

Novo-Nordisk A/S (NVO)

\$64.96 (As of 05/28/20)

Price Target (6-12 Months): **\$68.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 02/12/19)

Prior Recommendation: NA

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:B

Value: B

Growth: C

Momentum: B

Summary

Novo Nordisk beats on both first-quarter earnings and sales. Ryzodeg continues to gain traction and Ozempic, a once-weekly GLP-1, is off to a solid start. The label of Ozempic was further expanded by the FDA to include a cardiovascular indication. Novo Nordisk has one of the broadest diabetes portfolios in the industry. Tresiba, Victoza, Ozempic, Xultophy and Saxenda maintain momentum for the company. Label expansion of existing drugs will further boost sales for the company. Shares of the company have outperformed the industry in the past year. However, lower realized prices in the United States, loss of exclusivity for products in hormone replacement therapy and intensifying competition will impact sales. Moreover, the impact of COVID-19 will affect the performance in the upcoming quarters.

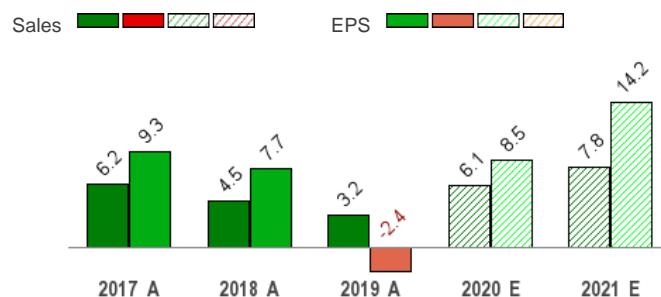
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$66.02 - \$46.85
20 Day Average Volume (sh)	1,330,091
Market Cap	\$153.0 B
YTD Price Change	12.2%
Beta	0.46
Dividend / Div Yld	\$1.12 / 1.7%
Industry	Large Cap Pharmaceuticals
Zacks Industry Rank	Top 4% (11 out of 254)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	2.7%
Last Sales Surprise	6.4%
EPS F1 Est- 4 week change	-0.8%
Expected Report Date	08/14/2020
Earnings ESP	0.0%
P/E TTM	25.5
P/E F1	24.3
PEG F1	2.7
P/S TTM	8.1

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021					20,927 E
2020	5,001 A	4,771 E	4,801 E	5,134 E	19,413 E
2019	4,456 A	4,523 A	4,510 A	4,805 A	18,296 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021					\$3.05 E
2020	\$0.75 A	\$0.67 E	\$0.66 E	\$0.60 E	\$2.67 E
2019	\$0.66 A	\$0.61 A	\$0.64 A	\$0.55 A	\$2.46 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 05/28/2020. The reports text is as of 05/29/2020.

Overview

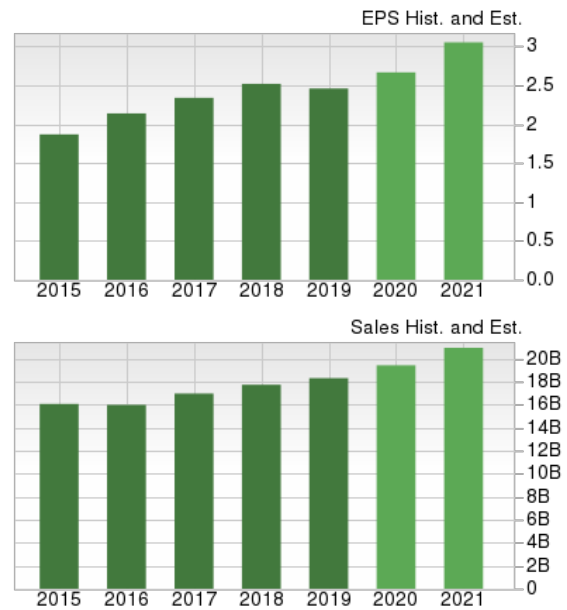
Bagsværd, Denmark-based Novo Nordisk is a global healthcare company and a leader in the worldwide diabetes market. The company is also a key player in hemophilia care, growth hormone therapy, hormone replacement therapy and obesity.

Novo Nordisk operates through two segments: Diabetes and obesity care and Biopharmaceuticals. While the Diabetes and obesity care segment covers insulins, glucagon-like peptide 1 (GLP-1), other protein-related products, obesity and oral anti-diabetic drugs, the Biopharmaceuticals segment includes hemophilia, growth hormone therapy and hormone replacement therapy.

Novo Nordisk's most well-known drugs include Levemir, NovoRapid, Victoza, Ozempic, NovoMix 30, NovoMix 50, NovoMix 70, NovoSeven, NovoThirteen and Norditropin. The company launched its first product for weight management, Saxenda, in the United States in May 2015.

In August 2018, Novo Nordisk announced that it has acquired all of the shares of Ziylo Ltd. Ziylo is a University of Bristol spin-out company based at Unit DX science incubator in the United Kingdom. The acquisition gives Novo Nordisk full rights to Ziylo's glucose binding molecule platform to develop glucose responsive insulins (GRIs). Novo Nordisk is focused on developing this technology in order to develop this next generation of insulin, which would lead to a safer and more effective insulin therapy.

Novo Nordisk reported 2019 revenues of \$18.3 billion, up 9% in DKK. Sales of diabetes and obesity products increased 16% at CER. Sales of biopharmaceutical products increased 4% in CER.



Reasons To Buy:

▲ **Share Price Performance:** Novo Nordisk's stock has outperformed the industry in the past year.

▲ **Strong Foothold in the Diabetes Market:** Novo Nordisk has a strong presence in the Diabetes care market with one of the broadest diabetes portfolios in the industry. Novo Nordisk's top line is driven by strong performance of products such as Victoza (liraglutide). In August 2017, the FDA approved a label expansion of the drug. The drug is now approved to reduce the risk of major adverse cardiovascular (CV) events in adults with type II diabetes and established CV disease. The European Commission has also included the LEADER data in Victoza's label. It is now the only GLP-1 in the EU with a label that includes prevention of cardiovascular events. Label expansion of the drug should drive the company's revenues. Tresiba continues to perform well backed by higher prescription volumes since launch. In March 2018, the FDA approved the inclusion of cardiovascular outcomes from the DEVOTE study in Tresiba's label. Additional label expansions of these drugs will boost performance.

Novo Nordisk has a strong presence in the Diabetes Care market and boasts of a strong pipeline, with focus on therapeutic proteins within insulin. Victoza remains the growth engine for the company.

▲ **Other Drugs Performing Well:** Obesity drug, Saxenda (liraglutide 3 mg) was launched in the United States in 2015 and the drug is doing well. The FDA approved Ozempic (semaglutide) once-daily pre-filled pen to improve glycemic control in type II diabetes patients in December 2017. In January 2020, Ozempic was approved in the United States for cardiovascular (CV) risk reduction in people with type II diabetes and established cardiovascular diseases.

In September 2019, the FDA approved semaglutide in a tablet form, which will be marketed under the brand name, Rybelsus. It is approved as an adjunct to diet and exercise to improve glycemic control in adults with type II diabetes mellitus. The drug is off to a good start in the United States. It is the first approved glucagon-like peptide-1 (GLP-1) receptor agonist in a tablet form. The FDA also updated the Rybelsus label with additional information from the PIONEER 6 CV outcomes study. Rybelsus was recently approved in Europe for the treatment of adults with insufficiently controlled type 2 diabetes to improve glycemic control as an adjunct to diet and exercise. Approval in other geographies should boost sales.

▲ **Encouraging Pipeline Progress:** Novo Nordisk is making efforts to broaden its portfolio.

In March 2019, concizumab was granted Breakthrough Therapy designation (BTD) for prophylaxis to prevent or reduce the frequency of bleeding episodes in people with hemophilia B and inhibitors by the FDA. In January 2020, Novo Nordisk completed the phase II study with insulin icodec (previously named LAI287), a basal insulin intended for once-weekly treatment. Based on the phase II results, Novo Nordisk plans to initiate a phase III study in second half of 2020. Any studies related to insulin should come under one point as it is diabetes related.

In December 2019, the company completed the phase I study on Icosema (LAIsema), the combination of once-weekly insulin icodec (LAI287) and once-weekly injectable GLP-1 semaglutide. The study investigated single-dose pharmacokinetics of LAIsema in a fixed ratio compared with LAI287 and semaglutide given separately to people with type II diabetes. Following the completion of the phase 1 trial, icosema is now being evaluated for further clinical trial development.

In July 2019, the first human dose trial with LA-GDF15 was initiated, including both single and multiple ascending doses. Human GDF15 (Growth Differentiation Factor 15, also known as MIC-1) is a stress-induced cytokine with multiple effects, one being appetite regulation leading to weight loss. LA-GDF15 is a long-acting version of human GDF15. During the same time, Gilead Sciences and Novo Nordisk initiated a phase II proof-of-concept study combining semaglutide and the former's cilofexor (FXR agonist) and firsocostat (ACC inhibitor) for the treatment of patients with nonalcoholic steatohepatitis (NASH).

▲ **Diversification other than diabetes:** We are encouraged by the company's efforts to develop new treatments. In February 2019, the FDA approved Novo Nordisk's biologics license application (BLA) for Esperoct (turoctocog alfa pegol, N8-GP) for the treatment of hemophilia A in adults and children. The drug is approved for the routine prophylactic to reduce the frequency of bleeding episodes, on-demand treatment and control of bleeding episodes plus perioperative management of bleeding in the given patient population. In July, the European Commission granted marketing authorization to the drug for the treatment of adolescents (>12 years of age) and adults with hemophilia A. The authorization covers all 28 European Union member states.

▲ **Acquisitions To Boost Portfolio:** In November 2019, Novo Nordisk and UBE Industries Ltd. announced that the former obtained an exclusive worldwide license to UBE's preclinical asset UD-014, a selective Semicarbazide-Sensitive Amine Oxidase/Vascular Adhesion Protein-1 (SSAO/VAP-1) inhibitor small molecule, which has shown promising efficacy in preclinical studies for its anti-inflammatory mechanism of action and antioxidative effect on endothelial cells, and can potentially be used for the treatment of NASH. Per the agreement, UBE will receive an upfront payment as well as development and sales milestones plus tiered royalties on the annual net sales. Novo Nordisk will be responsible for the further development, manufacturing and commercialization of UD-014.

In the same month, Novo Nordisk and Dicerna announced an agreement to discover and develop novel therapies for the treatment of liver-related cardio-metabolic diseases using Dicerna's proprietary GalXC RNAi platform technology. The collaboration aims at exploring more than 30 liver cell targets and may deliver multiple clinical candidates for disorders.

In October 2019, Novo Nordisk and bluebird entered a three-year research collaboration to jointly develop next-generation vivo genome editing treatments for genetic diseases, including hemophilia. Per the agreement, both companies will focus on identifying a development gene-therapy candidate to offer people with hemophilia A a lifetime free of factor replacement therapy.

In April 2019, Novo Nordisk and Gilead Sciences, Inc. collaborated for developing treatments for non-alcoholic steatohepatitis (NASH).

▲ **Restructuring Initiatives:** The company announced plans to restructure the R&D organization to speed up the expansion and diversification of its pipeline, and to enable increased investment in transformational biological and technological innovation. Thus, the total workforce was reduced by approximately 1,300 employees by the end of 2018. This has led to increased focus on the growth of its core products.

▲ **Favorable Debt Profile:** Novo Nordisk has a favorable debt profile. As of Mar 31, 2020, the company's debt to total capital ratio stood at 7.0, which compares favorably to the industry's 43.2 and is also down from 7.2 at the end of the previous quarter. A lower ratio indicates lower financial risk. The company is in good financial health and is not likely to face insolvency.

Reasons To Sell:

▼ **Generic Competition a Threat to Key Products:** The patent expiry on some of the products in Novo Nordisk's portfolio is highly concerning. The formulation patent on Norditropin expired in the United States, Europe and Japan in 2017. Victoza is slated to lose patent protection in the United States and the EU in 2023. Novo Nordisk is also facing a risk from biosimilars in the human growth hormone market. Moreover, the diabetes market is already crowded with a number of drugs. Merck's Januvia and Janumet (type II diabetes), Eli Lilly's Trulicity (type II diabetes), Sanofi's Toujeo (type I and II diabetes) are already approved. The company also faces stiff competition from Eli Lilly and Astra Zeneca in the global GLP-1 market.

Novo Nordisk is going through a rough patch with several drugs in its portfolio losing patent protection. The company is also facing pricing pressure for some of its drugs.

▼ **Pipeline Setbacks:** With generic competition looming large over the company, Novo Nordisk's pipeline needs to deliver. The company received a setback with the discontinuation of the development of liraglutide as a joint therapy to insulin in type I diabetes. In August 2018, the first human dose trial investigating the short-acting glucagon analogue Hypopen-1513 was stopped due to a suboptimal PK/PD profile.

Novo Nordisk also halted three (two phase III and one phase II) ongoing studies investigating its anti-TFPI mAb, concizumab, in hemophilia A and B patients with or without inhibitors. The decision was taken due to the occurrence of non-fatal thrombotic events in three patients in the phase III studies. While the company will not recruit any additional patients in the studies, it will also cease further treatment of patients already enrolled in the studies. Novo Nordisk and an independent Data Monitoring Committee are evaluating all available data to decide whether to continue the studies.

▼ **Pricing Pressure:** Market conditions within the pharmaceutical industry continue to change with efforts by governmental entities to reduce or control costs. In most of the countries in which Novo Nordisk sells insulin, product prices are subsidized or are subject to price control. Moreover, the company continues to face pricing pressure from other players in the market. Going forward, the company may encounter a tough pricing environment in the United States basal insulin market. Downward pricing pressure could negatively impact future

Last Earnings Report

Novo Nordisk's Q1 Earnings and Sales Beat Estimates

Novo Nordisk reported first-quarter 2020 earnings of 75 cents per American Depositary Receipt (ADR), beating the Zacks Consensus Estimate of 73 cents and increasing 16% in DKK from the year-ago quarter.

Revenues grew 16% year over year in DKK (up 14% at constant exchange rate [CER]) to \$5.0 billion. Revenues beat the Zacks Consensus Estimate of \$4.70 billion. COVID-19-related stockpiling led to the upside.

Quarter in Detail

Novo Nordisk operates in two segments — Diabetes and Obesity Care, and Biopharmaceuticals.

The Diabetes and Obesity Care segment sales grew 14% at CER. In Diabetes Care, fast-acting insulin (Fiasp and NovoRapid) revenues grew 1% and Human insulin revenues were up 11%. Premix insulin (Ryzodeg and NovoMix) revenues rose 7%. However, sales of long-acting insulin (Tresiba, Xultophy and Levemir) declined 3%. Ozempic had a strong launch and recorded sales of DKK 4.7 billion in the quarter.

Obesity Care (Saxenda) grew 30% at CER.

Sales at the Biopharmaceuticals segment increased 16% at CER to DKK 5.3 billion. Hemophilia sales (NovoSeven and NovoEight) were up 9% to DKK 2.8 billion.

Research and development (R&D) expenses increased 40% at CER due to the reversal of write-downs of prelaunch inventory in the year-ago quarter following the filing of oral semaglutide to the FDA.

Sales and distribution costs rose 7% at CER driven by promotional activities for Ozempic.

Other Updates

In April 2020, the European Commission (EC) granted marketing authorization to Rybelsus for the treatment of adults with insufficiently controlled type 2 diabetes to improve glycaemic control as an adjunct to diet and exercise.

Novo Nordisk submitted a new drug application to the China Center of Drug Evaluation for Ozempic in February both for treating insufficiently controlled type 2 diabetes and reducing the risk of major cardiovascular events in patients with type 2 diabetes and established cardiovascular disease.

In April, the company completed a phase II trial with subcutaneous semaglutide in non-alcoholic steatohepatitis (NASH).

2020 Outlook Maintained

Novo Nordisk maintained its outlook for 2020 amid the coronavirus pandemic. It expects 3-6% sales growth at CER. This reflects a strong performance for the glucagon-like peptide-1 (GLP-1)-based diabetes care products, Ozempic, Victoza and Rybelsus; the obesity care product, Saxenda; the portfolio of new-generation insulin; and the contribution from biopharm products, Esperoct, Refixia and NovoEight.

However, this is expected to be partly offset by intensifying global competition within the Diabetes Care and Biopharmaceuticals segments, especially for hemophilia inhibitor.

Quarter Ending **03/2020**

Report Date	May 06, 2020
Sales Surprise	6.39%
EPS Surprise	2.74%
Quarterly EPS	0.75
Annual EPS (TTM)	2.55

Recent News

Data From Step 4 – May 13

Novo Nordisk announced headline results from STEP 4, the first completed phase 3a trial in the STEP program. STEP 4 is a randomized, double-blind, multicenter, placebo-controlled, withdrawal trial exploring sustained weight management with semaglutide versus placebo. The 68-week trial evaluated the effect of once-weekly subcutaneous (sc) semaglutide 2.4 mg on body weight in 902 people with obesity or overweight with comorbidities. The trial achieved its primary objective by demonstrating that, in all people randomised¹, continued treatment with scsemaglutide 2.4 mg for 48 weeks (after the run-in period) resulted in an additional mean weight loss of 7.9%, from a mean baseline body weight at randomization of 96.1 kg, whereas people on placebo regained 6.9% of the body weight.

Rybelsus Gets EU Nod for Type II Diabetes – Apr 4

Novo Nordisk announced that the European Commission has granted marketing authorization to Rybelsus (oral semaglutide) for the treatment of adults with insufficiently-controlled type 2 diabetes to improve glycemic control as an adjunct to diet and exercise.

The approval in Europe was based on data from 10 PIONEER clinical studies on Rybelsus. Per the company, following 52 weeks of treatment, Rybelsus demonstrated statistically significant reductions in HbA1c vs sitagliptin, empagliflozin and liraglutide and with up to 4.3 kg weight decline. The drug showed a safe and well-tolerated profile across the PIONEER program.

Novo Nordisk Halts Studies on Hemophilia Candidate – Mar 16

Novo Nordisk paused three (two phase III and one phase II) ongoing studies investigating its anti-TFPI mAb, concizumab, in hemophilia A and B patients with or without inhibitors. The decision was taken due to the occurrence of non-fatal thrombotic events in three patients in the phase III studies. While the company will not recruit any additional patients in the studies, it will also cease further treatment of patients already enrolled in the studies. Novo Nordisk and an independent Data Monitoring Committee are evaluating all available data to decide whether to continue the studies.

Valuation

Novo Nordisk's shares are up 12.3% in the year-to-date period and up 37.7% over the trailing 12-month period. Stocks in the Zacks sub-industry are down 1.7 % and down 1.2% in the Zacks Medical sector in the year-to-date period. Over the past year, the Zacks sub-industry is up 11.4% and the sector is down 5.5%.

The S&P 500 index is down 5.9 in the year-to-date period but up 8.4% in the past year.

The stock is currently trading at 24.35X forward 12-month earnings per share, which compares to 15.31X for the Zacks sub-industry, 25.36X for the Zacks sector and 24.47X for the S&P 500 index.

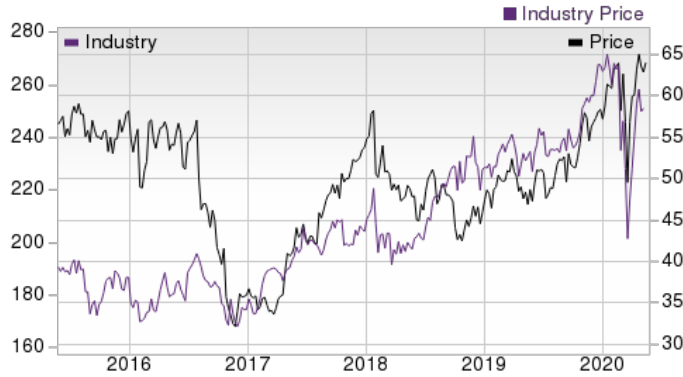
Over the past five years, the stock has traded as high as 31.92X and as low as 14.31X, with a 5-year median of 20.38X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$68.00 price target reflects 25.4X forward 12-month earnings per share.

The table below shows summary valuation data for NVO

Valuation Multiples - NVO					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	24.35	15.31	25.36	24.47
	5-Year High	31.92	19.09	25.36	24.47
	5-Year Low	14.31	13.39	16.36	16.43
	5-Year Median	20.38	15.71	20.15	18.48
P/S F12M	Current	7.64	4.61	2.78	3.42
	5-Year High	9.37	4.83	3.76	3.44
	5-Year Low	4.73	3.92	2.21	2.53
	5-Year Median	6.77	4.39	2.92	3.01
P/B TTM	Current	19.04	5.63	4.05	4.14
	5-Year High	31.59	7.23	5.06	4.56
	5-Year Low	12.39	3.77	2.93	2.83
	5-Year Median	16.75	5.23	4.29	3.65

As of 05/28/2020

Industry Analysis Zacks Industry Rank: Top 4% (11 out of 254)



Top Peers

Company (Ticker)	Rec	Rank
Eli Lilly and Company (LLY)	Outperform	1
AstraZeneca PLC (AZN)	Neutral	2
BristolMyers Squibb Company (BMY)	Neutral	2
Gilead Sciences, Inc. (GILD)	Neutral	2
MerckCo., Inc. (MRK)	Neutral	3
Novartis AG (NVS)	Neutral	3
Pfizer Inc. (PFE)	Neutral	3
Sanofi (SNY)	Neutral	2

Industry Comparison Industry: Large Cap Pharmaceuticals				Industry Peers		
	NVO	X Industry	S&P 500	LLY	MRK	SNY
Zacks Recommendation (Long Term)	Neutral	-	-	Outperform	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	1	3	2
VGM Score	B	-	-	C	C	A
Market Cap	152.97 B	140.40 B	21.49 B	144.09 B	199.50 B	121.90 B
# of Analysts	4	2	14	6	7	5
Dividend Yield	1.73%	2.75%	1.98%	1.96%	3.09%	2.41%
Value Score	B	-	-	B	B	A
Cash/Price	0.01	0.05	0.06	0.01	0.04	0.09
EV/EBITDA	17.41	14.01	12.50	24.05	14.14	9.28
PEG Ratio	2.67	1.95	2.87	1.80	2.17	1.95
Price/Book (P/B)	19.04	3.97	2.95	45.07	7.62	1.84
Price/Cash Flow (P/CF)	23.00	11.81	11.81	21.27	11.81	7.33
P/E (F1)	24.33	14.75	21.33	22.13	14.75	14.18
Price/Sales (P/S)	8.12	4.17	2.28	6.24	4.15	2.99
Earnings Yield	4.11%	6.78%	4.50%	4.52%	6.78%	7.05%
Debt/Equity	0.05	0.67	0.76	4.37	0.82	NA
Cash Flow (\$/share)	2.82	4.33	6.96	7.08	6.69	6.64
Growth Score	C	-	-	D	D	B
Hist. EPS Growth (3-5 yrs)	7.38%	8.53%	10.87%	16.98%	9.00%	1.18%
Proj. EPS Growth (F1/F0)	8.43%	5.38%	-10.48%	12.72%	3.28%	3.43%
Curr. Cash Flow Growth	-0.50%	3.68%	5.39%	-7.51%	5.54%	26.95%
Hist. Cash Flow Growth (3-5 yrs)	7.63%	7.62%	8.55%	9.27%	0.15%	5.29%
Current Ratio	1.00	1.11	1.29	1.11	1.11	1.40
Debt/Capital	5.00%	39.71%	44.54%	81.39%	45.14%	26.32%
Net Margin	31.91%	22.54%	10.59%	23.97%	21.10%	9.10%
Return on Equity	73.87%	32.02%	16.26%	194.18%	52.46%	26.60%
Sales/Assets	1.02	0.46	0.55	0.59	0.57	0.65
Proj. Sales Growth (F1/F0)	6.12%	4.52%	-2.53%	7.23%	2.59%	3.86%
Momentum Score	B	-	-	C	B	B
Daily Price Chg	3.46%	1.96%	-0.65%	3.40%	1.92%	2.51%
1 Week Price Chg	1.44%	0.08%	4.99%	-5.07%	-4.27%	0.08%
4 Week Price Chg	2.57%	1.27%	4.28%	-2.58%	-0.38%	3.95%
12 Week Price Chg	3.19%	2.00%	-3.05%	7.49%	-3.11%	-2.52%
52 Week Price Chg	37.69%	14.14%	0.01%	29.98%	-0.80%	19.25%
20 Day Average Volume	1,330,091	2,796,389	2,425,602	2,796,389	9,835,542	1,478,386
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.09%	0.51%
(F1) EPS Est 4 week change	-0.84%	0.19%	-1.70%	0.00%	-0.72%	0.73%
(F1) EPS Est 12 week change	-3.35%	-1.81%	-16.00%	0.57%	-7.16%	-0.34%
(Q1) EPS Est Mthly Chg	0.00%	-1.27%	-3.25%	0.00%	-18.18%	1.36%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	B
Growth Score	C
Momentum Score	B
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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