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Aug 18, 2020

Energizer Holdings (ENR)

$45.26 (As of 08/17/20)

Price Target (6-12 Months): **$48.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 06/12/19) Prior Recommendation: Underperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**4-Sell**
	Zacks Style Scores:	VGM:A
	Value: B | Growth: A | Momentum: C	

Summary

Shares of Energizer have outperformed the industry over the past three months. The company's top and the bottom line improved year over year, when it reported third-quarter fiscal 2020 results. The top line gained from strong batteries and auto care businesses. Adjusted earnings improved on the back of elevated gross profit, decline in SG&A expenses and synergy savings. Moreover, organic sales increased 3.4% driven by sturdy demand for batteries and auto care in the United States as well as higher pricing. The company has also been gaining from the acquired battery and auto care businesses and is on track with the integration of the same. However, disruptions in the international market, stemming from the impact on lockdowns on unmeasured channels were a drag. Moreover, high debt level and unfavorable currency movement remain a concern.

Price, Consensus & Surprise

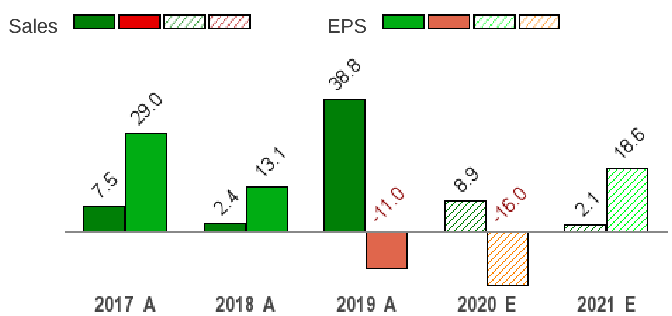
Data Overview

52 Week High-Low	**$53.84 - $26.60**
20 Day Average Volume (sh)	**736,170**
Market Cap	**$3.1 B**
YTD Price Change	**-9.9%**
Beta	**1.20**
Dividend / Div Yld	**$1.20 / 2.7%**
Industry	**Consumer Products - Staples**
Zacks Industry Rank	**Top 40% (101 out of 252)**

Last EPS Surprise	**-15.3%**
Last Sales Surprise	**3.2%**
EPS F1 Est- 4 week change	**-9.2%**
Expected Report Date	**11/11/2020**
Earnings ESP	**0.0%**

P/E TTM	**17.1**
P/E F1	**18.0**
PEG F1	**5.2**
P/S TTM	**1.2**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2021	753 E	605 E	682 E	760 E	2,776 E
2020	737 A	587 A	658 A	736 E	2,718 E
2019	572 A	556 A	647 A	719 A	2,495 A

EPS Estimates

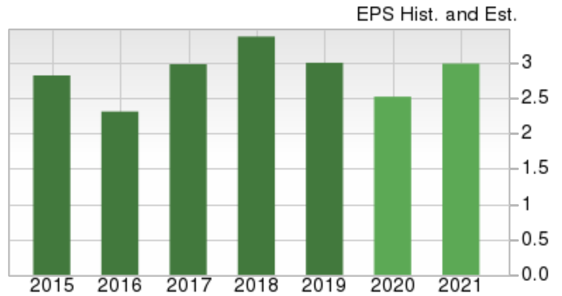
	Q1	Q2	Q3	Q4	Annual*
2021	$0.87 E	$0.47 E	$0.69 E	$1.02 E	$2.99 E
2020	$0.85 A	$0.37 A	$0.50 A	$0.80 A	$2.52 E
2019	$1.64 A	$0.20 A	$0.37 A	$0.93 A	$3.00 A

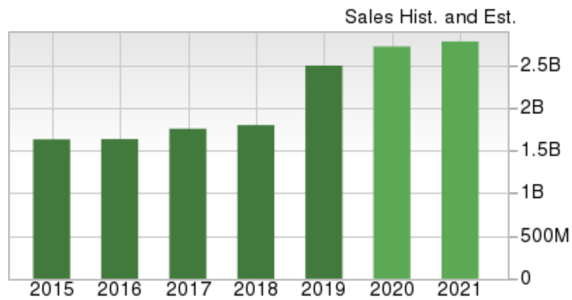
*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 08/17/2020. The reports text is as of 08/18/2020.

Overview

Headquartered in St. Louis, MO, Energizer Holdings Inc. is one of the largest manufacturers and marketers of batteries, lighting and auto-care products. The company's products are marketed and sold globally in more than 170 countries through direct sales personnel, mass merchandisers, distributors and wholesalers. Energizer, which generated $2,494.5 million revenues in fiscal 2019, operates under three segments namely:





Batteries segment (78.6% of FY19 revenues): The company's battery business produces alkaline, lithium, carbon-zinc, nickel metal hydride, zinc air, silver oxide and rechargeable batteries. Energizer's lithium batteries are manufactured for non-consumer industrial applications and are used in cameras, camcorders, memory backup, CD players and portable computers.

Auto care segment (16.4% of FY19 revenues): The company offers auto care products in the appearance, fragrance, performance and air conditioning recharge product categories. The appearance and fragrance categories include protectants, wipes, tire and wheel care products, glass cleaners, leather care products, air fresheners and washes designed to clean, shine, refresh and protect interior and exterior automobile surfaces under the brand names such as Armor All, Nu Finish, Refresh Your Car!, LEXOL, Eagle One, California Scents, Driven and Bahama & Co.

Lights and Licensing segment (5% of FY19 revenues): The company manufactures, distributes, and markets lighting products including headlights, lanterns, children's lights and area lights. Apart from the Energizer, Eveready and Rayovac brands, the company markets flashlights under the Hard Case, Dolphin, and WeatherReady sub-brands. In addition to batteries and portable lights, Energizer licenses the Energizer and Eveready brands to companies developing consumer solutions in gaming, automotive batteries, portable power for critical devices, generators, power tools, household light bulbs and other lighting products.

Energizer generated 69.5% of its revenues from Americas in fiscal 2019, while it reported 30.5% from international operations. The company derives a significant amount of revenues from a relatively small number of retail customers. In fiscal 2019, Wal-Mart Stores and its subsidiaries accounted for approximately 13.8% of Energizer's sales.

Reasons To Buy:

> Energizer's impressive Q3 results gained from organic sales growth, elevated gross profit and lower costs. Also, positive trends in the battery business act as a growth driver.

▲ **Improved Demand & Cost Synergies Support Q3 Earnings:** Shares of Energizer have increased 3.5% in the past three months compared with the industry's 1.1% drop. During the third quarter of fiscal 2020, Energizer's adjusted earnings came in at 50 cents per share, reflecting a surge of 35.1% from the year-ago quarter's 37 cents. This can be attributable to improved sales, elevated gross profit, a decline in SG&A expenses and gains from planned synergy savings.

In this context, adjusted gross margin expanded 80 basis points (bps) to 40.8% on gains from improved pricing and realized synergies. SG&A expenses, excluding acquisition and integration costs, as a percentage of sales, amounted to 16.2%. The figure contracted 120 bps from the year-ago quarter's 17.4%. This decline was driven by gains from realized synergy owing to the exit of the transition service agreement (TSA) and a fall in spending related to COVID-19 restrictions. Adjusted EBITDA came in at $135 million, up 6% year over year on the back of solid battery demand stemming from the ongoing COVID-19 pandemic, improvements in auto care sales and synergy savings.

▲ **Sales Trend Looks Good:** Energizer has been witnessing an impressive sales performance for a while now. The company's top line outpaced the Zacks Consensus Estimate for the fourth consecutive period, when it reported third-quarter fiscal 2020 results. Sales inched up 1.7% on a year-over-year basis in the reported quarter, buoyed by strength in batteries and auto care businesses. In the second quarter, sales increased 5.5% year over year, backed by strength in acquired businesses and organic sales growth. Speaking of the third quarter, organic sales grew 3.4%, driven by sturdy demand for batteries and auto care in the United States as well as higher pricing. Markedly, the company's auto care business gained from consumers increased vehicle usage and favorable weather conditions. Further, the company's battery segment gained from improved demand, distribution gains in North America and pricing actions. Going ahead, for fiscal 2020, the company expects sales growth of 9-10% with organic sales growth of 1-1.5%.

▲ **Focus on Productivity:** Energizer is making efforts to drive productivity via improvement initiatives, streamlining international organization and optimizing manufacturing footprint. The company distributes its products to consumers via various retail locations globally, comprising mass merchandisers and warehouse clubs, food, drug and convenience stores, electronics specialty stores and department stores, hardware and automotive centers, e-commerce and military stores. Further, the company has been focused on containing costs and enhancing cash flow from operations. Moreover, Energizer completed the sale of its Europe-based Varta consumer battery business to Germany-based VARTA Aktiengesellschaft (VARTA AG). The $2-billion battery business operates in Europe, the Middle East and Africa.

Also, the company is planning to accelerate its integration efforts to drive performance across businesses. It expects to achieve incremental synergies beyond the $100 million by the end of 2021, which will be reinvested to improve top line through innovation and brand building activities, mainly for Auto Care brands. For fiscal 2020, the company projects incremental synergies in the band of $45-$50 million. During the third quarter, the company generated synergies worth nearly $15 million. Prior to this, the company generated synergies worth $13 million in the second quarter. Going forward, management anticipates these synergies to drive the bottom line in the near future.

▲ **Acquisitions – A Key to Growth:** Acquisitions have been an integral part of Energizer's growth strategy. The company has completed the acquisition of Spectrum Brands' Global Battery and Portable Lighting Business (announced in January 2018) as well as Global auto care business. Apart from this, the company expanded its manufacturing footprint with the acquisition of a new dedicated manufacturing facility (specially built for auto care manufacturing) in Dayton OH. This facility will provide flexibility and scale to serve the needs of customers in a highly efficient manner. In 2017, Energizer acquired Utah-based HandStands for $340 million, which occupies a premier position in the automotive fragrance and appearance markets. This acquisition has allowed Energizer to strategically diversify its product range, which now includes Refresh Your Car!, California Scents, Driven, Bahama & Co., LEXOL and Eagle One. In a bid to expand the auto appearance portfolio, Energizer acquired Reed-Union Corporation's automotive appearance business, including the Nu Finish Car Polish and Nu Finish Scratch Doctor brands. The strength of these brands along with the company's existing Lexol and Eagle One products is likely to aid in building its auto care business, both organically and through acquisitions.

▲ **Acquired Battery Business, a Brighter Prospect:** Energizer's acquisition of Spectrum Brands' Global Battery and Portable Lighting Business (announced in January 2018) as well as the auto care business is touted to serve as one of the main drivers for EBITDA growth in the next few years. The acquisition will not only help in enhancing international footprint and broadening manufacturing capabilities, but also bring synergies of accelerated innovation and wider product range, alongside cost efficiencies to compete in the category. The acquired battery business will help it to boost efficiencies, contain cost and improve relationship with the retail customers. This new expanded portfolio of brands and products puts the company in a leadership position in the Battery and auto care categories. Notably, the company's integration of the acquired battery and auto care businesses are progressing well. In the third quarter, the company's combined battery business (which accounted for 65% of total revenues) increased 3% year over year to $427.7 million. Also, revenues at the Auto Care segment grew 0.4% to $161.4 million.

▲ **Shareholder Friendly Moves:** Energizer has been actively managing its capital and returning much of its free cash via share repurchases and dividends. The company has been making regular quarterly dividend payouts. Also, the company is on track with share repurchases. During the third quarter of fiscal 2020, the company paid out dividends of $20.6 million for its common stock and $4 million for mandatory preferred convertible stocks. Also, it declared quarterly dividend of 30 cents per share on its common stock, payable on Sep 10, 2020, to shareholders of record as on Aug 20. Further, it declared quarterly dividend of $1.875 per share upon its 7.50% Series A mandatory convertible preferred stock, payable on Oct 15, 2020 to shareholders of record as on October 1, 2020. Notably, Energizer has a dividend payout of 45.3%, dividend yield of 2.7% and free cash flow yield of 9.7%.

Reasons To Sell:

During Q3, Energizer witnessed disruptions in the international market owing to the COVID-19 pandemic. Unfavorable foreign currency translations are also a concern.

- **Disruptions in the International Market:** During the third quarter of fiscal 2020, Energizer witnessed disruptions in the international market owing to the COVID-19 pandemic. In this context, impact of lockdowns on unmeasured channels such as developing distributor markets and DIY as well as modern markets were the major deterrents. Although the company witnessed recovery in these markets and channels toward the end of the quarter, uncertainty due to the ongoing pandemic is a persistent threat.

- **Currency Headwinds:** Energizer remains exposed to unfavorable foreign currency translations as it has a considerable international presence. In fact, in the fiscal third quarter, unfavorable currency movements led to a decline in net sales by 1.7% or $11.6 million. Further, unfavorable currency translations negatively impacted gross margin in the reported quarter. For fiscal 2020, management expects currency headwinds to mar the company's bottom line by roughly 16 cents.

- **Debt Analysis:** Although Energizer's long-term debt of $3,252.5 million declined 6% sequentially at the end of the third quarter of fiscal 2020 (Jun 30, 2020), its debt-to-capitalization ratio is quite high when compared with the industry. Incidentally, the company's debt-to-capitalization ratio of 0.89 stands higher than the industry's ratio of 0.78. Moreover, the company's debt load appears too high to be managed by the company's cash and cash equivalents of $595.6 million, as of Jun 30, 2020. Also, for fiscal 2020, the company expects increased interest expense of nearly $9 to $10 million, related to incremental liquidity.

- **Stiff Competition:** The company is exposed to stiff competition from its peers on the grounds of product quality and price, innovation, promotion strategies and customer service. Further, the consumer staples industry is exposed to intense competition of late, particularly in the U.S. market.

- **Risk related to Global Economic Conditions:** Any sluggishness in the economy may lower the demand for products. A slowdown in the economy compels consumers to either curtail discretionary spending or shift purchasing patterns to lower cost options. This shift has the potential to drive the market toward lower margin products or force the company to reduce prices for their products in order to be more competitive. This is likely to show on the company's top and bottom lines. In addition, disruptions in financial markets also reduce access to debt and equity capital markets, negatively affecting its ability to implement business strategy.

Last Earnings Report

Energizer Holdings Q3 Earnings Lag Estimates, Sales Top

Quarter Ending	06/2020
Report Date	Aug 05, 2020
Sales Surprise	3.16%
EPS Surprise	-15.25%
Quarterly EPS	0.50
Annual EPS (TTM)	2.65

Energizer Holdings posted third-quarter fiscal 2020 results, wherein the bottom line lagged the Zacks Earnings Estimate while sales beat the same. Further, both metrics improved year over year. The company remains on track with executing its integration plans, which are likely to deliver more than $100 million in synergies by the end of 2021, backed by a strong and broad portfolio, expanded distribution in the United States and international markets, and increased investments in the auto care unit.

Q3 in Detail

Adjusted earnings came in at 50 cents per share, which missed the Zacks Consensus Estimate of 59 cents butrose 35.1% from the year-ago quarter's 37 cents. This can be attributable to improved sales, elevated gross profit and a decline in SG&A expenses. On the flip side, adverse impacts of COVID-19, including operating costs of roughly $9 million and high interest of nearly $4 million in a bid to strengthen liquidity, acted as deterrents.

The company reported net sales of $658 million, which beat the Zacks Consensus Estimate of $638 million. Also, sales rose 1.7% on a year-over-year basis, buoyed by strength in batteries and auto care. However, currency woes hurt sales by 1.7% during the quarter.

Meanwhile, organic sales grew 3.4% in the quarter under review, driven by sturdy demand for batteries and auto care in the United States as well as higher pricing, somewhat offset by sluggish international markets. The company has been witnessing significant disruption in auto care and other international markets. Meanwhile, solid demand in battery sales across North America provided some cushion. Auto care and international sales have started recovering from the second half of the quarter.

Segments in Detail

Batteries revenues increased 3% year over year to $427.7 million, while revenues inthe Auto Care segment grew 0.4% to $161.4 million. Revenues in the Lights and Licensing segment improved 11.3% to $25.9 million.

In the Americas, the company recorded revenues of $491.9 million, up 5.8% from the year-ago quarter. Revenues inthe International segment amounted to $166.1 million, reflecting a decline of 8.8% from the year-ago quarter.

Margins

Energizer's adjusted gross margin expanded 80 basis points (bps) to 40.8% on gains from improved pricing and realized synergies, partially offset by the adverse impact of foreign currencyand elevated costs related to the COVID-19 crisis.

SG&A expenses, excluding acquisition and integration costs, as a percentage of sales, amounted to 16.2%, contracting 120 bps from the year-ago quarter's 17.4%. This decline was driven by gains from realized synergy owing to the exit of the transition service agreement (TSA) and a fall in spending related to COVID-19 restrictions. Further, advertising and sales promotion expenses totaled $37.3 million, highlighting a rise of 8.7% from the year-ago quarter, owing to increased investments in theproduct portfolio.

Adjusted EBITDA came in at $135 million, up 6% year over year on the back ofsolid battery demand stemming from the ongoing COVID-19 pandemic, improvements in auto care sales and synergy savings.

Other Financial Details

Energizer ended the quarter with cash and cash equivalents of $595.6 million, long-term debt of $3,252.5 million and shareholders' equity of $385.8 million.

Adjusted free cash flow from continuing operations was $243.7 million year to date. During the quarter, the company paid out dividends of 30 cents per share, which totaled $20.6 million. It also paid out dividends of $4 million for mandatory preferred convertible stock.

Looking Ahead

Despite the uncertainty surrounding the COVID-19 situation, management issued a fiscal 2020 view. The company expects sales growth of 9-10% with organic sales growth of 1-1.5%. Adjusted earnings are envisioned to be $2.45-$2.55 per share, which includes elevated cost and interest expenses of 19-22 cents. Also, currency headwinds are likely to mar the bottom line by roughly 16 cents. Adjusted EBITDA is projected to be $575-$585 million, including negative impacts related to COVID-19. Moreover, adjusted free cash flow is estimated to be more than $300 million.

Given its several initiatives, the company generated savings of $15 million in the fiscal third quarter and expects to save$45-$50 million in the fiscal year.

Recent News

Energizer Holdings Declares Dividend – July 28, 2020

Energizer Holdings declared quarterly dividend of 30 cents per share on its common stock, payable on Sep 10, 2020, to shareholders of record as on Aug 20. Further, it declared quarterly dividend of $1.875 per share upon its 7.50% Series A mandatory convertible preferred stock, payable on Oct 15, 2020 to shareholders of record as on October 1, 2020.

Energizer Holdings Announces Completion of Senior Noted Offering – July 1, 2020

Energizer Holdings successfully completed its previously announced private offering worth $600 million of its 4.750% senior notes due 2028 and the early settlement of its cash tender offer to purchase any and all of its 5.500% Senior Notes due 2025.

Energizer Holdings Announces Pricing of Senior Notes – June 18, 2020

Energizer Holdings announced the pricing of a $600 million offering of 4.750% senior notes due 2028. The Notes priced at 100% of the principal amount thereof. Management intends to use the net proceeds from the offering together with cash in hand to the extent require to fund the purchase of any and all of the 5.500% Senior Notes due 2025 in an aggregate principal amount of up to $600 million, along with related fees and expenses.

Valuation

Energizer shares are down 9.9% in the year-to-date period but up 21.4% over the trailing 12-month period. Stocks in the Zacks sub-industry are up 0.5% while the Zacks Consumer Staples sector are down 6.7%, in the year-to-date period. Over the past year, the Zacks sub-industry and the sector are down 1.1% and 4.7%, respectively.

The S&P 500 index is up 4.8% in the year-to-date period and 15.8% in the past year.

The stock is currently trading at 15.43X forward 12-month earnings, which compares to 22.26X for the Zacks sub-industry, 20.17X for the Zacks sector and 22.87X for the S&P 500 index.

Over the past five years, the stock has traded as high as 21.83X and as low as 8.59X, with a 5-year median of 15.86X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $48 price target reflects 16.36X forward 12-month earnings.

The table below shows summary valuation data for ENR

Valuation Multiples - ENR

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	15.43	22.26	20.17	22.87
	5-Year High	21.83	23	22.37	22.87
	5-Year Low	8.59	13.32	16.63	15.25
	5-Year Median	15.86	18.04	19.58	17.58
P/S F12M	Current	1.12	0.81	9.54	3.71
	5-Year High	2.15	2.06	11.15	3.71
	5-Year Low	0.7	0.79	8.1	2.53
	5-Year Median	1.6	1.82	9.89	3.05
EV/EBITDA TTM	Current	10.79	10.7	37.88	12.78
	5-Year High	14.69	19.18	45.29	12.85
	5-Year Low	7.21	3.45	27.51	8.25
	5-Year Median	11.25	12.35	38.61	10.91

As of 08/17/2020

Industry Analysis **Zacks Industry Rank:** Top 40% (101 out of 252)

Top Peers

Company (Ticker)	Rec	Rank
Prestige Consumer Healthcare Inc. (PBH)	Outperform	1
Spectrum Brands Holdings Inc. (SPB)	Outperform	1
ColgatePalmolive Company (CL)	Neutral	3
The Clorox Company (CLX)	Neutral	3
The Estee Lauder Companies Inc. (EL)	Neutral	3
KimberlyClark Corporation (KMB)	Neutral	3
ProcterGamble Company The (PG)	Neutral	3
Edgewell Personal Care Company (EPC)	Underperform	5

Industry Comparison Industry: Consumer Products - Staples

	ENR	X Industry	S&P 500	CL	KMB	PBH
				Industry Peers		
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Outperform
Zacks Rank (Short Term)	4	-	-	3	3	1
VGM Score	A	-	-	B	B	C
Market Cap	3.10 B	3.10 B	23.75 B	66.20 B	53.82 B	1.90 B
# of Analysts	6	5	14	8	6	5
Dividend Yield	2.65%	0.00%	1.62%	2.28%	2.71%	0.00%
Value Score	B	-	-	C	C	C
Cash/Price	0.19	0.09	0.07	0.02	0.03	0.03
EV/EBITDA	14.69	10.43	13.49	18.18	15.57	10.90
PEG Ratio	5.28	2.93	3.03	4.43	3.77	3.01
Price/Book (P/B)	8.03	3.51	3.18	90.44	108.73	1.55
Price/Cash Flow (P/CF)	10.10	16.40	12.85	22.36	16.40	10.36
P/E (F1)	18.15	21.00	22.17	26.11	20.52	12.04
Price/Sales (P/S)	1.15	1.35	2.49	4.15	2.86	1.98
Earnings Yield	5.57%	3.75%	4.32%	3.83%	4.87%	8.30%
Debt/Equity	8.43	0.70	0.77	9.40	14.59	1.34
Cash Flow ($/share)	4.48	1.32	6.94	3.45	9.62	3.66
Growth Score	A	-	-	A	A	D
Hist. EPS Growth (3-5 yrs)	1.43%	2.16%	10.44%	0.87%	5.37%	8.09%
Proj. EPS Growth (F1/F0)	-16.00%	7.28%	-5.97%	4.51%	11.61%	6.49%
Curr. Cash Flow Growth	22.48%	13.59%	5.22%	-4.58%	3.32%	0.35%
Hist. Cash Flow Growth (3-5 yrs)	4.31%	5.06%	8.52%	-1.27%	2.19%	8.12%
Current Ratio	1.64	1.56	1.33	0.92	0.91	2.24
Debt/Capital	89.40%	47.49%	44.59%	90.39%	93.59%	57.33%
Net Margin	0.16%	1.59%	10.13%	16.13%	13.58%	15.84%
Return on Equity	42.46%	13.89%	14.51%	559.34%	1,319.56%	13.81%
Sales/Assets	0.52	1.10	0.51	1.06	1.21	0.28
Proj. Sales Growth (F1/F0)	8.95%	3.43%	-1.67%	1.84%	2.11%	-2.44%
Momentum Score	C	-	-	C	D	B
Daily Price Chg	0.18%	0.00%	-0.02%	0.21%	-0.27%	0.21%
1 Week Price Chg	-2.31%	-0.66%	1.09%	1.06%	0.62%	-5.21%
4 Week Price Chg	-8.82%	7.33%	4.83%	4.06%	10.60%	-2.77%
12 Week Price Chg	2.77%	16.26%	13.09%	9.13%	12.93%	-10.05%
52 Week Price Chg	21.41%	9.76%	2.77%	5.65%	10.56%	16.52%
20 Day Average Volume	736,170	736,170	1,932,479	3,378,966	1,588,007	330,098
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	-9.19%	0.18%	1.80%	2.60%	0.37%	5.35%
(F1) EPS Est 12 week change	-9.24%	0.00%	2.88%	3.32%	1.56%	5.35%
(Q1) EPS Est Mthly Chg	-16.67%	-0.87%	0.80%	2.56%	-8.78%	2.21%

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	C
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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