

Lockheed Martin(LMT)

\$380.40 (As of 04/22/20)

Price Target (6-12 Months): **\$403.00**

Long Term: 6-12 Months

Zacks Recommendation:
Neutral

(Since: 06/27/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

2-Buy

Zacks Style Scores:

VGM:D

Value: C

Growth: C

Momentum: F

Summary

Lockheed Martin ended the first quarter of 2020 with both earnings and revenues surpassing the Zacks Consensus Estimate. It enjoys strong demand for its high-end military equipment in domestic and international markets, being the world's largest defense contractor. Expansionary budgetary provisions made by the current U.S. administration will immensely boost this defense prime's business. It continues to be a strong cash generator. In a year's time, Lockheed Martin has outperformed the industry. However, the company's higher debt-to-equity ratio shows that the stock is highly leveraged when compared with its industry. Lockheed Martin also faces intense global competition for its broad portfolio of products and services. Furthermore, forced cost reduction initiatives for the F-35 program might hamper its operating results.

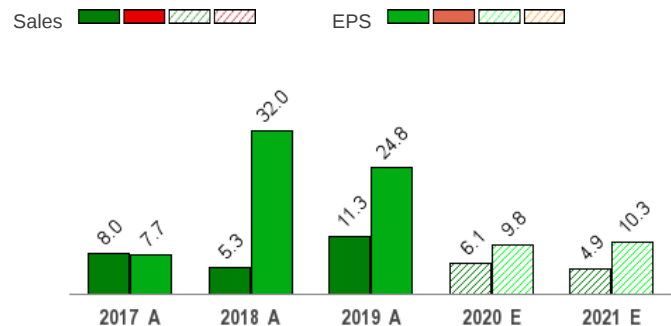
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$442.53 - \$266.11
20 Day Average Volume (sh)	1,808,162
Market Cap	\$107.2 B
YTD Price Change	-2.3%
Beta	0.96
Dividend / Div Yld	\$9.60 / 2.5%
Industry	Aerospace - Defense
Zacks Industry Rank	Bottom 37% (159 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	5.6%
Last Sales Surprise	2.8%
EPS F1 Est- 4 week change	-0.8%
Expected Report Date	07/28/2020
Earnings ESP	-1.8%

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	16,367 E	16,423 E	17,270 E	18,059 E	66,541 E
2020	15,651 A	15,536 E	16,237 E	16,832 E	63,439 E
2019	14,336 A	14,427 A	15,171 A	15,878 A	59,812 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$6.77 E	\$6.26 E	\$7.35 E	\$6.94 E	\$26.58 E
2020	\$6.08 A	\$5.74 E	\$6.22 E	\$6.27 E	\$24.10 E
2019	\$5.99 A	\$5.00 A	\$5.66 A	\$5.29 A	\$21.95 A

*Quarterly figures may not add up to annual.

P/E TTM	17.3
P/E F1	15.8
PEG F1	2.2
P/S TTM	1.8

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 04/22/2020. The reports text is as of 04/23/2020.

Overview

Lockheed Martin Corporation is the largest defense contractor in the world. Its main areas of focus are in defense, space, intelligence, homeland security and information technology including cyber security. In 2019, 71% of the company's net sales were from the U.S. Government (including 61% from the Department of Defense (DoD), 28% from international customers and 1% from U.S. commercial and other customers. The company currently operates through four businesses — Aeronautics, Missiles and Fire Control (MFC), Rotary and Missions Systems (RMS) and Space Systems.

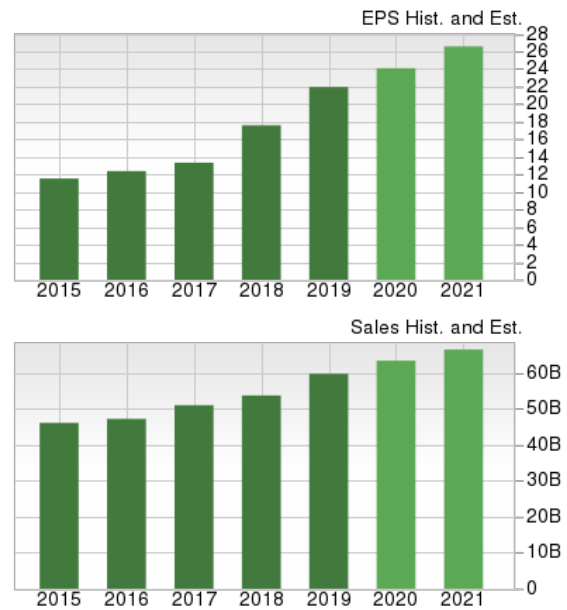
Aeronautics is engaged in the design, research and development, systems integration, production and support of advanced military aircraft and related technologies. This segment includes programs like F-35 Lightning II Joint Strike Fighter; C-130 Hercules; F-16 Fighting Falcon; F-22 Raptor; and C-5M Super Galaxy. It generated sales of \$23.69 billion in 2019, accounting for 39.6% of the total sales.

In the **MFC** business, headquartered in Dallas, some of its high-profile programs include the Terminal High Altitude Area Defense System, Joint Light Tactical Vehicle, PAC-3 Missiles, as well as logistics and other technical services from GTL. It generated sales of \$10.13 billion in 2019, constituting 16.9% of total sales.

In the **RMS** business, headquartered in Washington, DC, some of its high-profile programs include the Aegis Combat System, Littoral Combat Ship, MH-60 helicopter avionics, as well as military and commercial orders. It generated sales of \$15.12 billion in 2019, comprising 25.3% of the total sales.

Space Systems is engaged in the design, development, engineering, and production of commercial and military space systems. It generated sales of \$10.86 billion in 2019 or 18.2% of the total sales.

Lockheed Martin ended the first quarter (on Mar 29, 2020) with \$144.1 billion in backlog.



Reasons To Buy:

▲ **Solid Order Growth:** Keeping up with its trend of securing big contracts from the Pentagon, Lockheed Martin was successful in clinching several notable deals during the first quarter. These include a contract, worth more than \$3 billion for delivering 50 C-130J Super Hercules aircraft to the U.S. Air Force, Marine Corps and Coast Guard. Its Space Systems unit clinched a \$601.3-million contract for submarine-launched ballistic missile (model) Trident II D5 production and deployed systems support. Also during the quarter, its Sikorsky Aircraft unit secured a deal for supplying 38 UH-60M Army aircraft, valued at \$525.4 million. Such significant contract wins bolster revenue growth prospects for Lockheed Martin over the long run, thereby enabling it to outperform the industry. Consequently, the company's total backlog of \$144.1 billion during the first quarter reached a record level for the fifth consecutive year. Such developments may have boosted investor's confidence in the stock. In a year's time, shares of Lockheed Martin have gained 15.2% against the industry's decline of 30.8%.

Lockheed Martin is the largest U.S. defense contractor with a platform-centric focus that guarantees a steady inflow of follow-on orders from a leveraged presence in the Army, Air Force, Navy and IT program

▲ **F-35 - A Prime Program:** Lockheed Martin is the largest U.S. defense contractor with a platform-centric focus that guarantees a steady inflow of follow-on orders from a leveraged presence in the Army, Air Force, Navy and IT programs. Notably, the F-35 program continues to be a key growth driver for the company, which added 352 production aircraft in backlog as of Mar 29, 2020. The company's Aeronautics unit witnessed 14% annual top-line growth in the first quarter, with the F-35 program being a prime contributor and delivering 22 F-35 aircraft during the quarter. Furthermore, during the quarter, its Aeronautics unit won a \$1.93-billion reimbursable contract in relation to the F-35 Lightning II Joint Strike Fighter Air Systems. With the company consistently increasing production of F-35 jets, delivery figures and contract acquisitions are expected to rise in the coming days, enabling Lockheed Martin to meet its target of achieving full-rate production for F-35 over the next few years.

Moreover, production of the F-35 jets is expected to continue for many years ahead, given the U.S. government's current inventory target of 2,456 aircraft for the Air Force, Marine Corps and Navy. Consequently, we may expect Lockheed Martin to witness more order inflows for F-35, in coming days, which in turn should significantly bolster this defense contractor's top line.

▲ **Impressive Budgetary Attributes:** As part of the fiscal 2021 proposed defense budget, \$740.5 billion is being kept as funding for the Pentagon, reflecting 3% growth from the fiscal 2020 budget. This increased spending provision highlights the U.S. government's decision to spend more on defense primes like Lockheed Martin. Notably, the budget has allotted \$11.4 billion for the procurement of 79 F-35 Joint Strike Fighters. The financial plan also includes an investment of \$1.1 billion for the procurement of AEGIS Ballistic Missile Defense system and \$0.92 billion for THAAD missiles. All these expansionary budgetary provisions will immensely boost this defense prime's business.

▲ **International Foray:** Apart from enjoying a strong forte in the domestic front, Lockheed Martin's products are also well acclaimed in the international market. In recent times, the company is witnessing increased demand for its THAAD missiles from the Kingdom of Saudi Arabia (KSA). Moreover, PAC-3 programs are undergoing production and sustainment activities in the KSA, UAE, Qatar, the Republic of Korea, Japan and Taiwan. The company's Missiles and Fire Control unit grew 11.4% year over year in the first quarter to \$2.62 billion owing to higher sales from tactical and strike missile programs as well as integrated air and missile defense programs. Such developments should boost the company's international sales in the days ahead and aid long-term growth, with more and more nations strengthening their defense arsenals across the world.

▲ **Stable Cash Flow:** Lockheed Martin continues to be a strong cash generator, which helps it take important cash deployment decisions. During the first quarter, the company bought back 1.7 million shares for \$756 million and paid out dividends worth \$693 million to its shareholders, reflecting an 8.6% increase year over year. Additionally, Lockheed Martin's cash from operations at the end of first-quarter 2020 amounted to \$2.3 billion compared with \$1.7 billion a year ago. This reflects solid operational improvements for the company. This also reflects the solid financial position this jet-maker has, which enables it to hike its cash distribution to shareholders.

Reasons To Sell:

▼ **Lower F-35s in Budget:** The Pentagon surprised many by cutting back on the number of F-35 stealth fighters in the fiscal 2020 budget from what it has asked Congress to pay for this year. Notably, the Pentagon has provisioned funding for 78 F-35 jets in the latest budget, down from the 84 fighter jets the Defense Department had projected for 2020. By lowering the F-35 count, the Pentagon has provisioned for buying eight new Boeing F-15EX jets. Such lowering the number of F-35 jets in the budget reflects a slight decline in its demand from the U.S. government, which might hurt Lockheed Martin's profitability in near-term.

F-35 program's cost issues and intense competition might hurt the company's growth trajectory.

▼ **A Highly Leveraged Stock:** Debt-to-equity is a liquidity ratio that indicates the amount of financial risk a company bears. A company with a higher debt-to-equity ratio shows deteriorating solvency for a company. This is because while debt brings with it the capacity to spend a little bit more, it also carries the burden of repayment with additional interest in the future. As a result, prudent investors try to avoid companies with large debt loads since they are more vulnerable during economic downturns.

Currently, Lockheed Martin's debt-to-equity ratio stands at 363.89% compared with the sector's level of 144.23%. This substantiates the fact that the stock is highly leveraged when compared to its industry and thus bears higher chance of insolvency. Therefore, investors may get attracted to other growth stocks in the same industry that bear low debt-to-equity ratio to avoid losses.

▼ **Cost Issues of F-35:** The F-35 program or the Joint Strike Fighter Program was conceived and developed by the U.S. and its allies to replace the ageing F-16s and other older fighter jets in their fleet. It is the largest as well as the costliest U.S. weapons system. As this program represents around 27% of the company's total sales, which are expected to go up in days ahead, any decision to cut spending or reduce planned orders could have an adverse impact on its financial results.

In fact, President Trump had earlier expressed his concerns for this program, claiming it to be an 'overtly expensive' one. To this end, the company has already reduced the cost structure for this jet and now plans to reduce to \$80 million or less per plane by 2020. However, the F-35A, the most common version of the aircraft, is expected to cost \$82.4 million per unit in 2020, per a report by Reuters. Moreover, according to the Defense Department's latest annual program overview, the company must find ways to reduce the Pentagon's current \$1.1 trillion estimate to own and operate the F-35 jets. Such forced cost reduction initiatives might hamper the operating results of the company.

▼ **Rising Competition:** Lockheed Martin faces intense competition for its broad portfolio of products and services, both in the domestic front as well as the global market. Particularly, it faces competitive threat from various smaller competitors, particularly in some of its services businesses. Moreover, information technology procurements are increasingly focusing on price over other competitive factors.

▼ **COVID-19 Impacts:** Although the pandemic did not have a material impact on Lockheed Martin's operating results or business in the first quarter of 2020, its ongoing and prolonged impacts may be a cause of concern and might dent its second-quarter performance. This could be because the company is already experiencing issues in each of its business areas related to COVID-19, primarily in access to some locations and delays of supplier deliveries. Flight test operations and training are also being negatively impacted by travel restrictions, which could delay deliveries to customers. Further, other milestones on affected programs could be adversely impacted by the extended period of global supply-chain disruption. Since the pandemic is unlikely to die out anytime soon, it might turn out to be a major growth inhibitor for this stock.

Last Earnings Report

Lockheed Martin Q1 Earnings & Sales Beat Estimates

Lockheed Martin reported first-quarter 2020 earnings of \$6.08 per share, which surpassed the Zacks Consensus Estimate of \$5.76 by 5.5%. The bottom line also improved 1.5% from the year-ago quarter's \$5.99. This year-over-year upside can be attributed to higher sales.

Operational Highlights

In the reported quarter, net sales amounted to \$15,651 million, which outshined the Zacks Consensus Estimate of \$15,227 million by 2.8%. The reported figure also increased 9.2% from \$14,336 million a year ago. Except for the company's Rotary and Missions Systems unit, all segments registered year-over-year growth in sales.

Backlog

Lockheed Martin ended the first quarter (on Mar 29, 2020) with \$144.1 billion in backlog, up 0.1% from \$144 billion at the end of 2019. Of this, the Aeronautics segment accounted for \$52.9 billion, while Rotary and Mission Systems contributed \$37.5 billion. Also, \$26.7 billion came from Space Systems and \$27.1 billion from the Missiles and Fire Control segment.

Segmental Performance

Aeronautics: Sales increased 14.1% year over year to \$6.37 billion, primarily driven by higher net sales from the F-35 programs. Also, higher sales from classified development activities owing to increased volumes contributed to sales growth at this unit.

The segment's operating profit improved 14.9% year over year to \$672 million, whereas the operating margin expanded 10 basis points (bps) to 10.6%.

Missiles and Fire Control: Quarterly sales improved 11.4% year over year to \$2.62 billion owing to higher sales from tactical and strike missile programs as well as integrated air and missile defense programs.

The segment's operating profit declined 5% year over year to \$396 million, whereas operating margin contracted 260 bps to 15.1%.

Rotary and Mission Systems: Quarterly sales of \$3.75 billion declined 0.4% from the prior-year quarter on account of lower sales for Sikorsky helicopter programs, which include combat rescue helicopter and Black Hawk production programs.

The segment's operating profit declined 0.8% year over year to \$376 million, while operating margin contracted 10 bps to 10%.

Space Systems: Sales rose 10.5% year over year to about \$2.92 billion in the first quarter. The uptick was driven by higher net sales for strategic and missile defense programs, and increased volumes from government satellite programs.

The segment's operating profit declined 15.9% to \$281 million, while its operating margin contracted 310 bps to 9.6% in the reported quarter.

Financial Condition

Lockheed Martin's cash and cash equivalents totaled \$1.99 billion as of Mar 29, 2020, compared with \$1.51 billion at the end of 2019. Long-term debt summed \$11.44 billion, slightly higher than the prior-year-end level of \$11.40 billion.

Cash from operations at the end of first-quarter 2020 amounted to \$2.3 billion compared with \$1.7 billion a year ago.

During the reported quarter, the company repurchased 1.7 million shares for \$756 million compared with the buyback of one million shares for \$281 million in the year-ago quarter.

Lockheed Martin paid out dividends worth \$693 million to its shareholders in the first quarter compared with the year-ago quarter's figure of \$638 million.

Guidance

For 2020, Lockheed Martin has updated its financial guidance. The company currently expects to generate revenues of \$62.25-\$64 billion compared with \$62.75-\$64.25 billion projected earlier. The Zacks Consensus Estimate for full-year revenues, pegged at \$63.78 billion, lies toward the higher end of the company's updated guidance.

Earnings per share are anticipated to be in the \$23.65-\$23.95 range for 2020. The Zacks Consensus Estimate for the company's full-year earnings, pegged at \$24.12, lies below the company's guidance.

Quarter Ending	03/2020
Report Date	Apr 21, 2020
Sales Surprise	2.79%
EPS Surprise	5.56%
Quarterly EPS	6.08
Annual EPS (TTM)	22.03

Recent News

On **Apr 2, 2020**, Lockheed Martin Aeronautics business division secured a \$512-million deal under the foreign military sales (FMS) program to manufacture eight F-16 Block 70 aircraft for the Republic of Bulgaria. The contract was awarded by the Air Force Life Cycle Management Center, Wright-Patterson Air Force Base, OH.

On **Apr 1, 2020**, Lockheed Martin won a contract for manufacturing the 17th and 18th lots of Joint Air-to-Surface Standoff Missile (JASSM). Work related to the deal will be executed in Orlando, FL.

Valued at \$818.2 million, the contract was awarded by the Air Force Life Cycle Management Center, Eglin Air Force Base, FL. The contract is scheduled to be completed by Oct 31, 2024.

On **Mar 31, 2020**, Lockheed Martin's Aeronautics business division won a \$4.71-billion modification contract to procure 78 F-35 combat jets and associated aircraft red gear. This deal will cater to the U.S. Air Force, Marine Corps and Navy.

On **Mar 19, 2020**, Lockheed Martin's business unit, Space Systems, clinched a modification contract for submarine-launched ballistic missile (model) Trident II D5 production and deployed systems support. Work related to the deal is scheduled to be over by September 2024.

Valued at \$601.3 million, the contract was awarded by the Strategic Systems Programs, Washington DC. Majority of the task will be completed in Magna, UT and Sunnyvale, CA. The contract will cater to the U.S. Navy and government of the United Kingdom.

On **Feb 26, 2020**, Lockheed Martin received a direct commercial sale contract from the United Arab Emirates Air Force and Air Defence (AFAD) for expedited delivery of Sniper Advanced Targeting Pods (ATP), spares and upgrades. This contract marks the first integration of Sniper ATP on the Mirage aircraft. Deliveries of Sniper ATPs and spares will support the UAE AFAD's requirement to provide precision targeting capability for their existing Mirage 2000 fleet.

On **Feb 7, 2020**, Lockheed Martin signed a memorandum of understanding (MoU) with Navratna Defence PSU Bharat Electronics Limited (BEL) to explore industrial opportunities in the F-21 programme today at DefExpo 2020. Lockheed Martin is strengthening and growing its partnerships with the Indian industry to support the company's F-21 proposal for the Indian Air Force.

On **Feb 7, 2020**, Lockheed Martin delivered the second of two KC-130J Super Hercules aerial refuelers to representatives from France's Armée de l'Air on Feb. 4, at its Aeronautics facility in Marietta, Georgia.

Valuation

Lockheed Martin's shares are down 2.3% in the year-to-date period but up 15.2% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Aerospace sector are down 27.3% and 34.9% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry is down 29.9% while the sector is down 33.6%.

The S&P 500 index is down 15.2% in the past year-to-date period and down 7% in the past year.

The stock is currently trading at 15.3X of forward 12-month earnings, which compares to 18.3X for the Zacks sub-industry, 17.7X 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 25.4X and as low as 11.7X, with a 5-year median of 18.1X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$403 price target reflects 16.2X forward 12-month earnings.

The table below shows summary valuation data for LMT

Valuation Multiples - LMT					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	15.28	18.26	17.71	18.71
	5-Year High	25.36	22.54	20.94	19.34
	5-Year Low	11.69	14.52	14.17	15.19
	5-Year Median	18.12	17.18	16.97	17.45
P/S F12M	Current	1.66	1.23	1.06	3.14
	5-Year High	2.01	1.64	1.49	3.44
	5-Year Low	1.24	0.95	0.92	2.54
	5-Year Median	1.56	1.26	1.17	3.01
EV/EBITDA TTM	Current	12.23	13.73	10.11	10.23
	5-Year High	15.29	19.53	14.99	12.87
	5-Year Low	7.79	8.12	7.39	8.28
	5-Year Median	12.06	11.68	10.42	10.78

As of 04/22/2020

Industry Analysis Zacks Industry Rank: Bottom 37% (159 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
Airbus Group (EADSY)	Neutral	3
General Dynamics Corporation (GD)	Neutral	3
Huntington Ingalls Industries, Inc. (HII)	Neutral	3
Leidos Holdings, Inc. (LDOS)	Neutral	3
Northrop Grumman Corporation (NOC)	Neutral	3
Safran SA (SAFRY)	Neutral	4
The Boeing Company (BA)	Underperform	3
Textron Inc. (TXT)	Underperform	5

Industry Comparison Industry: Aerospace - Defense				Industry Peers		
	LMT	X Industry	S&P 500	EADSY	GD	NOC
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	2	-	-	3	3	3
VGM Score	D	-	-	B	B	A
Market Cap	107.16 B	7.58 B	18.94 B	45.23 B	38.71 B	57.22 B
# of Analysts	8	5.5	14	1	8	6
Dividend Yield	2.52%	0.85%	2.23%	0.00%	3.30%	1.54%
Value Score	C	-	-	B	A	C
Cash/Price	0.01	0.07	0.05	0.33	0.02	0.04
EV/EBITDA	12.89	8.71	11.56	9.69	8.53	16.87
PEG Ratio	2.23	1.65	2.20	NA	1.50	NA
Price/Book (P/B)	30.73	2.68	2.58	6.74	2.85	6.50
Price/Cash Flow (P/CF)	14.46	9.08	10.22	6.24	8.96	12.40
P/E (F1)	15.78	14.89	17.79	NA	11.04	14.89
Price/Sales (P/S)	1.75	0.85	1.99	0.57	0.98	1.69
Earnings Yield	6.34%	5.80%	5.49%	-5.85%	9.06%	6.72%
Debt/Equity	3.28	0.71	0.72	2.62	0.66	1.60
Cash Flow (\$/share)	26.30	2.73	7.01	2.33	14.89	27.58
Growth Score	C	-	-	B	B	A
Hist. EPS Growth (3-5 yrs)	16.29%	13.39%	10.92%	6.43%	7.05%	23.28%
Proj. EPS Growth (F1/F0)	9.78%	9.89%	-4.22%	-166.41%	0.87%	8.27%
Curr. Cash Flow Growth	18.08%	6.19%	5.93%	11.92%	3.16%	2.21%
Hist. Cash Flow Growth (3-5 yrs)	9.70%	6.62%	8.55%	5.74%	6.36%	14.43%
Current Ratio	1.23	1.20	1.24	0.91	1.18	1.13
Debt/Capital	76.64%	42.81%	43.79%	72.37%	39.89%	61.48%
Net Margin	10.21%	6.01%	11.55%	-1.88%	8.85%	6.64%
Return on Equity	185.10%	16.94%	16.74%	51.85%	26.70%	39.51%
Sales/Assets	1.26	0.84	0.54	0.61	0.81	0.84
Proj. Sales Growth (F1/F0)	6.39%	0.32%	-0.39%	-21.68%	0.84%	5.29%
Momentum Score	F	-	-	D	D	B
Daily Price Chg	1.86%	1.73%	1.83%	1.96%	1.28%	2.50%
1 Week Price Chg	8.22%	1.09%	0.42%	-7.50%	-2.00%	5.84%
4 Week Price Chg	19.00%	6.45%	10.68%	-11.81%	9.32%	18.60%
12 Week Price Chg	-12.32%	-28.36%	-20.87%	-61.32%	-27.31%	-10.62%
52 Week Price Chg	15.23%	-32.03%	-15.29%	-57.40%	-26.21%	22.15%
20 Day Average Volume	1,808,162	1,098,104	2,886,084	1,207,660	1,707,232	988,549
(F1) EPS Est 1 week change	-0.78%	0.00%	-0.10%	0.00%	-0.97%	0.00%
(F1) EPS Est 4 week change	-0.78%	-1.49%	-6.36%	0.00%	-3.43%	-0.41%
(F1) EPS Est 12 week change	-1.35%	-6.28%	-11.38%	-140.48%	-6.28%	-0.10%
(Q1) EPS Est Mthly Chg	-1.49%	-1.35%	-9.71%	NA	-1.17%	-0.18%

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	C
Growth Score	C
Momentum Score	F
VGM Score	D

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

Disclosures

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