

## MGM Resorts (MGM)

**\$33.32** (As of 12/30/19)

Price Target (6-12 Months): **\$35.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 07/30/19)

Prior Recommendation: Underperform

Short Term: 1-3 Months

**Zacks Rank:** (1-5)

**3-Hold**

Zacks Style Scores:

VGM:B

Value: C

Growth: B

Momentum: A

## Summary

Shares of MGM Resorts have outperformed the industry year to date. The company reported mixed-third quarter 2019 results, with earnings surpassing the consensus mark and revenues missing the same. The company's strong portfolio, resort openings, other entertainment offerings in the pipeline and focus on non-gaming activities bode well for long-term growth. In the last reported quarter, the company's top line gained from higher revenues at MGM China. An increase in visitation in the Las Vegas market and solid long-term prospects of the Macau business are expected to boost revenues, going forward. Of late, estimates for current quarter and year have witnessed upward revisions, reflecting growth potential. However, increasing competition and high-debt burden are significant headwinds for the company.

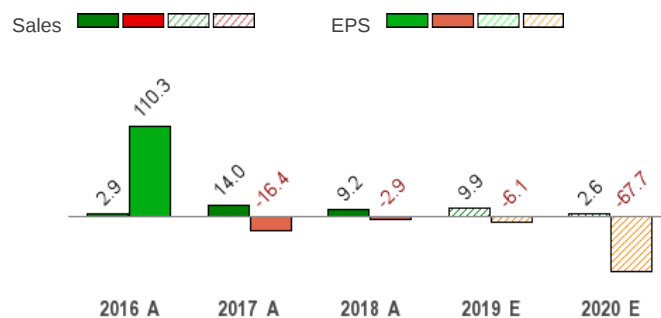
## Price, Consensus & Surprise



## Data Overview

|                            |                             |
|----------------------------|-----------------------------|
| 52 Week High-Low           | \$33.87 - \$23.68           |
| 20 Day Average Volume (sh) | 3,372,745                   |
| Market Cap                 | \$17.4 B                    |
| YTD Price Change           | 37.4%                       |
| Beta                       | 1.52                        |
| Dividend / Div Yld         | \$0.52 / 1.6%               |
| Industry                   | <a href="#">Gaming</a>      |
| Zacks Industry Rank        | Bottom 27% (185 out of 253) |

## Sales and EPS Growth Rates (Y/Y %)



|                           |            |
|---------------------------|------------|
| Last EPS Surprise         | 6.9%       |
| Last Sales Surprise       | -1.7%      |
| EPS F1 Est- 4 week change | 5.8%       |
| Expected Report Date      | 02/12/2020 |
| Earnings ESP              | 0.0%       |
| P/E TTM                   | 41.7       |
| P/E F1                    | 35.8       |
| PEG F1                    | 4.4        |
| P/S TTM                   | 1.4        |

## Sales Estimates (millions of \$)

|      | Q1      | Q2      | Q3      | Q4      | Annual*  |
|------|---------|---------|---------|---------|----------|
| 2020 | 3,260 E | 3,342 E | 3,339 E | 3,250 E | 13,265 E |
| 2019 | 3,177 A | 3,223 A | 3,314 A | 3,220 E | 12,932 E |
| 2018 | 2,822 A | 2,859 A | 3,029 A | 3,053 A | 11,763 A |

## EPS Estimates

|      | Q1       | Q2       | Q3       | Q4       | Annual*  |
|------|----------|----------|----------|----------|----------|
| 2020 | \$0.25 E | \$0.30 E | \$0.29 E | \$0.36 E | \$0.30 E |
| 2019 | \$0.12 A | \$0.23 A | \$0.31 A | \$0.27 E | \$0.93 E |
| 2018 | \$0.34 A | \$0.26 A | \$0.24 A | \$0.14 A | \$0.99 A |

\*Quarterly figures may not add up to annual.

The data in the charts and tables, except sales and EPS estimates, is as of 12/30/2019. The reports text and the analyst-provided sales and EPS estimates are as of 12/31/2019.

## Overview

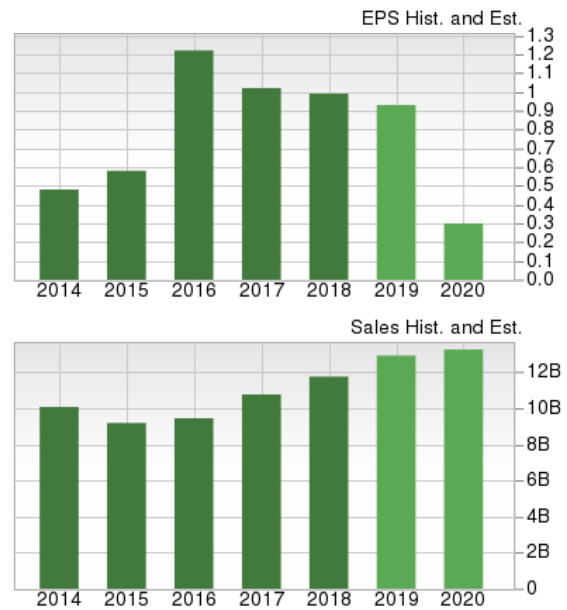
MGM Resorts International is a holding company and primarily owns and operates casino resorts through wholly owned subsidiaries. The company's resorts portfolio incorporates 30 unique hotel offerings, including some of the most familiar resort brands in the industry such as Bellagio, MGM Grand, Mandalay Bay and The Mirage.

The company reported 2018 results under three operating segments: Las Vegas Strip (48.3% of total revenues in 2018), Regional Operations (24.6%) and MGM China (20.3%). Notably, City Centre Operations also had accountability to total revenues. MGM China's operations consist of the MGM Macau resort and casino (MGM Macau) and the company is currently developing an integrated casino, hotel, and entertainment resort on the Cotai Strip in the region. Meanwhile, in Oct 2015, MGM Resorts created a controlled real estate investment trust (REIT) named MGM Growth Properties LLC (MGP), which began trading in April 2016.

MGM Resorts International holds 73% interest in MGM Growth Properties LLC (MGP), a premier real estate investment trust engaged in the acquisition, ownership and leasing of large-scale resorts. It also owns 56% stake in MGM China Holdings Limited, which owns MGM MACAU and 50% of CityCenter in Las Vegas.

MGM Resorts recently acquired the operations of Empire City Casino in New York and Hard Rock Rocksino in Ohio, which was rebranded as MGM Northfield Park. In 2018, MGM Resorts opened MGM Springfield in Massachusetts, MGM COTAI in Macau, and the first Bellagio-branded hotel in Shanghai.

The company's superior business model, extensive non-gaming revenue opportunities, high-quality assets and attractive property locations are the primary growth drivers. In the past few years, it has taken various initiatives to align every recognized brand into one global entertainment brand. This resulted in a disciplined business model, with a unified view of strategy.



## Reasons To Buy:

▲ **Strong Brand Recognition:** MGM Resorts' shares have outperformed the industry year to date. MGM Resorts, one of the leading companies in the gaming and lodging industry, is well poised to grow on high brand awareness. The company's superior business model, extensive non-gaming revenue opportunities, high-quality assets and attractive property locations are the primary growth drivers. In the past few years, the company has taken various initiatives to align every recognized brand into one global entertainment brand. This resulted in a disciplined business model with a unified view of strategy. Meanwhile, with a gradual economic recovery in the United States, the company's business seems to improve further. Moreover, a few other new entertainment offerings in the pipeline are expected to deliver increased profitability across the company's properties. The company's core strategies include optimizing its customer mix, leveraging the casino database in a targeted way and driving more profitable business.

An increase in visitation in the Las Vegas market, solid long-term prospects of Macau business and the company's focus on non-gaming activities is likely to aid growth

MGM Resorts undertook a growth initiative called MGM 2020 back in January and have been following up on that plan. The plan, if executed efficiently, will deliver \$200 million of EBITDA in 2020. In fact, MGM Resorts expects to witness strong trends in the second half of 2019 and gain financial benefits from MGM 2020. The company expects to achieve \$100 million of EBITDA in 2019, up from \$70 million in 2018. It also continues to work toward reducing consolidated net leverage to 3-4 times by the end of 2020. In third-quarter 2019, the company achieved cost savings on approximately \$50 million due to MGM 2020 initiatives.

▲ **Asset Light Strategy:** MGM Resorts is focusing on asset light strategy to strengthen its balance sheet. In this regard, the company announced two separate deals. Firstly, MGM Resorts International and Blackstone Real Estate Income Trust ("BREIT") will form a 95%/5% BREIT-led joint venture to acquire MGM Resorts' Bellagio for \$4.25 billion and then lease it back to a unit of MGM Resorts for annual rent of \$245 million. Secondly, the company also announced that it has entered into a definitive agreement with an affiliate of Treasure Island owner Phil Ruffin to sell Circus Las Vegas for \$825 million.

Instead of being a capital intensive, brick & mortar real estate business, the company intends to be a developer, manager and operator of major gaming, hospitality and entertainment properties. The company stated that it wants to focus on sports and live entertainment.

▲ **Various Domestic Ventures:** The company's properties are well diversified within the United States. Particularly, the company's Las Vegas business is likely to perform well on the back of an improving economic scenario and increased tourism numbers. Moreover, the company is executing across all segments of its business therein including hotel, casino, food and beverage and entertainment. Meanwhile, the company continues to make important investments wherever it sees an opportunity. It is in a solid position with The Park, The Plaza, T-Mobile and New York-New York that are likely to continue drawing more people to Las Vegas. The company believes that concerts and events hold the key to increasing visitation and profits, and with a strong lineup of the same coming up, traffic in the region is expected to increase. The company revamped Monte Carlo, which was named Park MGM. Additionally, MGM Resorts is seeking to capitalize on the surge in demand for tourism, convention business and sports-related entertainment in Las Vegas, along with many such developments in the pipeline. Moreover, these projects also demonstrate the company's commitment to diversifying business that is not solely meant for gaming.

MGM Resorts is continuing to maximize performance in the domestic resort portfolio. The company expects moderate revenue growth for the remaining of the year due to its continuous improvement efforts and an ongoing disciplined approach to control cost.

▲ **Macau Business to Spur Growth over the Long-term:** MGM derives a solid share of its revenues from Macau, the largest gaming destination in the world. It is undertaking initiatives to increase revenues and junket productivity in Macau, and anticipates a positive trend, buoyed by upgrades to main gaming floor products and marketing initiatives. Furthermore, the opening of MGM Cotai in February 2018 significantly boosted revenues in 2018. Notably, revenues at MGM China improved 21.7% on a year-over-year basis in the third quarter of 2019, following a rise of 26% in the second quarter. Revenues also improved in the past ten quarters.

Also, the government of China is considering measures to support Macau's economy in all aspects and introduce favorable policies, which is expected to improve visitation pattern and boost tourism and traffic in the region. These include the approval of Macau's maritime expansion plans that are expected to aid shipping and tourism. Also, the government has enabled mainland Chinese cities to offer multi-entry permits. Moreover, the opening of the world's longest sea-crossing bridge and tunnel in the prior year, which connects Macau to Hong Kong, as well as mainland China's Pearl River Delta, is likely to prove beneficial for casino operators.

▲ **Digital initiatives:** MGM Resorts utilizes various types of technology to maximize revenues and efficiency in operations. The company continues to adopt ways that drive bookings. MGM Resorts has an M life Rewards program for its customers at domestic resorts. M life provides access to rewards, privileges and members-only events.

Moreover, the company's website, mlife.com continues to generate substantial revenues. The website offers customers all the necessary information to customize a complete itinerary at one place. Management believes that its continued digital endeavors will facilitate high margins with lesser capital spending. Recently, MGM Resorts partnered Boyd Gaming to significantly enhance each company's market access and customer base throughout the United States. Under the partnership, both the companies have initiated opportunities to offer online and mobile gaming platforms – including sports betting, casino gaming and poker.

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## Reasons To Sell:

▼ **Trade War:** The trade war between Beijing and Washington continues to hurt gambling stocks, and MGM Resorts is no exception. Moreover, the flagging China property price has adversely impacted the high-end VIP segment. MGM Resorts has been offering various promotional allowances and undertaking initiatives to attract gambling patrons in Macao. The companies face substantial threat on the face of a potential outbreak of a trade war.

▼ **Macau/China Regulatory Issues:** The Macau government has joined forces with mainland authorities to tackle money laundering and terrorism financing and beefed up its anti-money laundering framework with a much wider scope and stringent compliance measures. In sync with this, new security measures including facial recognition at ATM machines are also being rolled out. Earlier, the government had put withdrawal limit on each ATM transaction to stem the recent increase in overseas ATM withdrawals. While these policies might be helpful in the long run, they are likely to restrict gaming revenues in the near term.

Moreover, Macau's Gaming Inspection and Coordination Bureau ("DICJ") is increasing its audits of the junket industry, owing to worries of money laundering. This, in turn, may weigh down on the company's performance in the region. That said, recent numbers published by The Macau Gaming Inspection and Coordination Bureau raised concerns for the short term.

▼ **Debt Pressure:** MGM Resort's heavy reliance on debt financing is a concern. As of Sep 30, 2019, cash and cash equivalents were \$1,233.6 million, whereas long-term debt of \$14.9 billion was much higher. However, any severe slowdown in future macroeconomic and credit market conditions can affect the company's ability to pay or refinance debt.

▼ **Weak Baccarat Business Hurts:** MGM Resorts' baccarat business has been facing some headwinds from the fourth quarter of 2018. So far in 2019, the business has been affected by fewer visits from certain Far East players and a lower hold. Also, gaming revenues declined 3% in the third quarter due to the high-end baccarat business.

▼ **Heightened Competition:** MGM Resorts operates in the highly competitive markets of Las Vegas and Macau. Increased hotel openings and promotional activities have made these markets highly competitive. Thus, excess supply, especially in the Macau market, might reduce the company's market share. The company's upcoming projects are expected to face extreme peer pressure from several Chinese casino operators as well as The Parisian Macao and the Sands Cotai Central project of Las Vegas Sands Corp.

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High-debt margin from initiatives increased competition concerns. burden, pressure various and raise

## Last Earnings Report

### MGM Resorts Q3 Earnings Beat, Revenues Miss Estimates

MGM Resorts International reported third-quarter 2019 results, wherein earnings topped the Zacks Consensus Estimate but revenues lagged the same.

Adjusted earnings of 31 cents per share beat the consensus estimate of 29 cents by 6.9% and improved 34.8% from the prior-year quarter.

Total revenues were \$3,314.4 million, missing the consensus mark of \$3,370 million by 1.7%. Nonetheless, the top line increased 9.4% year over year. This improvement was backed by robust performance of MGM China and Regional Operations.

Quarter Ending **09/2019**

|                  |                     |
|------------------|---------------------|
| Report Date      | <b>Oct 30, 2019</b> |
| Sales Surprise   | <b>-1.66%</b>       |
| EPS Surprise     | <b>6.90%</b>        |
| Quarterly EPS    | <b>0.31</b>         |
| Annual EPS (TTM) | <b>0.80</b>         |

### MGM China

MGM China's net revenues increased 21.7% year over year to \$737.8 million, owing to net revenue contribution of \$364 million from MGM Cotai.

The opening of 25 new-to-market tables at MGM Cotai facilitated a 47% year-over-year increase in main floor table game wins. VIP table game wins also increased 5% from the prior-year quarter, primarily driven by the opening of VIP gaming areas in September 2018 at MGM Cotai.

MGM China's adjusted property EBITDA (earnings before interest, taxes and amortization) increased 40% to \$182 million from \$130 million in the prior-year quarter. Moreover, adjusted property EBITDA margin was 24.7%, marking an increase of 320 basis points (bps) from the year-ago figure.

### Domestic Operations

MGM Resorts owns and operates several properties in Las Vegas. It also owns several assets in Mississippi and Michigan.

Net revenues at Las Vegas Strip Resorts were \$1.5 billion, up 3.7% year over year. Moreover, adjusted property EBITDA increased 5% year over year and EBITDA margin expanded 41 bps.

Net revenues of \$935 million from the company's regional operations increased 20.3% from the prior-year number, driven by revenues of \$76 million from MGM Springfield and \$52.1 million from Empire City Casino, and net revenues of \$64.4 million from MGM Northfield Park's operations. Adjusted property EBITDA was \$264 million, mirroring a 27% increase from the year-ago quarter, with notable strength at MGM National Harbor and Borgata. Adjusted Property EBITDA margin also expanded 152 bps year over year.

Casino revenues in the quarter under review decreased 3% year over year at the company's Las Vegas Strip Resorts due to a 11% decline in table game wins. However, the same increased 26% at its Regional Operations, owing to the full-quarter contribution from MGM Springfield, the acquisition of Empire City Casino and the merger of MGM Northfield Park's operations.

At the Las Vegas Strip Resorts, food and beverage revenues rose 9% from the prior-year quarter, backed by the opening of new outlets at Park MGM as well as NoMad Las Vegas.

### Balance Sheet

MGM Resorts ended the third quarter with cash and cash equivalents of \$1,233.6 million as of Sep 30, 2019 compared with \$1,526.8 million on Dec 31, 2018.

On Oct 30, 2019, the company's board of directors approved a quarterly dividend of 13 cents per share, totaling \$67 million.

It expects the robust Las Vegas market and successful implementation of MGM 2020 to drive EBITDA and free cash flow growth. Meanwhile, proceeds generated from its asset light strategy will be utilized to strengthen balance sheet, reduce shares outstanding and invest in select growth initiatives.

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## Valuation

MGM Resorts' shares are up 37.4% over the trailing 12-month period. Over the past year, the Zacks sub-industry and sector are up 28.8% and 28.7%, respectively.

The S&P 500 index is up 27.2% in the past year.

The stock is currently trading at 10.84x trailing 12-month EV/EBITDA, which compares to 13.09 for the Zacks sub-industry, 12.77x for the Zacks sector and 12.01x for the S&P 500 index.

Over the past five years, the stock has traded as high as 28.57x and as low as 9.24x, with a 5-year median of 11.03x. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$35 price target reflects 23.13x forward 12-month Price to Earnings value.

The table below shows summary valuation data for MGM.

| Valuation Multiples - MGM |               |       |              |        |         |
|---------------------------|---------------|-------|--------------|--------|---------|
|                           |               | Stock | Sub-Industry | Sector | S&P 500 |
| EV/EBITDA TTM             | Current       | 10.84 | 13.09        | 12.77  | 12.01   |
|                           | 5-Year High   | 28.57 | 24.16        | 17.77  | 12.86   |
|                           | 5-Year Low    | 9.24  | 10.53        | 11.08  | 8.49    |
|                           | 5-Year Median | 11.03 | 13.06        | 12.44  | 10.65   |
| P/E F12M                  | Current       | 23    | 21.73        | 20.3   | 18.65   |
|                           | 5-Year High   | 48.59 | 29.8         | 23.34  | 19.34   |
|                           | 5-Year Low    | 16.72 | 15.41        | 16.17  | 15.17   |
|                           | 5-Year Median | 23.68 | 21.73        | 20.09  | 17.43   |
| P/B TTM                   | Current       | 1.65  | 4.38         | 3.54   | 4.39    |
|                           | 5-Year High   | 1.94  | 5            | 5.04   | 4.42    |
|                           | 5-Year Low    | 1.08  | 2.22         | 3.13   | 2.85    |
|                           | 5-Year Median | 1.49  | 3.61         | 4.29   | 3.6     |

As of 12/30/2019

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## Industry Analysis Zacks Industry Rank: Bottom 27% (185 out of 253)



## Top Peers

|                                              |              |
|----------------------------------------------|--------------|
| Boyd Gaming Corporation (BYD)                | Neutral      |
| Las Vegas Sands Corp. (LVS)                  | Neutral      |
| Melco Resorts & Entertainment Limited (MLCO) | Neutral      |
| Penn National Gaming, Inc. (PENN)            | Neutral      |
| Churchill Downs, Incorporated (CHDN)         | Underperform |
| Century Casinos, Inc. (CNTY)                 | Underperform |
| Full House Resorts, Inc. (FLL)               | Underperform |
| Wynn Resorts, Limited (WYNN)                 | Underperform |

| Industry Comparison Industry: Gaming |             |            |           | Industry Peers |              |                   |
|--------------------------------------|-------------|------------|-----------|----------------|--------------|-------------------|
|                                      | MGM Neutral | X Industry | S&P 500   | LVS Neutral    | MLCO Neutral | WYNN Underperform |
| <b>VGM Score</b>                     | <b>B</b>    | -          | -         | <b>D</b>       | <b>B</b>     | <b>F</b>          |
| Market Cap                           | 17.37 B     | 2.77 B     | 23.75 B   | 53.22 B        | 12.05 B      | 14.96 B           |
| # of Analysts                        |             | 3.5        | 13        |                |              |                   |
| Dividend Yield                       | 1.56%       | 0.00%      | 1.79%     | 4.44%          | 2.68%        | 2.87%             |
| <b>Value Score</b>                   | <b>C</b>    | -          | -         | <b>C</b>       | <b>C</b>     | <b>F</b>          |
| Cash/Price                           | 0.07        | 0.11       | 0.04      | 0.07           | 0.15         | 0.11              |
| EV/EBITDA                            | 12.05       | 12.01      | 13.92     | 12.38          | 11.97        | 17.93             |
| PEG Ratio                            | 4.38        | 1.70       | 2.12      | 9.17           | 1.12         | 3.34              |
| Price/Book (P/B)                     | 1.65        | 3.00       | 3.32      | 8.17           | 3.94         | 9.00              |
| Price/Cash Flow (P/CF)               | 9.85        | 11.80      | 13.73     | 14.34          | 11.80        | 11.78             |
| P/E (F1)                             | 36.02       | 24.15      | 19.56     | 22.00          | 23.89        | 33.36             |
| Price/Sales (P/S)                    | 1.36        | 1.52       | 2.67      | 3.88           | 2.14         | 2.25              |
| Earnings Yield                       | 0.87%       | 2.97%      | 5.10%     | 4.55%          | 4.19%        | 3.00%             |
| Debt/Equity                          | 1.47        | 1.07       | 0.72      | 1.82           | 1.37         | 5.75              |
| Cash Flow (\$/share)                 | 3.38        | 1.68       | 6.94      | 4.83           | 2.07         | 11.84             |
| <b>Growth Score</b>                  | <b>B</b>    | -          | -         | <b>C</b>       | <b>B</b>     | <b>F</b>          |
| Hist. EPS Growth (3-5 yrs)           | 16.44%      | 6.08%      | 10.53%    | 3.56%          | 10.97%       | 6.08%             |
| Proj. EPS Growth (F1/F0)             | -70.20%     | -15.49%    | 6.30%     | -5.12%         | 14.61%       | -36.12%           |
| Curr. Cash Flow Growth               | 8.87%       | 11.28%     | 14.83%    | 3.58%          | 0.13%        | 13.11%            |
| Hist. Cash Flow Growth (3-5 yrs)     | 12.21%      | 6.61%      | 9.00%     | 1.60%          | -2.37%       | 1.94%             |
| Current Ratio                        | 0.87        | 1.10       | 1.23      | 1.60           | 0.89         | 1.09              |
| Debt/Capital                         | 59.67%      | 54.09%     | 42.99%    | 64.58%         | 57.79%       | 85.18%            |
| Net Margin                           | 0.11%       | 1.41%      | 11.08%    | 13.86%         | 7.60%        | 10.12%            |
| Return on Equity                     | 4.10%       | 4.85%      | 17.10%    | 37.04%         | 17.61%       | 25.33%            |
| Sales/Assets                         | 0.41        | 0.46       | 0.55      | 0.61           | 0.60         | 0.50              |
| Proj. Sales Growth (F1/F0)           | 9.93%       | 3.78%      | 2.86%     | -0.71%         | 10.79%       | -0.16%            |
| <b>Momentum Score</b>                | <b>A</b>    | -          | -         | <b>D</b>       | <b>D</b>     | <b>C</b>          |
| Daily Price Chg                      | -0.80%      | -0.31%     | -0.43%    | -0.63%         | 0.00%        | -0.31%            |
| 1 Week Price Chg                     | 0.87%       | 0.05%      | 0.13%     | 1.77%          | 1.12%        | 1.27%             |
| 4 Week Price Chg                     | 4.26%       | 3.01%      | 2.78%     | 10.54%         | 13.03%       | 16.74%            |
| 12 Week Price Chg                    | 22.27%      | 12.32%     | 8.67%     | 26.11%         | 24.21%       | 30.24%            |
| 52 Week Price Chg                    | 37.35%      | 24.60%     | 27.07%    | 33.14%         | 38.31%       | 40.92%            |
| 20 Day Average Volume                | 3,372,745   | 77,141     | 1,731,328 | 3,188,336      | 1,654,871    | 2,122,073         |
| (F1) EPS Est 1 week change           | 0.00%       | 0.00%      | 0.00%     | 0.00%          | 0.00%        | 0.00%             |
| (F1) EPS Est 4 week change           | 5.83%       | 0.00%      | 0.00%     | 0.00%          | 0.00%        | -7.02%            |
| (F1) EPS Est 12 week change          | 12.47%      | -2.81%     | 0.14%     | -0.63%         | 5.83%        | -26.16%           |
| (Q1) EPS Est Mthly Chg               | -7.28%      | 0.00%      | 0.00%     | -0.36%         | 0.00%        | -10.69%           |

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## 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.

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### 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   | B |
| Momentum Score | A |
| VGM Score      | B |

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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### Disclosures

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