

Hologic, Inc.(HOLX)

\$65.90 (As of 08/10/20)

Price Target (6-12 Months): **\$76.00**

Long Term: 6-12 Months

Zacks Recommendation:

Outperform

(Since: 08/03/20)

Prior Recommendation: Neutral

Short Term: 1-3 Months

Zacks Rank: (1-5)

1-Strong Buy

Zacks Style Scores:

VGM:D

Value: D

Growth: F

Momentum: C

Summary

Hologic exited the fiscal third quarter with better-than-expected results. Bottom-line growth despite business disruptions is encouraging. Rise in organic revenues and growth in Diagnostic revenues buoy optimism. Robust demand for its COVID-19 related products is impressive. Ongoing recovery in other segments has enabled it to provide fiscal fourth-quarter guidance, which instills investor confidence. EUA for Aptima SARS-CoV-2 assay is a positive. Expansion of both margins looks encouraging. Hologic has been outperforming its industry over the past six months. Yet, fall in its other segments' revenues and overall top line due to the pandemic is worrying. Dismal international performance is also concerning. Stiff competitive landscape and foreign exchange fluctuations are other headwinds. A weak solvency and capital structure is also deterring.

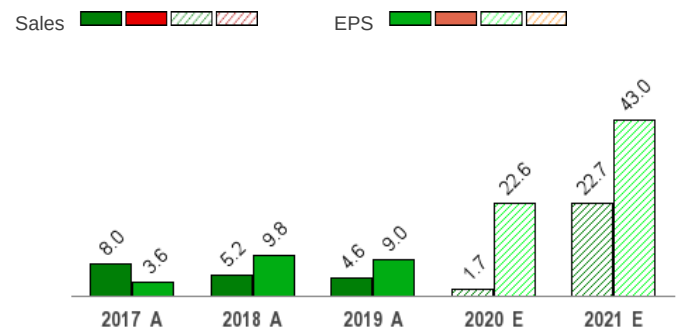
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$73.63 - \$26.49
20 Day Average Volume (sh)	2,271,672
Market Cap	\$17.1 B
YTD Price Change	26.2%
Beta	1.52
Dividend / Div Yld	\$0.00 / 0.0%
Industry	Medical - Instruments
Zacks Industry Rank	Bottom 36% (163 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	108.3%
Last Sales Surprise	37.1%
EPS F1 Est- 4 week change	30.4%
Expected Report Date	11/04/2020
Earnings ESP	0.0%
P/E TTM	25.5
P/E F1	22.1
PEG F1	1.4
P/S TTM	5.2

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	1,071 E	1,081 E	968 E	921 E	4,203 E
2020	851 A	756 A	823 A	985 E	3,425 E
2019	831 A	818 A	852 A	866 A	3,367 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$1.16 E	\$1.19 E	\$1.00 E	\$0.90 E	\$4.26 E
2020	\$0.61 A	\$0.57 A	\$0.75 A	\$1.06 E	\$2.98 E
2019	\$0.58 A	\$0.58 A	\$0.63 A	\$0.65 A	\$2.43 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 08/10/2020. The reports text is as of 08/11/2020.

Overview

Headquartered in Bedford, MA, Hologic Inc. develops, manufactures, and supplies diagnostics, medical imaging systems and surgical products which cater to the healthcare needs of women.

Hologic operates through the following four segments:

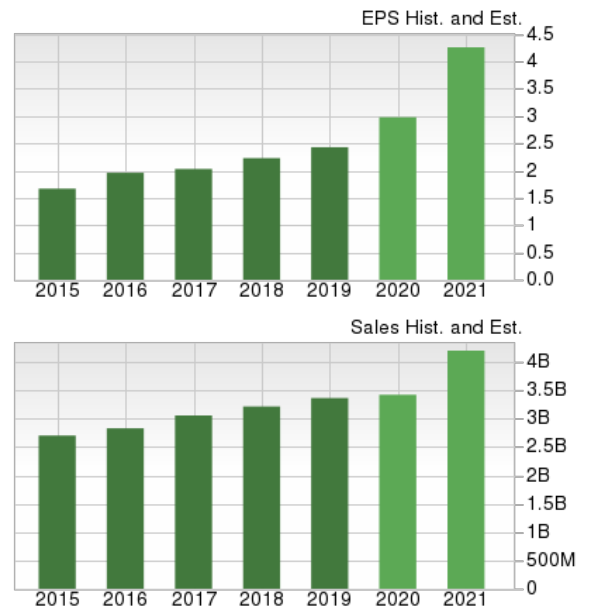
Diagnostics (35.8% of total revenues in 4Q19): With the Gen-Probe acquisition, Hologic currently offers APTIMA family of assays that includes the APTIMA Combo 2 assay, which feature the APTIMA CT and APTIMA GC assays, the APTIMA HPV assay and the APTIMA Trichomonas assay. Other products include the ThinPrep system, primarily used in cytology applications. In the fourth quarter of fiscal 2019, this segment registered 6.2% growth year-over year.

Breast Health (38.2% of total revenues in 4Q19): Products include a broad portfolio of breast imaging and related products and accessories, including digital and film-based mammography systems, computer-aided detection (CAD), breast biopsy guidance systems, minimally invasive breast biopsy and tissue extraction devices and breast brachytherapy products. In the fourth quarter of fiscal 2019, this segment registered 6.3% growth year-over year.

GYN Surgical (13.2% of total revenues in 4Q19): Products include the NovaSure endometrial ablation system – used in the treatment of heavy menstrual bleeding and the MyoSure hysteroscopic tissue removal system – which allows incision less removal of fibroids and polyps within the uterus. In the fourth quarter of fiscal 2019, this segment registered 6.6% growth year over year.

Medical Aesthetics (9.9% of total revenues in 4Q19): Hologic completed the divestiture of its Cynosure Medical Aesthetics business on Dec 30, 2019.

Skeletal Health (2.9% of total revenues in 3Q19): This segment includes dual-energy X-ray bone densitometry systems, an ultrasound-based osteoporosis assessment product, and Fluoroscans mini C-arm imaging products. In the fourth quarter of fiscal 2019, this segment registered 2.6% growth year over year.



Reasons To Buy:

▲ **Share Price Movement:** For the past six months, Hologic has been outperforming its industry. The stock has gained 25.3% compared with the 11.9% rise of its industry. Hologic exited the fiscal third quarter with better-than-expected results. The bottom-line growth amid the pandemic-led business disruptions is encouraging. Rise in organic revenues is impressive as well. Growth in Diagnostic revenues, led by a stupendous improvement in the company's Molecular Diagnostics revenues, buoys optimism. Robust demand for Hologic's COVID-19 related products is impressive. Ongoing recovery in other segments has enabled it to provide fiscal fourth-quarter guidance, which instills investor confidence. Expansion of both margins looks encouraging. FDA's Emergency Use Authorization (EUA) for its Aptima SARS-CoV-2 assay (that runs on the company's fully automated Panther system) is encouraging.

Hologic's progress in the domestic and international markets, strong pipeline of products and solid performance delivered by the GYN Surgical and Molecular Diagnostics segments bolster our confidence.

▲ **Molecular Diagnostics Sees Growth on Coronavirus Tests:** Hologic's management is impressed with continued growth in the core molecular diagnostics sub-segment, which accounted for 86.5% of total Diagnostics revenues in the fiscal third quarter. Molecular Diagnostics sales increased 170.3% at constant exchange rate or CER. Global revenues for molecular diagnostics increased 114%.

In May, Hologic received the FDA's EUA for its Aptima SARS-CoV-2 assay (that runs on the company's fully automated Panther system) for the detection of the COVID-19 causing virus. The other test earlier launched by the company, Panther Fusion SARS-CoV-2 assay, was granted EUA in March. The company generated solid revenues from strong customer adoption of Hologic's two SARS-CoV-2 assays that run on the Panther and Panther Fusion systems. Following the robust demand for the assays, Hologic is on track to scale up its molecular diagnostics manufacturing capacity.

Molecular diagnostics' robust international performance was boosted by the unprecedented surge in testing demand due to the pandemic. This led the company to scale up its production in the third quarter. Continued placement of fully-automated Panther system along with sustained solid uptake of Aptima Women's health assay menu also contributed to the top line. Further, the company had earlier launched products within the Panther Scalable Solutions portfolio in the United States and Europe.

▲ **GYN Surgical Holds Potential:** Over the past two years, the GYN Surgical business has transformed to the most profitable division of Hologic on a percentage basis banking on new leadership, strong strategic execution of new commercial models and new product launches.

Despite the fiscal third-quarter debacle of this segment where it fell 53.9% at CER, Hologic is optimistic about the faster-than-expected recovery of the segment. After registering a decline in weekly demand of almost 90% in the initial days of the third quarter, the company saw steady and significant improvement in May and more so in June.

▲ **Growth Initiatives:** In order to streamline its operations and reduce cost of revenue, Hologic has been adopting a few significant strategies over the past few years. The company has invested deliberately and opportunistically in commercial areas where management has recognized a good return. These include Hologic's Genius marketing campaign in Breast Health, cervical cancer co-testing initiatives in Diagnostics, along with efforts to gain competitive market share with NovaSure. Per management, these strategic initiatives are already paying off through increased brand awareness, market share gains, and price stability, all of which will contribute to the company's higher sales.

Moreover, to strengthen its product pipeline, Hologic is working on innovations and product launches. In this regard we note that, the company has launched a cadence of products which are 3DQuorum Imaging Technology, powered by Genius AI in the United States and LOCALizer radiofrequency identification (RFID) tag for long-term placement in Europe. U.S. regulatory clearances, which include the Unifi Workspace reading solution and 3DQuorum AI imaging technology in Breast Health, and the Definity cervical dilator in GYN Surgical, are encouraging.

▲ **Focus on International Operations:** According to Hologic, global expansion will be a critical element of its growth strategy over the long term. While many of the company's best-in-class products command a leading share in the domestic market, they hold a disproportionately low market share internationally, indicating huge untapped potential.

The company's international sales have been a major catalyst over the past three years, with the major driver being the molecular diagnostics business. During the third quarter of fiscal 2020, international revenues for the Diagnostics segment rose 28.1% at CER, with Molecular Diagnostics being the primary driver. Hologic is increasingly focusing on commercial infrastructure. In Europe, the installed base of Panthers significantly improved by the end of the fiscal third quarter. By leveraging on this installed base, the company has signed contracts in various countries, thus securing about \$500 million of COVID testing revenues over the next four quarters. Notably, Hologic's largest contract is with the U.K. Department of Health.

Global growth in Molecular Diagnostics was primarily driven by increasing market share and utilization of the fully automated Panther system.

The overall promising international performance reflects the tremendous progress Hologic -has made in building a sustainable growth engine through both organic and inorganic means, including the acquisitions of two European distributors.

Risks

- **Foreign Exchange Headwinds:** We remain worried about the significant challenges Hologic faced owing to unfavorable foreign currency impact that has been adversely affecting the company's overall performance in the past few quarters.
- **Dull Segmental Performance:** Hologic's performance across majority of its segments was disappointing, resulting from pandemic-led business disruptions. Revenues at the Breast Health segment declined 30.9% at CER primarily due to adverse impacts on demand for this segment's products, especially in the United States. This was the result of customers' focus on responding to the pandemic, delayed or reduced purchases of capital equipment and rescheduled routine screening appointments. Further, elective procedure deferrals hurt GYN Surgical business, which fell 53.9% at CER.
- **Competitive Landscape:** Hologic operates in a highly competitive industry. Its mammography, related products and subsystems compete on a worldwide basis with products offered by a number of competitors, including General Electric Company (GE), Siemens, Koninklijke Philips NV, or Philips, Planmed Oy, or Planmed, Agfa-Gevaert N.V., or Agfa, Carestream Health, Inc., FUJIFILM Holdings Corporation, or Fuji, I.M.S., and Toshiba Corporation. In the U.S., GE received FDA approval in Sep 2014 for its 3D breast tomosynthesis system and Siemens received FDA approval for its tomosynthesis system in April 2015 which have put additional competitive pressure on Hologic. Moreover, large players such as Fuji and Siemens are developing 3D tomosynthesis systems targeting the U.S. market.

Moreover, primary competitors for the biopsy product line are Devicor Medical Products and part of Danaher Corporation's Leica Biosystems division. In the clinical market, Hologic witnesses competition from several companies including Abbott Laboratories, Siemens, Becton, Dickinson, Qiagen, CareFusion, Sanarus Technologies and Intact Medical Corporation and Roche Diagnostics, among others. Moreover, the FDA has re-classified FFDM devices to class II from class III, thereby making it easier for all medical devices companies to bring in similar products in the market.

Subsequently, the approval process for class II devices will require 510(k) clearance, rather than the lengthy PMA application. Though this move by the FDA will enable easier approval in the U.S., we note that it will further intensify competition among medical device companies.

- **Weak Solvency and Capital Structure:** Hologic exited the fiscal third quarter with cash and cash equivalents of \$744 million compared with \$800 million at the end of the fiscal second quarter. Meanwhile, total debt came up to \$3.32 billion for the period, compared with \$3.57 billion in the sequentially last reported quarter. This figure is much higher than the quarter-end cash and cash equivalent level. However, if we go by the company's current-year debt level of \$566 million, it is lower compared to the cash in hand. This is good news in terms of the company's solvency position as during the year of economic downturn, the company is holding sufficient cash for short-term debt repayment.

Cumulative net cash provided by operating activities at the end of the fiscal third quarter was \$454.6 million compared with \$401.8 million a year ago.

The quarter's total debt-to-capital ratio of 0.59 shows a decrease from 0.63 reported at the end of the fiscal second quarter. It reflects a high-leveraged balance sheet. The times interest earned for the company stands at 3.1%, representing an increase from 2.6% at the end of the fiscal second quarter. The overall data shows a discouraging solvency level for Hologic.

Last Earnings Report

Hologic Q3 Earnings Surpass Estimates, Margins Rise

Hologic reported third-quarter fiscal 2020 adjusted earnings per share of 75 cents, up 19% year over year. Moreover, the bottom line surpassed the Zacks Consensus Estimate by a stupendous 108.3%.

The company's GAAP earnings per share was 53 cents, up 51.4% year over year.

Quarter Ending 06/2020

Report Date	Jul 29, 2020
Sales Surprise	37.11%
EPS Surprise	108.33%
Quarterly EPS	0.75
Annual EPS (TTM)	2.58

Revenues in Detail

Revenues grossed \$822.9 million in the reported quarter, down 3.5% year over year (down 3.1% at CER) due to the divestiture of Cynosure. The metric, however, exceeded the Zacks Consensus Estimate by 37.1%.

Excluding the divested Blood Screening and Medical Aesthetics businesses, total revenues were \$815.1 million, up 8.2% year over year and 8.7% at CER. Organic revenues (excluding divestitures and the acquired SuperSonic Imagine or SSI business) of \$811.2 million increased 7.7% and 8.1% at CER.

U.S. revenues of \$660.8 million rose 2.9%. However, international revenues of \$162.1 million declined 22.8% or 21.2% at CER.

Organically, revenues in the United States rose 11.2% year over year to \$652.6 million in the quarter. However, international revenues were down 4.7% (down 2.8% at CER) to \$158.6 million.

Segments in Detail

Revenues at the **Diagnostics** segment rose 74.3% year over year (up 74.9% at CER) to \$532.2 million in the quarter under review, with Molecular Diagnostics being the major driver. Molecular Diagnostics' revenues of \$460.3 million climbed 169.3% (up 170.3% at CER), continuing the division's strong performance. However, Blood Screening revenues of \$7.8 million fell 45.1% (down 45.3% at CER).

Revenues at the **Breast Health** segment declined 31.2% (down 30.9% at CER) to \$224 million. This primarily resulted from adverse impacts on demand for this segment's products, especially in the United States, due to customers' focus on responding to the pandemic, delayed or reduced purchases of capital equipment and rescheduled routine screening appointments. However, fall in service revenues and international sales were comparatively less, thus softening the overall decline.

Domestic sales were dismal in this segment in the quarter, with a 34.8% revenue decline year over year and 35% drop without SSI. Further, outside the United States, Breast Health sales decreased 16.5% in total and fell 21.9% without SSI.

Revenues at the **GYN Surgical** business fell 54.1% (down 53.9% at CER) to \$51.5 million, while revenues at **Skeletal Health** dropped 37.7% (down 37.3% at CER) to \$15.2 million.

Notably, Hologic no longer reports for the Medical Aesthetics segment post the divestiture of Cynosure Medical Aesthetics business on Dec 30, 2019.

Operational Update

In the fiscal third quarter, the company-reported adjusted gross margin expanded 310 basis points to 64.7%. According to the company, the benefits resulted from sales of SARS-CoV-2 tests and the divestiture of the lower-margin Cynosure business. However, this gain was partially offset by lower sales in Hologic's other divisions due to the pandemic.

Adjusted operating expenses amounted to \$261.1 million, down 5.5% year over year. However, the company-reported adjusted operating margin expanded 380 basis points to 33%.

Financial Update

Hologic exited the third quarter of fiscal 2020 with cash and cash equivalents of \$744.2 million compared with \$799.8 million at the end of second-quarter fiscal 2020. Total long-term debt was \$3.29 billion at the end of the quarter under review, compared with \$3.56 billion at the end of second-quarter fiscal 2020.

Cumulative net cash provided by operating activities at the end of the fiscal third quarter was \$454.6 million compared with \$401.8 million a year ago.

Guidance

Hologic, boosted by the strength in its COVID-19 tests and the ongoing recovery of its other divisions, has provided the financial guidance for fourth-quarter fiscal 2020.

The company projects revenues within \$925-\$1,025 million (projection of 6.8-18.4% growth rate). The growth rate is projected in the range of 6.7-18.3% at CER and within 17.4-30.3% organically. The Zacks Consensus Estimate for fourth-quarter fiscal 2020 revenues is pegged at \$831.9 million.

GAAP earnings per share is estimated within 73-93 cents, which projects growth of 386.7-520%.

The adjusted earnings per share is estimated within 95 cents-\$1.15, with projected growth of 46.2-76.9%. The Zacks Consensus Estimate for fourth-quarter fiscal 2020 earnings per share is pegged at 74 cents.

Recent News

Hologic, RadNet to Collaborate for Advancement of Breast Health: Aug 6, 2020

Hologic announced entering into a definitive collaboration with RadNet, Inc. to advance the use of artificial intelligence (A.I.) in breast health.

Hologic Expands Product Portfolio With New Ultrasound System: Jul 8, 2020

Hologic announced the U.S. launch of the SuperSonic MACH 40 ultrasound system, which supports superior image quality.

Hologic's Second Molecular Test Gets EUA to Detect Coronavirus: May 15, 2020

Hologic announced the receipt of the FDA's Emergency Use Authorization (EUA) for its Aptima SARS-CoV-2 assay, which can be used to detect SARS-CoV-2, the virus causing coronavirus. Notably, this test will run on the company's flagship Panther system.

Valuation

Hologic shares are up 26.2% in the year-to-date period and up 32.9% in the trailing 12-month periods. Stocks in the Zacks sub-industry are up 15.9% while the Zacks Medical sector rose 0.6% in the year-to-date period. Over the past year, the Zacks sub-industry is up 22.3% and sector is up 8.6%.

The S&P 500 index is up 4.2% in the year-to-date period and up 16.7% in the past year.

The stock is currently trading at 16.1X Forward 12-months earnings, which compares to 38.4X for the Zacks sub-industry, 22.1X for the Zacks sector and 22.8X for the S&P 500 index.

Over the past five years, the stock has traded as high as 24X and as low as 10.8X, with a 5-year median 18.3X. Our Outperform recommendation indicates that the stock will perform above the market. Our \$76 price target reflects 18.6X forward 12-months earnings.

The table below shows summary valuation data for HOLX.

Valuation Multiples - HOLX					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	16.14	38.44	22.12	22.81
	5-Year High	24.04	41.71	23.17	22.81
	5-Year Low	10.76	23.21	15.89	15.25
	5-Year Median	18.31	28.06	18.97	17.58
P/S F12M	Current	4.17	4.37	2.81	3.67
	5-Year High	5.07	4.47	3.41	3.67
	5-Year Low	2.36	2.52	2.22	2.53
	5-Year Median	3.67	3.09	2.89	3.05
P/B TTM	Current	7.56	4.55	4.39	4.68
	5-Year High	8.41	4.77	5.07	4.68
	5-Year Low	3.37	2.75	2.94	2.83
	5-Year Median	4.90	3.88	4.30	3.74

As of 08/10/2020

Industry Analysis Zacks Industry Rank: Bottom 36% (163 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
Fresenius Medical Care AGCo. KGaA (FMS)	Outperform	2
Edwards Lifesciences Corporation (EW)	Neutral	3
IDEXX Laboratories, Inc. (IDXX)	Neutral	3
Intuitive Surgical, Inc. (ISRG)	Neutral	3
SONOVA HOLDING (SONVY)	Neutral	NA
Teleflex Incorporated (TFX)	Neutral	3
Varian Medical Systems, Inc. (VAR)	Neutral	3
STERIS plc (STE)	Underperform	3

Industry Comparison Industry: Medical - Instruments				Industry Peers		
	HOLX	X Industry	S&P 500	SONVY	STE	VAR
Zacks Recommendation (Long Term)	Outperform	-	-	Neutral	Underperform	Neutral
Zacks Rank (Short Term)	1	-	-		3	3
VGM Score	D	-	-	-	A	F
Market Cap	17.07 B	137.97 M	23.56 B	14.64 B	13.26 B	15.74 B
# of Analysts	9	2	14	0	3	5
Dividend Yield	0.00%	0.00%	1.71%	0.73%	0.95%	0.00%
Value Score	D	-	-	-	C	C
Cash/Price	0.04	0.10	0.07	0.03	0.02	0.05
EV/EBITDA	55.09	-1.39	13.39	20.66	19.22	28.84
PEG Ratio	1.43	4.19	2.92	NA	NA	5.73
Price/Book (P/B)	7.56	3.77	3.18	7.11	3.79	8.10
Price/Cash Flow (P/CF)	15.69	23.55	12.69	21.37	19.45	30.43
P/E (F1)	22.11	45.81	22.16	36.69	28.33	45.81
Price/Sales (P/S)	5.18	4.70	2.55	NA	4.41	4.92
Earnings Yield	4.52%	-2.72%	4.33%	2.72%	3.53%	2.18%
Debt/Equity	1.22	0.10	0.77	0.39	0.33	0.05
Cash Flow (\$/share)	4.20	-0.13	6.94	2.11	8.02	5.70
Growth Score	F	-	-	NA	A	D
Hist. EPS Growth (3-5 yrs)	8.58%	10.12%	10.41%	NA	13.44%	0.84%
Proj. EPS Growth (F1/F0)	22.54%	7.33%	-6.51%	-17.34%	-2.42%	-18.27%
Curr. Cash Flow Growth	2.17%	5.66%	5.26%	14.96%	5.66%	7.70%
Hist. Cash Flow Growth (3-5 yrs)	3.55%	11.09%	8.55%	NA	20.19%	0.79%
Current Ratio	1.47	2.66	1.34	1.11	2.29	1.32
Debt/Capital	54.90%	16.53%	44.59%	28.26%	24.74%	5.02%
Net Margin	20.03%	-25.57%	10.13%	NA	13.69%	8.82%
Return on Equity	31.40%	-19.20%	14.59%	NA	16.24%	19.68%
Sales/Assets	0.50	0.53	0.51	NA	0.56	0.74
Proj. Sales Growth (F1/F0)	1.70%	0.00%	-1.54%	-11.70%	-1.44%	-3.98%
Momentum Score	C	-	-	-	A	D
Daily Price Chg	-3.87%	0.00%	0.91%	-1.58%	1.08%	-0.28%
1 Week Price Chg	-1.76%	0.95%	2.30%	2.91%	-3.39%	21.79%
4 Week Price Chg	14.61%	9.45%	8.54%	6.66%	3.81%	45.35%
12 Week Price Chg	25.57%	10.80%	13.68%	13.03%	-2.29%	45.69%
52 Week Price Chg	32.94%	-1.30%	3.71%	-2.04%	1.06%	58.22%
20 Day Average Volume	2,271,672	244,728	2,015,804	14,165	428,695	1,710,019
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	5.23%	0.00%
(F1) EPS Est 4 week change	30.35%	0.00%	1.67%	0.00%	4.76%	5.05%
(F1) EPS Est 12 week change	30.29%	1.71%	2.27%	0.00%	-2.38%	5.05%
(Q1) EPS Est Mthly Chg	42.52%	0.00%	0.67%	NA	2.51%	-1.15%

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	D
Growth Score	F
Momentum Score	C
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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