

The Coca-Cola Company (KO)

\$54.69 (As of 01/03/20)

Price Target (6-12 Months): **\$57.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 06/04/19)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:C

Value: D

Growth: C

Momentum: B

Summary

Coca-Cola has outpaced the industry in the past year, owing to growth strategies. Its focus on consumer-centric innovation, solid core brand performance and improved execution in the marketplace is aiding performance. These also bolstered its quarterly performances as evident from its ninth straight sales beat in third-quarter 2019. While earnings were in line with estimates in the quarter, the company still registered positive earnings surprise in eight of the last 10 quarters. Additionally, revenues improved year over year on strength across all segments as well as growth in volume and price/mix. Innovation and investment in core categories and brands have been the key focus area, which led to the expansion of retail value share. However, it expects adverse currency rates to significantly mar results in 2019 and beyond.

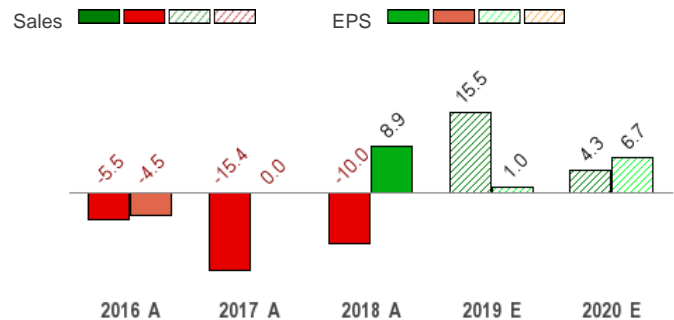
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$55.92 - \$44.42
20 Day Average Volume (sh)	9,406,583
Market Cap	\$234.3 B
YTD Price Change	-1.2%
Beta	0.42
Dividend / Div Yld	\$1.60 / 2.9%
Industry	Beverages - Soft drinks
Zacks Industry Rank	Bottom 31% (175 out of 252)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	0.0%
Last Sales Surprise	0.2%
EPS F1 Est- 4 week change	0.0%
Expected Report Date	02/13/2020
Earnings ESP	0.0%
P/E TTM	26.0
P/E F1	24.4
PEG F1	3.4
P/S TTM	6.8

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2020	9,127 E	10,358 E	9,909 E	9,167 E	38,348 E
2019	8,020 A	9,997 A	9,507 A	8,856 E	36,780 E
2018	7,626 A	8,927 A	8,245 A	7,058 A	31,856 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2020	\$0.52 E	\$0.67 E	\$0.60 E	\$0.47 E	\$2.24 E
2019	\$0.48 A	\$0.63 A	\$0.56 A	\$0.43 E	\$2.10 E
2018	\$0.47 A	\$0.61 A	\$0.58 A	\$0.43 A	\$2.08 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 01/03/2020. The reports text is as of 01/06/2020.

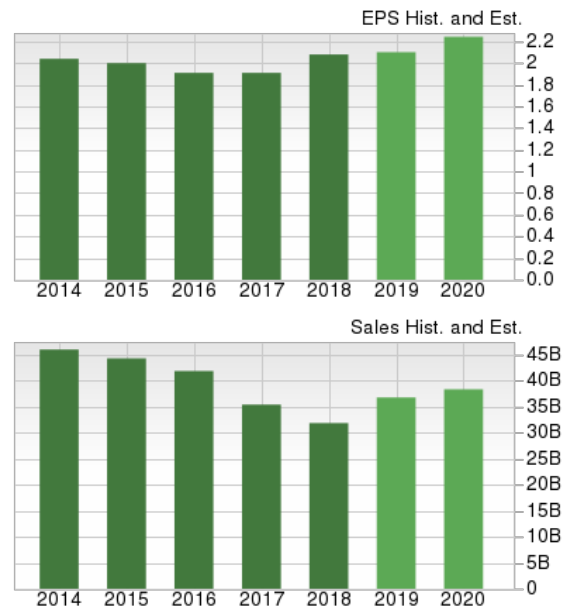
Overview

Headquartered in Atlanta, GA, The Coca-Cola Company is the largest global producer and marketer of beverages. Coca-Cola commands a portfolio of more than 500 sparkling (carbonated) as well as still (non-carbonated) beverages like water, enhanced water, juices and juice drinks, ready-to-drink teas and coffees, and energy and sports drinks. Popular sparkling beverage brands include Coke, Diet Coke, Fanta and Sprite while still beverage brands include Minute Maid and Powerade. Most of the company's beverages are manufactured, sold and distributed by independent bottling partners.

Coca-Cola currently reports operating results under the following segments — Europe, Middle East and Africa (24.2% of 2018 total revenue); Latin America (12.6%); North America (36.9%); Asia Pacific (16.3%); Bottling Investments (11.8%); and Corporate (0.3%). Intersegment eliminations were \$701 million in 2018. Intersegment revenues were \$546 million for Europe, Middle East & Africa, \$39 million for Latin America, \$263 million for North America, \$388 million for Asia Pacific and \$11 million for Bottling Investments.

Effective first-quarter 2019, the company has formed a new segment — Global Ventures. This segment is formed after the closing of the Costa acquisition during the quarter. The company has completed a smooth transition of Costa and is working quickly to leverage the total coffee platform.

In May 2019, Coca-Cola stated that it will maintain its majority stake in Coca-Cola Beverages Africa (CCBA). In 2016, CCBA was formed via the combination of the African non-alcoholic bottling interests of SABMiller plc, Coca-Cola and Gutsche Family Investments. Following the acquisition of SABMiller, AB InBev agreed to transition its 54.5% equity stake in CCBA to Coca-Cola. This made Coca-Cola the controlling shareowner of CCBA.



Reasons To Buy:

▲ **Solid Surprise Trend Aid Stock:** Coca-Cola's shares have gained 16.5% in the past year compared with the industry's growth of 14.6%, owing to the effective execution of strategies to evolve as a consumer-centric total beverage company. This also aided its quarterly performances as evident from its robust surprise trend. Notably, the company's top line surpassed estimates in third-quarter 2019, marking its ninth straight beat. Despite reporting in-line earnings in the third quarter, it has a robust bottom-line surprise trend of beating estimates in eight of the last 10 quarters. Additionally, revenues improved year over year on robust performance across all segments as well as growth in volume and price/mix. Organic revenues also grew 5%. Results also benefited from the focus on consumer-centric innovation, solid core brand performance and improved execution in the marketplace.

Coca-Cola's sparkling portfolio gains from momentum in Coke Zero Sugar and other flavors. Third-quarter 2019 marked the eighth straight quarter of double-digit growth for Coke Zero Sugar.

▲ **Strong Price/Mix and Volume:** Coca-Cola witnessed robust pricing and volume growth in the third quarter, which contributed to sales growth. Price/mix rose 6%, driven by revenue growth management initiatives as well as gains from a favorable geographic mix. Total unit case volume rose 2% in the third quarter on robust growth in developing and emerging markets. Strength in North America, driven by strong demand for Coca-Cola Zero Sugar, also boosted volume. Sparkling soft drinks' unit case volume was up 2%, owing to 3% growth in the Coca-Cola trademark globally, with double-digit growth in Coca-Cola Zero Sugar. Volume for juice, dairy and plant-based beverages grew 1% year over year on strong gains from the Minute Maid and Simply portfolios in North America as well as Minute Maid Pulpy in China. Water, enhanced water and sports drinks improved 2%, driven by growth of Ciel and Cristal brands in Latin America, Dasani internationally, and Kinley in India. Tea and coffee volume grew 4%, driven by strong gains in Japan as well as growth for the do??adan tea brand in Turkey and Gold Peak tea in North America.

▲ **Robust Sales & Operating Income View:** Backed by strong year-to-date performance and optimism on volume and pricing, Coca-Cola updated its outlook for 2019. It now estimates organic revenue growth of at least 5% in 2019. Comparable currency-neutral revenues are now expected to increase at least 12%, with about 7% gain from acquisitions, divestitures and structural items. Comparable currency-neutral operating income for 2019 is now expected to increase 12-13%, marking an improvement from 11-12% growth stated earlier. Acquisitions, divestitures and structural changes will continue to positively impact operating income by a low-single digit.

▲ **Innovation Redefine Brands:** Innovation, and investing in core categories and brands have been the key focus areas for Coca-Cola, given the evolving beverage industry. This mantra extends to all business aspects, ranging from massive categories like hot beverages to emerging ones like Kombucha. Constant innovation of brands is the key to the company's sustained growth. For example, innovation at the Coke brand helped it accelerate global retail value growth by 6% in the first nine months of 2019. However, the company's innovation strategy is not focused on the Coke brand alone. It is witnessing strong performance across key geographies through innovation and sustained investment in the challenger and explorer brands. These investments led to significant market share growth of the smartwater brand in India, Authentic Tea House brand in China and Southeast Asia, Fuze Tea in Western Europe, and Chi (a leading value-added dairy and juice brand) in West Africa.

▲ **Coke Brand's Innovation in Focus:** Coca-Cola continually maintains relevance for the Coke brand through updates to the flagship product and its many variants. Recent momentum at the Coke brand is attributed to the success of Coca-Cola Zero Sugar over time, with more growth potential ahead. Notably, the Coca-Cola Zero Sugar delivered double-digit growth globally for the eighth straight time in third-quarter 2019. The company's sparkling portfolio has been the prime beneficiary of the momentum in Coca-Cola Zero Sugar and other flavor innovations like Orange Vanilla Coke and Orange Vanilla Coca-Cola Zero Sugar. While Coke Zero Sugar is the key contributor to success in the U.S. market, the launch of Coca-Cola Plus Coffee in more than 20 markets is driving growth in international markets. In April 2019, innovations for the Coca-Cola trademark began a new chapter, with the launch of Coca-Cola Energy — another variant of Coke — with more energy-boosting characteristics and new taste. Coca-Cola Energy was initially launched in Spain and Hungary, and was extended to more than 25 countries over time. Recently, the company revealed plans to launch this energy drink in the United States in 2020. Starting January 2020, it will launch Coca-Cola Energy and Coca-Cola Energy Cherry (a flavor exclusively for the United States) in sleek 12-ounce cans nationwide.

▲ **Solid Cash Position:** Coca-Cola boasts a solid cash position that is used to return value to shareholders (through higher dividends and regular buybacks) as well as reinvesting it back in the business. Share buybacks continue to be significant as the company repurchased \$2.6 billion in 2014, \$2.3 billion in both 2015 and 2016, \$3.7 billion in 2017 and \$1.9 billion in 2018. Further, the company had earlier authorized a new share repurchase program to buy back 150 million shares. This authorization will be effective from the completion of the existing authorization for 500 million shares, which was announced in October 2012. Additionally, the company declared a quarterly dividend of 40 cents per share, payable Dec 16, 2019. Looking ahead, it expects cash from operations of at least \$8.8 billion for 2019 (up from previously mentioned \$8.5 billion). As part of its disciplined capital allocation plan, the company now expects to invest approximately \$2.2 billion in business through capital expenditure (a decline from \$2.4 billion mentioned earlier).

Reasons To Sell:

- ▼ **Stock Appears Overvalued:** Considering price-to-earnings (P/E) ratio, Coca-Cola looks overvalued compared with the industry and the market at large. The stock has a trailing 12-month P/E multiple of 26.04x, higher than the industry's P/E of 25.42x and that of the S&P 500's figure of 20.19x. Moreover, the company's P/E ratio is above the median level of 24.55x but below the high level of 26.36x scaled in the past year. Given these factors, we believe that the stock is quite stretched from the P/E aspect.
- ▼ **Currency Headwinds Remain a Hurdle:** Coca-Cola's results for third-quarter 2019 continued to be hurt by adverse currency rates. Adverse currency translations impacted earnings by 6%. Further, comparable operating margin included a 260-bps negative impact of unfavorable currency and net acquisitions. Moreover, the company estimates currency headwinds to persist and impact results in the fourth quarter and 2019 as well as 2020. It estimates unfavorable currency to affect revenues by 3% and comparable operating income by 7% in the fourth quarter. Further, unfavorable currency is now likely to impact revenues by 4-5% (compared with the previously mentioned 4%) and comparable operating income by 8-9% (compared with currency headwind of 7-8% mentioned earlier). Additionally, in the company's initial view for 2020, regarding currency impacts, it projected headwinds of nearly 1-2% on comparable net revenues and 2-3% on comparable operating income.
- ▼ **Earnings View Still Drab:** Though Coca-Cola is optimistic about sales and operating income growth in 2019, it reiterated the soft earnings view. For 2019, the company continues to expect comparable earnings to be between down 1% and up 1% from \$2.08 recorded in 2018. Currency headwinds are likely to be key deterrents to earnings.
- ▼ **Emerging Market Volatility:** Emerging markets have been increasingly volatile due to fluctuating currencies and other structural issues. While the company has considerably improved performance in markets like China, Brazil and India, it is still facing challenging macro conditions in certain developing/emerging markets, including Argentina, Turkey and the Middle East. Clearly, the global markets remain volatile despite witnessing growth. Some markets are improving while others are struggling as economic cycle moves to a different phase. This might hurt personal consumption expenditure as well as the demand for the company's products. The company expects global growth to be slightly lower in 2019 compared with 2018, driven by persistent growth in developed economies alongside macroeconomic challenges in certain emerging markets.

Coca-Cola expects currency headwinds to mar sales by 3% and comparable operating income by 7% in the fourth quarter. It expects currency impacts of 4-5% on revenues and 8-9% on operating income in 2019.

Last Earnings Report

Coca-Cola Q3 Earnings In Line, Revenues Beat Estimates

Coca-Cola's top line beat estimates in third-quarter 2019, while the bottom line met the same. Additionally, revenues improved year over year on robust volume and strong pricing. Meanwhile, comparable earnings declined year over year, owing to currency headwinds.

Coca-Cola's third-quarter 2019 comparable earnings of 56 cents per share were in line with the Zacks Consensus Estimate. However, the bottom line declined 2% from the year-ago period. Currency translations negatively impacted earnings by 6%.

Revenues of \$9,507 million surpassed the Zacks Consensus Estimate of \$9,484 million and improved 8% year over year. Organic revenues grew 5%. The increase in reported as well as organic revenues was attributed to robust performance across all segments as well as growth in volume and price/mix.

Price/mix rose 6%, driven by revenue growth management initiatives as well as gains from a favorable geographic mix. Meanwhile, concentrate sales declined 2%, owing to the timing of shipments during the quarter. Further, increase in global value share, particularly in total non-alcoholic ready-to-drink (NARTD) beverages, aided the top line.

Volume and Pricing

Coca-Cola's total unit case volume rose 2% in the third quarter on robust growth in developing and emerging markets. Strength in North America, driven by strong demand for Coca-Cola Zero Sugar, also boosted volume.

Category Cluster Performance: Sparkling soft drinks unit case volume was up 2% (compared with a 3% increase in the prior quarter), owing to 3% growth in the Coca-Cola trademark globally, with double-digit growth in Coca-Cola Zero Sugar. Volume for juice, dairy and plant-based beverages grew 1% year over year (compared with flat volume in the last reported quarter) on strong gains from the Minute Maid and Simply portfolios in North America as well as Minute Maid Pulp in China. Water, enhanced water and sports drinks improved 2% (same as growth witnessed in the second quarter), and tea and coffee volume grew 4% (compared with 3% growth in the second quarter).

Segmental Details

Revenues grew 2% for North America, 4% for Latin America and 3% for the Asia Pacific segment. Meanwhile, revenues for the Europe, Middle East & Africa ("EMEA") segment remained flat. The Bottling Investments segment's revenues grew 8% in the quarter under review. However, the Global Ventures segment reported substantial revenue growth of 243%, gaining from the Costa acquisition.

Organic revenues grew across the board, backed by consistent innovation and revenue growth initiatives within sparkling soft drinks, with solid pricing and mix across all regions. Organic revenues improved 4% for EMEA, 12% for Latin America, 3% each for North America and the Asia Pacific, and 14% for the Global Ventures segment. The Bottling Investments segment recorded organic revenue growth of 9%.

Margins

Comparable currency-neutral operating income grew 5%. Comparable operating margin contracted 260 basis points (bps), driven by a 260-bps negative impact of unfavorable currency and net acquisitions.

Guidance

Backed by strong year-to-date performance, the company updated its outlook for 2019. It now estimates organic revenue growth of at least 5% in 2019. Comparable currency-neutral revenues are now expected to increase at least 12%, with 7% gain from acquisitions, divestitures and structural items. However, unfavorable currency is now likely to affect revenues by 4-5% compared with the previously mentioned 4% headwind.

Comparable currency-neutral operating income for 2019 is now expected to rise 12-13%, marking an increase from the earlier stated 11-12% growth. Acquisitions, divestitures and structural changes will continue to positively impact operating income by a low-single digit. However, foreign exchange is now expected to hurt comparable operating income by 8-9%. The company earlier projected currency headwinds of 7-8% on comparable operating income.

It continues to expect comparable earnings to be down 1% to up 1% from \$2.08 recorded in 2018. Underlying effective tax rate is still estimated at 19.5%. Moreover, the company expects cash from operations of at least \$8.8 billion in 2019 (up from the previously mentioned \$8.5 billion), with capital expenditure of nearly \$2.2 billion (a decline from \$2.4 billion mentioned earlier).

For the fourth quarter of 2019, it anticipates comparable net revenues to include about 12% benefit from acquisitions, divestitures and structural items. Meanwhile, currency headwinds are likely to hurt comparable net revenues by 3% and comparable operating income by 7%.

Additionally, the company provided initial view for 2020, regarding currency impacts. It expects currency headwinds of nearly 1-2% on comparable net revenues and 2-3% on comparable operating income.

Quarter Ending **09/2019**

Report Date	Oct 18, 2019
Sales Surprise	0.24%
EPS Surprise	0.00%
Quarterly EPS	0.56
Annual EPS (TTM)	2.10

Recent News

Coca-Cola's Deal With Hard Rock to Expand Customer Base – Dec 19, 2019

Coca-Cola announced a partnership with Hard Rock International. The collaboration is aimed to introduce Coca-Cola's beverage portfolio to Hard Rock Cafes globally, beginning in 2020.

The partnership between this beverage giant and the iconic entertainment, hospitality as well as dining company will likely provide immense growth opportunities.

We note that, Coca-Cola commands a solid portfolio of more than 500 sparkling (carbonated) as well as still (non-carbonated) beverages like water, enhanced water, juices and juice drinks, ready-to-drink teas and coffees along with energy and sports drinks. Moreover, Hard Rock International has a far-reaching presence in about 76 countries with owned/licensed or managed Hotels, Rock Shops, Casinos and Cafes in 262 locations.

With this partnership, guests at Hard Rock cafes can club orders of burgers and others with their Coca-Cola drinks.

Coca-Cola's Costa Coffee Appoints New CEO – Nov 20, 2019

Costa Coffee, recently acquired by Coca-Cola, appointed Jill McDonald as its CEO effective Dec 2 and after Dominic Paul steps down on Nov 30. However, Paul will remain with Costa as a special advisor through February 2020, supporting the transition.

Valuation

Coca-Cola shares are up 16.5% for the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Consumer Staples sector are up 14.6% and 17.6%, respectively, over the past year.

The S&P 500 index is up 25.7% in the past year.

The stock is currently trading at 24.36X forward 12-month earnings, which compares to 22.97X for the Zacks sub-industry, 19.63X for the Zacks sector and 18.7X for the S&P 500 index.

Over the past five years, the stock has traded as high as 26.34X and as low as 18.2X, with a 5-year median of 21.83X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$57 price target reflects 25.39X forward 12-month earnings.

The table below shows summary valuation data for KO

Valuation Multiples - KO					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	24.36	22.97	19.63	18.7
	5-Year High	26.34	23.23	22.39	19.34
	5-Year Low	18.2	18.46	16.65	15.17
	5-Year Median	21.83	21.35	19.68	17.44
P/S F12M	Current	6.11	4.56	9.75	3.47
	5-Year High	6.68	5.23	11.03	3.47
	5-Year Low	3.63	3.59	8.02	2.54
	5-Year Median	5.59	4.41	9.78	3
EV/EBITDA TTM	Current	22.01	21.38	40.3	12.01
	5-Year High	22.26	21.38	44.63	12.86
	5-Year Low	12.17	12.15	31.32	8.49
	5-Year Median	15.73	17.15	37.91	10.66

As of 01/03/2020

Industry Analysis Zacks Industry Rank: Bottom 31% (175 out of 252)



Top Peers

Cott Corporation (COT)	Neutral
Keurig Dr Pepper, Inc (KDP)	Neutral
The Kraft Heinz Company (KHC)	Neutral
Mondelez International, Inc. (MDLZ)	Neutral
Monster Beverage Corporation (MNST)	Neutral
Nestle SA (NSRGY)	Neutral
PepsiCo, Inc. (PEP)	Neutral
Unilever PLC (UL)	Neutral

Industry Comparison Industry: Beverages - Soft Drinks				Industry Peers		
	KO Neutral	X Industry	S&P 500	KDP Neutral	MNST Neutral	PEP Neutral
VGM Score	C	-	-	C	D	C
Market Cap	234.32 B	1.15 B	23.66 B	40.53 B	34.02 B	189.13 B
# of Analysts	9	2	13	8	7	8
Dividend Yield	2.93%	0.00%	1.79%	2.08%	0.00%	2.82%
Value Score	D	-	-	C	D	D
Cash/Price	0.05	0.06	0.04	0.00	0.04	0.03
EV/EBITDA	24.37	6.99	13.88	31.42	24.23	16.23
PEG Ratio	3.44	1.97	1.99	1.36	1.97	3.27
Price/Book (P/B)	11.33	3.48	3.36	1.77	8.28	13.30
Price/Cash Flow (P/CF)	23.21	15.22	13.62	21.18	32.80	18.30
P/E (F1)	24.42	20.71	18.74	20.71	28.12	22.84
Price/Sales (P/S)	6.78	1.35	2.67	3.68	8.28	2.86
Earnings Yield	4.10%	4.38%	5.32%	4.82%	3.56%	4.38%
Debt/Equity	1.50	0.32	0.72	0.57	0.00	2.08
Cash Flow (\$/share)	2.36	0.81	6.94	1.36	1.93	7.41
Growth Score	C	-	-	B	C	C
Hist. EPS Growth (3-5 yrs)	0.38%	5.32%	10.56%	-20.17%	19.48%	5.32%
Proj. EPS Growth (F1/F0)	6.77%	10.99%	7.41%	13.91%	10.37%	7.93%
Curr. Cash Flow Growth	5.17%	11.67%	14.83%	66.49%	19.52%	5.77%
Hist. Cash Flow Growth (3-5 yrs)	-2.49%	1.98%	9.00%	18.36%	24.17%	1.98%
Current Ratio	0.92	1.27	1.23	0.35	3.31	0.95
Debt/Capital	59.99%	31.80%	42.92%	36.46%	0.00%	67.57%
Net Margin	22.41%	0.33%	11.08%	10.13%	26.58%	18.78%
Return on Equity	45.21%	7.19%	17.10%	7.27%	28.23%	55.00%
Sales/Assets	0.40	0.85	0.55	0.22	0.85	0.86
Proj. Sales Growth (F1/F0)	4.26%	4.26%	4.20%	2.78%	8.71%	4.27%
Momentum Score	B	-	-	D	D	B
Daily Price Chg	-0.55%	0.00%	-0.61%	0.24%	-0.66%	-0.14%
1 Week Price Chg	0.69%	0.00%	0.13%	-0.10%	-0.55%	-0.28%
4 Week Price Chg	0.92%	0.92%	2.60%	-1.30%	5.61%	-0.52%
12 Week Price Chg	1.92%	-0.44%	8.87%	4.23%	12.76%	-1.64%
52 Week Price Chg	17.26%	2.12%	29.34%	15.06%	31.83%	25.28%
20 Day Average Volume	9,406,583	225,663	1,603,615	1,580,303	2,395,379	3,491,710
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.00%	0.00%	0.00%	-0.36%	0.00%	-0.04%
(F1) EPS Est 12 week change	-1.17%	-1.17%	-0.57%	-0.45%	-0.44%	-0.04%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	0.00%	0.00%	-0.31%

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	C
Momentum Score	B
VGM Score	C

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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