stock Underperforms the Industry:** Although shares of Casey's have increased 3% year-to-date, they have underperformed the industry's rally of 4%. The stock came under pressure owing to the company's negative earnings surprise in fourth-quarter fiscal 2020, following a beat in the trailing seven quarters. We note that top line declined from the prior-year's tally. While the first half of the quarter looked strong, the COVID-19 outbreak hurt the company's overall performance. Total revenues came in at \$1,812.9 million, down 16.8% year over year. While Fuel sales decreased 25.7%, Prepared Food & Fountain sales declined 9.5% during the quarter under discussion.
- ▼ **COVID-19 Hurt Same-Store Sales:** Grocery & Other Merchandise same-store sales declined 2% against growth of 5.7% in the year-ago quarter due to stay-at-home restrictions related to the pandemic. The company witnessed considerable momentum inside the store during the first half of the quarter. However, the customer traffic fell owing to the coronavirus outbreak, consequently resulting in overall decline in volume. Prepared Food & Fountain sales declined 9.5%, while same-store sales decreased 13.5% against 2% growth in the year-ago quarter. The metric remained robust during the first half of the quarter. However, sluggish traffic in the last half of the quarter and regulations prohibiting self-serve food service owing to coronavirus crisis hurt the company's performance.
- ▼ **Margin Contraction:** Again, Grocery & Other Merchandise category's margin contracted 110 basis points to 30.4%. Management informed that sturdy sales of lower margin products relative to other categories resulted in lower average margin for the quarter under review. We note that gross profit fell 2.4% to \$172.9 million during the quarter. Further, Prepared Food & Fountain margin shrunk 220 basis points to 60%. Higher commodity costs compared with year-ago period and increased promotional activity in the back half of the quarter adversely impacted the margin. Gross profit fell 12.8% year over year to \$137.8 million.
- ▼ **Fuel Gallons Same-Store Sales Remains Sluggish:** We note that during the fourth quarter of fiscal 2020 Fuel gallons same-store sales fell 14.7% compared with 2.8% decline witnessed in the year-ago quarter due to fall in demand beginning in mid-March on account of various state and local restrictions owing to the coronavirus outbreak. This follows a decline of 2%, 1.8%, 2% and 2.8% witnessed in the preceding four quarters.
- ▼ **Rise in Operating Expenses May Hurt Margins:** We note that higher operating expenses may be a threat to margin and the bottom line. Operating expenses rose 6.2% during the fourth quarter of fiscal 2020. This follows an increase of 10.5%, 8.5%, 5.7% and 9.6% during the preceding four quarters. The year-over-year increase can be attributed to operating 61 more stores than the comparable period last year. Further, rise in hourly wage rates and higher costs of cleaning and other pandemic-related supplies also led to the increase in operating expenses. This was partly offset by fall in wage expense on account of reduction in hours at the stores and lower credit card fees.
- ▼ **Fuel & Tobacco Products Related Headwinds:** Fuel sales are a significant part of Casey's overall revenues. However, any disruption in the supply of fuel or rise in fuel costs or any other volatility in the wholesale fuel market or price competition may adversely impact its retail fuel profit margins. Quite apparent, these headwinds will have a direct impact on the company's fuel gallon volume, fuel gross profit, and overall customer traffic at its outlets. Total fuel gallons sold fell 10.7% to 487.7 million during the fourth quarter of fiscal 2020. While same-store gallons sold for the first half of the quarter were sturdy, shelter in place restrictions for the back half of the quarter significantly affected quarterly gallon volume. Similar to fuel, tobacco products form a major part of the grocery and other merchandise category. Increase in the price of the same to offset rise in taxes or stricter government regulation on them or people quitting smoking for health reasons could impact the company's overall sales.

We note that higher operating expenses are a threat to margin and in turn the bottom line. Operating expenses rose 6.2% during the fourth quarter of fiscal 2020.

Last Earnings Report

Casey's Q4 Earnings Miss Estimates, Revenues Fall Y/Y

Casey's General Stores, Inc. reported a negative earnings surprise in the fourth quarter of fiscal 2020, following a beat in the trailing seven quarters. Nonetheless, the bottom line improved on a year-over-year basis. Meanwhile, the top line came ahead of the Zacks Consensus Estimate, after a missing the same in the preceding two quarters. However, the metric declined from the prior-year's tally. While the first half of the quarter looked strong, the COVID-19 outbreak hurt the company's overall performance.

Quarter Ending **04/2020**

Report Date	Jun 08, 2020
Sales Surprise	1.79%
EPS Surprise	-15.23%
Quarterly EPS	1.67
Annual EPS (TTM)	7.10

A Closer Look at Q4 Results

Casey's reported quarterly earnings of \$1.67 per share that missed the Zacks Consensus Estimate of \$1.97 but improved significantly from 68 cents posted in the year-ago period owing to higher fuel margin versus the year-ago period, offset by adverse impact in guest traffic related to COVID-19.

Total revenues came in at \$1,812.9 million, down 16.8% year over year but beat the Zacks Consensus Estimate of \$1,781.1 million. We note that decline in revenues across Fuel and Prepared Food & Fountain categories, was partly offset by increase in Grocery & Other Merchandise category.

In spite of decline in the top line, gross profit increased 16.1% year over year to \$525.1 million due to fall in cost of goods sold. Notably, gross margin expanded to 29% from 20.8% in the year-ago period. The company witnessed a decline of 25.4% in cost of goods sold during the reported quarter. However, Casey's registered an increase of 6.2% in operating expenses, primarily attributable to operating 61 more stores than the comparable period last year. Further, rise in hourly wage rates and higher costs of cleaning and other pandemic-related supplies also led to the increase in operating expenses. This was partly offset by fall in wage expense on account of reduction in hours at the stores and lower credit card fees.

Performance by Categories

We note that **Fuel** sales decreased 25.7% to \$999.4 million. Fuel gallons same-store sales fell 14.7% compared with 2.8% decline witnessed in the year-ago quarter due to fall in demand beginning in mid-March on account of various state and local restrictions. Notably, fuel margin surged to 40.8 cents per gallon from 18.6 cents per gallon in the prior-year period. Management notified that macroeconomic factors that resulted in the fall of wholesale fuel costs contributed to fuel margins. Gross profit increased 96% to \$198.8 million, while total gallons sold fell 10.7% to 487.7 million. While same-store gallons sold for the first half of the quarter were sturdy, shelter in place restrictions for the back half of the quarter significantly affected quarterly gallon volume.

Grocery & Other Merchandise sales rose 1% to \$568.1 million. However, same-store sales declined 2% against growth of 5.7% in the year-ago quarter due to stay-at-home restrictions related to the pandemic. The company witnessed considerable momentum inside the store during the first half of the quarter. However, the customer traffic fell owing to the pandemic, consequently resulting in overall decline in volume. Grocery & Other Merchandise margin contracted 110 basis points to 30.4%. Management informed that sturdy sales of lower margin products relative to other categories resulted in lower average margin for the quarter under review. We note that gross profit fell 2.4% to \$172.9 million during the quarter.

Prepared Food & Fountain sales declined 9.5% to \$229.9 million. Same-store sales decreased 13.5% against 2% growth in the year-ago quarter. The metric remained robust during the first half of the quarter. However, sluggish traffic in the last half of the quarter and regulations prohibiting self-serve food service owing to coronavirus crisis hurt the company's performance. Nonetheless, the continued expansion of digital programs and an increased focus on providing value to guests helped drive double-digit growth in whole-pie sales for the quarter. Further, Prepared Food & Fountain margin shrunk 220 basis points to 60%. Higher commodity costs compared with year-ago period and increased promotional activity in the back half of the quarter adversely impacted the margin. Gross profit fell 12.8% year over year to \$137.8 million.

Store Update

During fiscal 2020, the company constructed 60 new stores, acquired 18 and had two additional stores under agreement to purchase. The company closed 13 stores. As of Apr 30, the company operated 2,207 stores. So far in the first quarter of fiscal 2021, the company has opened six new stores and has eight stores under construction.

Other Financial Aspects

Casey's ended the reported quarter with cash and cash equivalents of \$78.3 million, long-term debt (net of current maturities) of \$714.5 million and shareholders' equity of \$1,643.2 million. During the quarter, the company did not make any share repurchases and still has \$300 million under authorization. The company generated cash flow from operations of \$504 million during the fiscal 2020 and incurred capital expenditure of \$472 million.

Recent News

Casey's Hires Michelle Wickham – April 13, 2020

Casey's announced the hiring of Michelle Wickham, a restaurant industry veteran, as Vice President of Food Service. In this role, she will continue to evolve Casey's \$1.1B prepared food service business, advancing the incorporation of a restaurant mindset for menu, quality, consistency and innovation.

Casey's-DoorDash Tie Up to Boost Delivery – April 6, 2020

Casey's recently expanded partnership with DoorDash to boost its delivery capabilities. This agreement helps Casey's delivery to reach out to 579 locations, offering items like made-from-scratch pizza, select appetizers and 20 oz soda. The delivery will be available all days a week. The company will gradually add items like candy, salty snacks and ice cream. It is also expanding the online grocery range at all outlets.

Valuation

Casey's shares are up 1.5% in the year-to-date period and nearly 10.2% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Retail-Wholesale sector are up 1.3% and 12.9%, respectively, in the year-to-date period. Over the past year, the Zacks sub-industry and the sector are up 9.7% and 22.5%, respectively.

The S&P 500 index is down 0.5% in the year-to-date period but up 11.1% in the past year.

The stock is currently trading at 28.52X forward 12-month earnings, which compares to 26.33X for the Zacks sub-industry, 33.46X for the Zacks sector and 23.18X for the S&P 500 index.

Over the past five years, the stock has traded as high as 30.11X and as low as 18.05X, with a 5-year median of 23.17X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$171 price target reflects 30.23X forward 12-month earnings.

The table below shows summary valuation data for CASY

Valuation Multiples - CASY					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	28.52	26.33	33.46	23.18
	5-Year High	30.11	31.72	33.46	23.18
	5-Year Low	18.05	17.42	19.07	15.23
	5-Year Median	23.17	24.12	23.38	17.49
P/S F12M	Current	0.68	0.51	1.13	3.6
	5-Year High	0.71	0.51	1.13	3.6
	5-Year Low	0.37	0.28	0.81	2.53
	5-Year Median	0.52	0.42	0.94	3.02
EV/EBITDA TTM	Current	11.76	11.21	17.57	11.88
	5-Year High	18.88	17.01	17.57	12.85
	5-Year Low	8.72	7.9	10.97	8.25
	5-Year Median	10.64	9.56	12.69	10.81

As of 06/09/2020

Industry Analysis Zacks Industry Rank: Bottom 17% (211 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
Dollar General Corporation (DG)	Outperform	1
Burlington Stores, Inc. (BURL)	Neutral	3
Companhia Brasileira de Distribuicao (CBD)	Neutral	3
Dollar Tree, Inc. (DLTR)	Neutral	2
The Kroger Co. (KR)	Neutral	2
TravelCenters of America LLC (TA)	Neutral	4
Target Corporation (TGT)	Neutral	3
Walmart Inc. (WMT)	Neutral	3

Industry Comparison Industry: Retail - Convenience Stores				Industry Peers		
	CASY	X Industry	S&P 500	TA	TGT	WMT
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	4	3	3
VGM Score	A	-	-	A	B	A
Market Cap	5.94 B	3.05 B	22.74 B	158.06 M	60.36 B	343.87 B
# of Analysts	7	2	14	1	12	14
Dividend Yield	0.79%	0.00%	1.81%	0.00%	2.19%	1.78%
Value Score	B	-	-	A	B	B
Cash/Price	0.01	0.08	0.06	0.15	0.08	0.04
EV/EBITDA	11.73	12.86	13.04	14.00	9.92	11.63
PEG Ratio	3.10	3.40	3.12	NA	4.03	4.96
Price/Book (P/B)	3.74	2.01	3.14	0.28	5.40	4.64
Price/Cash Flow (P/CF)	13.18	7.53	12.32	1.89	10.37	13.70
P/E (F1)	28.24	28.26	22.61	NA	24.36	24.60
Price/Sales (P/S)	0.65	0.34	2.46	0.03	0.75	0.64
Earnings Yield	3.54%	1.66%	4.26%	-0.21%	4.11%	4.06%
Debt/Equity	0.45	2.20	0.76	3.95	1.46	0.85
Cash Flow (\$/share)	12.24	11.16	7.01	10.07	11.64	8.85
Growth Score	A	-	-	B	B	A
Hist. EPS Growth (3-5 yrs)	1.13%	1.13%	10.87%	NA	5.85%	1.81%
Proj. EPS Growth (F1/F0)	-19.60%	36.93%	-10.76%	98.28%	-22.44%	0.06%
Curr. Cash Flow Growth	22.43%	31.51%	5.48%	40.59%	10.26%	-0.12%
Hist. Cash Flow Growth (3-5 yrs)	11.03%	1.30%	8.55%	-8.44%	3.95%	-0.31%
Current Ratio	0.35	0.70	1.29	1.05	1.01	0.77
Debt/Capital	31.04%	55.42%	44.75%	79.80%	59.37%	46.01%
Net Margin	2.88%	1.67%	10.54%	0.46%	3.46%	2.81%
Return on Equity	17.06%	6.77%	16.08%	-3.52%	24.17%	18.33%
Sales/Assets	2.37	2.11	0.55	1.86	1.85	2.27
Proj. Sales Growth (F1/F0)	-4.97%	-17.88%	-2.59%	-30.79%	5.95%	4.16%
Momentum Score	A	-	-	C	D	B
Daily Price Chg	-4.83%	0.00%	-2.13%	6.32%	-1.35%	0.09%
1 Week Price Chg	5.92%	2.96%	7.51%	20.12%	-0.65%	-2.02%
4 Week Price Chg	12.38%	59.23%	16.33%	106.07%	1.11%	-1.96%
12 Week Price Chg	-1.07%	116.80%	28.71%	117.39%	16.49%	1.75%
52 Week Price Chg	10.21%	8.44%	1.59%	5.56%	37.42%	12.42%
20 Day Average Volume	331,355	65,216	2,644,123	126,169	6,037,839	9,251,746
(F1) EPS Est 1 week change	1.58%	0.79%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	1.89%	0.94%	0.00%	0.00%	-9.32%	-1.39%
(F1) EPS Est 12 week change	-16.82%	-59.97%	-15.96%	-103.13%	-27.54%	-3.36%
(Q1) EPS Est Mthly Chg	5.01%	2.51%	0.00%	0.00%	-9.79%	-4.37%

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	A
Momentum Score	A
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.

Disclosures

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