

## Oracle Corp. (ORCL)

**\$53.69** (As of 06/18/20)

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

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 03/18/19)

Prior Recommendation: Underperform

Short Term: 1-3 Months

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

**3-Hold**

Zacks Style Scores:

VGM:B

Value: B

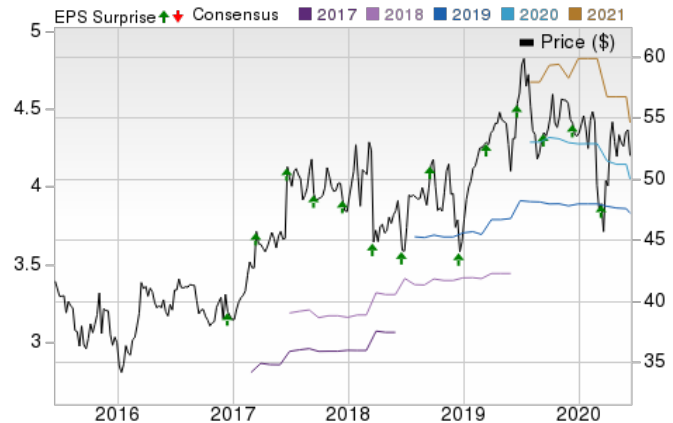
Growth: C

Momentum: D

### Summary

Oracle reported mixed fiscal fourth-quarter results, wherein earnings improved year over year, while revenues declined in the same time frame. Coronavirus crisis led business impacts, led to the revenue decline as renewals and payments were delayed. However, rapid adoption of cloud solutions and Autonomous Database limited the decline in revenues. Strong adoption of cloud-based solutions, comprising NetSuite ERP, Fusion ERP and Fusion HCM, remained notable. Recently, 8x8 and Zoom Video Communications selected Oracle Cloud Infrastructure services to address business needs, which is a testament to the strength of its cloud offerings. Solid demand for Autonomous Database supported by ML is anticipated to drive top line. Although shares of Oracle have underperformed industry year to date, these factors are expected to help it grow in the rest of 2020.

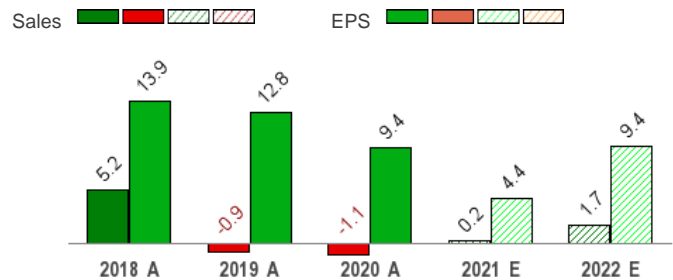
### Price, Consensus & Surprise



### Data Overview

52 Week High-Low	\$60.50 - \$39.71
20 Day Average Volume (sh)	11,729,007
Market Cap	\$169.3 B
YTD Price Change	1.3%
Beta	0.89
Dividend / Div Yld	\$0.96 / 1.8%
Industry	<a href="#">Computer - Software</a>
Zacks Industry Rank	Bottom 40% (153 out of 253)

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



Last EPS Surprise	5.3%
Last Sales Surprise	-1.6%
EPS F1 Est- 4 week change	-2.8%
Expected Report Date	09/09/2020
Earnings ESP	-0.4%
P/E TTM	13.8
P/E F1	13.4
PEG F1	1.4
P/S TTM	4.3

### Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	9,290 E	9,689 E	9,881 E	10,549 E	39,808 E
2021	9,154 E	9,574 E	9,816 E	10,562 E	39,136 E
2020	9,220 A	9,615 A	9,797 A	10,441 A	39,072 A

### EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	\$0.96 E	\$1.04 E	\$1.11 E	\$1.28 E	\$4.40 E
2021	\$0.85 E	\$0.94 E	\$1.02 E	\$1.23 E	\$4.02 E
2020	\$0.81 A	\$0.90 A	\$0.97 A	\$1.20 A	\$3.85 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 06/18/2020. The reports text is as of 06/19/2020.

## Overview

Redwood City, CA-based Oracle Corporation was founded in 1977 and incorporated later in 2005. Oracle is one of the largest enterprise-grade database, middleware and application software providers.

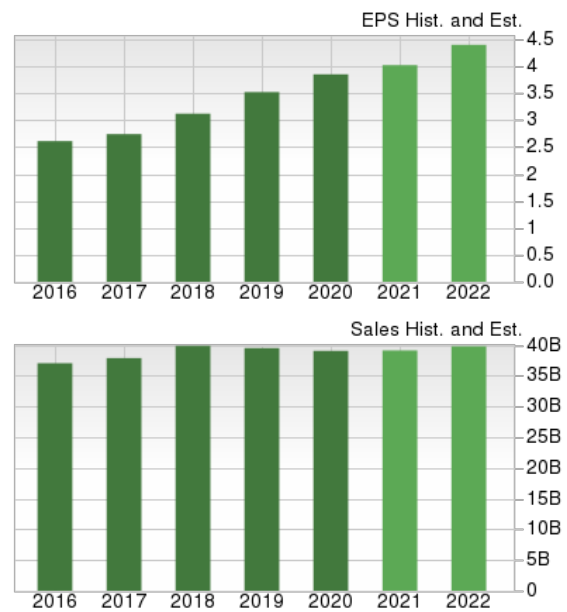
Oracle has expanded its cloud computing operations over the last couple of years. The company offers cloud solutions and services that can be used to build and manage various cloud deployment models. Built upon open industry standards such as SQL, Java and HTML5, Oracle Cloud provides access to application services, platform services and infrastructure services for a subscription. Through its Oracle Enterprise Manager offering, the company manages cloud environments.

Oracle's software and hardware products and services include Oracle Database, Oracle Fusion Middleware, Java and Oracle Engineered Systems. Oracle Engineered Systems include Exadata Database Machine, Exalogic Elastic Cloud, Exalytics In-Memory Machine, SPARC SuperCluster, Virtual Compute Alliance, Oracle Database Appliance, Oracle Big Data Appliance and ZFS Storage. Notably, with the acquisition of Sun Microsystems in Jan 2010, Oracle began selling hardware products and services, primarily comprising computer server and storage products.

Oracle reported revenues of \$39.07 billion in fiscal 2020. The company reports its new software licenses under its new Cloud license and on-premise license segment. Further, the company merged its Cloud SaaS, Cloud PaaS and IaaS along with its software license updates and product support into Cloud services and license support.

Total Cloud services and license support revenues came in at \$27.39 billion in fiscal 2020. Further, total cloud license and on-premise license came in at \$5.13 billion in fiscal 2020.

Oracle faces significant competition in most of its operational markets (database, applications, storage, cloud computing) from the likes of Dell, IBM, Hewlett-Packard, Microsoft, SAP, salesforce.com, Workday and Teradata.



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## Reasons To Buy:

- ▲ Oracle is gaining ground in its cloud business. Both its software-as-a-service (SaaS) and platform-as-a-service (PaaS) products should grow very strongly over the next few years as enterprises increasingly transition to the cloud. Bookings are also picking up. Overall, we believe that Oracle's new cloud-based offerings hold promise. Moreover, the cloud services offering has opened up a new source of recurring revenues (subscriptions), which is expected to improve visibility. Oracle is expected to benefit from the ongoing in-premise to cloud transitions leveraging its new technological developments. Additionally, the company is witnessing strong growth in Cloud HCM, which is being purchased as a part of an ERP cloud application suite. Also, the migration of several midsized SAP customers to Fusion ERP is an upside.
- ▲ Oracle enjoys a dominant position in the enterprise software and database management system (DBMS) software market. Markedly, the company's enormous strength in cloud technology has been a key force behind growth in database business. Among infrastructure, DBMS is expected to record strong growth driven by Big Data and digitalization initiatives. We believe that Oracle's leading position in the DBMS software market will make it the primary beneficiary of this increased spending. The latest autonomous database supported by machine learning is expected to boost competitive position against the likes of AWS. The next-generation autonomous database launched by Oracle, supported by ML, is also gaining traction. New product introductions are likely to boost growth in this category. Markedly, autonomous database in Gen2 Infrastructure is witnessing rapid adoption.
- ▲ Oracle remains very active on the acquisition front and chooses companies that can be easily integrated within its existing or new product lines. From time to time, the company also acquires organizations with competing technologies with the intention of killing rival products. The NetSuite acquisition helped the company to fast penetrate the ERP and small & medium companies' segment. Acquisitions like Maxymiser and CloudMonkey helped Oracle in developing cloud-based software and testing tools & platforms for mobile apps. To-date, it's most important acquisition remains that of Sun, which helped it to enter the hardware market. The company has aggressively pursued acquisitions that will boost its presence in the cloud computing and database markets, and enhance cloud data services. We believe that Oracle will continue to pursue strategic acquisitions to improve its market share and top line in the long haul. Apart from these, Oracle also boasts partnerships with Accenture and Microsoft for better harnessing cloud capabilities and expanding its clientele.
- ▲ Oracle has historically returned significant cash through a combination of share repurchases and dividend. Operating cash flow and free cash flow for the 12 months ended May 21, 2020 came in at \$13.139 billion and \$11.575 billion, respectively. Moreover, Oracle repurchased 107 million shares worth approximately \$5.2 billion during the fiscal fourth quarter and paid out dividends worth \$3.07 billion during the 12 months ended May 21, 2020. Over the past 12 months, the company has repurchased 361 million shares worth \$19.2 billion. Over the last 10 years, Oracle has reduced the shares outstanding by nearly 40%. The company has also increased share repurchases authorization by \$15 billion. The company's ability to generate solid free cash flow is expected to help it sustain current dividend payout (0.28) level at least in the near term.

Oracle's growing cloud business and the latest autonomous database is expected to boost competitive position in the long haul.

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## Reasons To Sell:

- ▼ Although engineered systems are expected to drive growth, we believe that lower hardware volumes will continue to hurt Oracle's top-line growth over the next couple of years. Moreover, hardware is significantly a lower-margin business that will keep margins under pressure, going forward. Further, Oracle faces significant competition in most of its operational markets (database, applications, storage, cloud computing) from the likes of Dell-EMC, IBM, Hewlett-Packard, Microsoft, SAP, salesforce.com, Workday and Teradata. The trend toward consolidation is increasing competition for the company in most of these markets. To differentiate products here, large vendors are entering into alliances or partnerships to offer integrated and differentiating solutions. As a result, Oracle continues to face severe pricing pressure and lengthy sales cycles in its core business, which is hurting profitability. Moreover, stiff competition in the cloud is expected to hurt margins and will make revenue growth difficult to come by over the long run.
- ▼ Acquisitions have played an important part in Oracle's growth trajectory over the years. Being a late entrant in the cloud computing space, the company is trying to build its position through aggressive acquisitions. The company is making significant investment in these acquisitions in order to catch up with AWS, Microsoft Azure, salesforce and IBM. As the SaaS market is getting overcrowded, we believe that all acquisitions may not perform as per company expectations, which will eventually hurt profitability. Moreover, large acquisitions can negatively impact the company's balance sheet in the form of a high level of goodwill and intangible assets, which totaled \$47.51 billion or 41.2% of total assets as of May 21, 2020.
- ▼ Oracle has been embroiled in various legal tangles. In 2016, Oracle faced defeat in two of its most high-profile lawsuits. In December 2017, the company renewed the legal fight over Android against Alphabet. In the recent filing Oracle challenged the idea of "fair use," and alleged that Google lied when it said Android didn't compete directly with Oracle's ability to license its own products to customers. Moreover, lawsuit expenses pertaining to U.S. Department of Defense's (DoD) Joint Enterprise Defense Infrastructure (JEDI) cloud contract does not bode well for Oracle's business opportunities with DoD. This is likely to weigh on the company's bottom line and might impact the stock performance. We believe such high legal risks, if materialized, might wreak havoc on the company's financials.

Stiff competition, lawsuits and integration risks are likely to impact Oracle as it transitions from licensing to cloud.

## Last Earnings Report

### Oracle Q4 Earnings Beat Estimates, Revenues Miss

Oracle reported fourth-quarter fiscal 2020 non-GAAP earnings of \$1.20 per share, beating the Zacks Consensus Estimate by 5.26%. Further, the bottom line was up 3% from the year-ago quarter (up 5% in constant currency or cc).

However, non-GAAP revenues declined 6% (down 4% in cc) year over year to \$10.441 billion, missing the Zacks Consensus Estimate by 1.64%.

Quarter Ending **05/2020**

Report Date	Jun 16, 2020
Sales Surprise	-1.64%
EPS Surprise	5.26%
Quarterly EPS	1.20
Annual EPS (TTM)	3.88

### Top Line in Detail

Oracle reported total revenues (on a GAAP basis) of \$10.44 billion, down 6% (down 4% in cc) year over year, primarily led by decline in license revenues.

### Revenues by Offerings

Oracle's top line benefited from the ongoing cloud-based momentum. Cloud services and license support revenues (66% of total revenues) in the reported quarter rose 1% year over year (up 3% in cc) to \$6.845 billion.

#### Break up of Cloud services and license support Revenues

Applications revenues (contributed 40.2% to total cloud services and license support revenues) amounted to \$2.749 billion, up 1% year over year (up 3% in cc).

Infrastructure related revenues (59.8%) were \$4.096 billion, flat on a year-over-year basis (up 3% in cc).

Meanwhile, Cloud license and on-premise license revenues (19%) declined 22% year over year (down 21% in cc) to \$1.959 billion.

Hardware revenues (8%) were \$901 million, down 9% (down 7% in cc) year over year.

Services revenues (7%) declined 11% (down 8% in cc) to \$735 million.

### Revenues by Geography

Revenues from Americas (representing 55% of total revenues) declined 7.1% year over year to \$5.746 billion.

Revenues from Europe/Middle East/Africa (28%) declined 5.7% from the year-ago quarter's figure to \$2.952 billion.

Revenues from Asia Pacific (17%) declined 4.3% from the year-ago quarter level to \$1.742 billion.

### Customer Expansion Bodes Well

Management announced that Fusion HCM, NetSuite ERP and Fusion ERP businesses were up 29%, 25% and 35% in the fiscal fourth quarter, respectively. NetSuite ERP and Fusion ERP have customer strength of around 22,000 and 7,100, respectively.

Additionally, the company is witnessing strong growth in Cloud HCM, which is increasingly being purchased as part of the company's ERP cloud application suite. Markedly, Goldman Sachs implemented and went live with Oracle Cloud HCM in the recent past. Further, the migration of several midsized SAP customers to Fusion ERP and Fusion HCM is an upside.

Expanding clientele is enabling the company to maintain leading position in cloud ERP market. Management is optimistic on latest ERP deal wins from companies including JPMorgan Chase, Mount Sinai Hospital and the Icahn School of Medicine, KPM Netherlands, and Westpac New Zealand.

Key HCM wins include Kroger, Malaysia-based Petronas, Norfolk County Council, the United Nations, MD Anderson Cancer Center and the University of Texas.

Moreover, the next-generation autonomous database launched by Oracle, supported by ML, is gaining traction. In the reported quarter, Oracle added new Autonomous Database cloud customers. New product introductions are likely to boost growth further in this category. Markedly, autonomous database in Gen2 public cloud infrastructure is witnessing rapid adoption.

Oracle's latest Exadata Cloud@Customer service offering is also gaining traction among on-premise customers.

The company is making every effort to enhance functionalities of cloud-based applications, which is encouraging adoption. These initiatives are expected to provide the company an edge in the Database-as-a-Service market and reinforce its competitive position against Amazon Web Services.

Markedly, during the quarter under review, Zoom Video Communications and 8x8 selected Oracle Cloud Infrastructure (OCI) services to enhance video meeting solutions in a secure manner amid explosive growth in user base.

Other key deal wins include Omani Information Technology and Communications Group, Jefferies, Saudi Arabia-based General Authority of Civil Aviation, Quest Diagnostics, Canada-based TD Bank Group, Verizon Business Group, Cybereason, Synacor, India-based Manappuram Finance and Altair.

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Oracle also benefited from adoption of customer engagement platforms. During fiscal fourth quarter, American Electric Power selected Oracle Utilities Opower solution to provide customers with personalized energy management programs.

#### **Operating Details**

Non-GAAP operating expenses fell 10% year over year (down 8% in cc) to \$5.299 billion.

Non-GAAP operating income during the reported quarter was \$5.142 billion, down 2% year over year (almost flat at cc).

Non-GAAP operating margin expanded 200 basis points (bps) on a year-over-year basis to 49%.

#### **Balance Sheet & Cash Flow**

As of May 21, 2020, Oracle had cash & cash equivalents, and marketable securities of \$ 43.057 billion, up from \$25.858 billion as of Feb 29, 2020.

The company issued debt of \$20 billion in the reported quarter, which increased interest expenses, and lowered earnings per share by 3 cents.

Operating cash flow and free cash flow for the 12 months ended May 21, 2020 came in at \$13.139 billion and \$11.575 billion, respectively.

#### **Share Repurchases & Dividends**

Oracle repurchased 107 million shares worth approximately \$5.2 billion during the fiscal fourth quarter and paid out dividends worth \$3.07 billion during the 12 months ended May 21, 2020.

Over the past 12 months, the company has repurchased 361 million shares worth \$19.2 billion. Over the last 10 years, Oracle has reduced the shares outstanding by nearly 40%.

On Jun 16, 2020, the company declared a quarterly dividend of 24 cents per share, payable on Jul 15, 2020, to shareholders as on Jul 28, 2020.

#### **Guidance**

For first-quarter fiscal 2021, Oracle anticipates total revenue growth rate on a year-over-year basis in the range of (1%) to 1% at USD and 0-2% at cc.

Oracle expects non-GAAP earnings per share in the range of 85-89 cents. The Zacks Consensus Estimate for the same is pegged at 85 cents per share.

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## Recent News

On Jun 18, Moat by Oracle Data Cloud and Publishers Clearing House (PCH), announced new strategic initiative. Per the terms of the deal, PCH will gain third-party traffic measurement solutions, by utilizing Moat, to evaluate inventory quality, and quantify audience behavior with media consumption across mobile and desktop devices.

On Jun 17, Oracle launched the Oracle Communications Security Shield (OCSS) Cloud to aid enterprises mitigate sophisticated infrastructure attacks, on a real-time basis.

On Jun 16, the company declared a quarterly dividend of 24 cents per share, payable on Jul 15, 2020, to shareholders as on Jul 28, 2020.

On May 20, Oracle announced that strength in Oracle Responsys' strategy category solution helped the company to gain recognition as a "Leader" in the latest report from Forrester Research titled, "The Forrester Wave: Email Marketing Service Providers, Q2 2020."

On May 12, Oracle rolled out Oracle Analytics for Cloud HCM based on Oracle Analytics Cloud and powered by Oracle Autonomous Database, at the Oracle Analytics Summit.

On May 12, Oracle announced that 8x8, provider of integrated cloud communications platform, has selected the company's Cloud Infrastructure services to enhance Jitsi.org and secure 8x8 video meeting solutions amid explosive growth in user base.

On Apr 28, Oracle announced that Zoom Video Communications has selected the company's Cloud Infrastructure services to address business needs amid expanding customer base.

## Valuation

Oracle shares are up 1.4% in the year-to-date period but down 5.7% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Computer & Technology sector are up 18.4% and 9.4% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and sector are up 27% and 21.4%, respectively.

The S&P 500 index is down 3.3% in the year-to-date period but up 5.4% in the past year.

The stock is currently trading at 13.2X forward 12-month earnings, which compares to 31.49X for the Zacks sub-industry, 25.38X for the Zacks sector and 22.4X for the S&P 500 index.

Over the past five years, the stock has traded as high as 19.31X and as low as 10.66X, with a 5-year median of 15.52X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$57 price target reflects 14.01X forward 12-month earnings.

The table below shows summary valuation data for ORCL

Valuation Multiples - ORCL					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	13.2	31.49	25.38	22.4
	5-Year High	19.31	31.49	25.38	22.4
	5-Year Low	10.66	18.62	16.72	15.23
	5-Year Median	15.52	24.99	19.28	17.49
P/S F12M	Current	4.32	7.8	3.87	3.49
	5-Year High	5.72	7.8	3.87	3.49
	5-Year Low	3.15	3.88	2.32	2.53
	5-Year Median	4.54	5.57	3.11	3.02
EV/Sales TTM	Current	5	8.02	4.38	3.05
	5-Year High	5.43	8.11	4.43	3.46
	5-Year Low	3.47	3.19	2.55	2.13
	5-Year Median	4.58	5.78	3.61	2.84

As of 06/18/2020

## Industry Analysis Zacks Industry Rank: Bottom 40% (153 out of 253)



## Top Peers

Company (Ticker)	Rec	Rank
Adobe Systems Incorporated (ADBE)	Neutral	3
salesforce.com, inc. (CRM)	Neutral	3
Hewlett Packard Enterprise Company (HPE)	Neutral	3
International Business Machines Corporation (IBM)	Neutral	3
Intel Corporation (INTC)	Neutral	3
Microsoft Corporation (MSFT)	Neutral	3
SAP SE (SAP)	Neutral	2
VMware, Inc. (VMW)	Neutral	3

Industry Comparison Industry: Computer - Software				Industry Peers		
	ORCL	X Industry	S&P 500	ADBE	IBM	MSFT
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	B	-	-	C	B	C
Market Cap	169.32 B	1.74 B	21.93 B	202.58 B	110.24 B	1,488.78 B
# of Analysts	12	4	14	12	6	15
Dividend Yield	1.79%	0.00%	1.93%	0.00%	5.25%	1.04%
Value Score	B	-	-	D	A	C
Cash/Price	0.16	0.09	0.06	0.02	0.11	0.10
EV/EBITDA	12.32	19.33	12.69	49.37	8.59	24.48
PEG Ratio	1.36	2.73	2.97	2.69	3.23	2.66
Price/Book (P/B)	13.31	5.36	3.02	18.62	5.48	13.00
Price/Cash Flow (P/CF)	11.80	23.39	11.62	51.34	6.29	30.90
P/E (F1)	13.36	32.86	21.45	43.05	11.00	34.46
Price/Sales (P/S)	4.33	4.85	2.33	16.82	1.44	10.73
Earnings Yield	7.49%	2.84%	4.37%	2.32%	9.09%	2.90%
Debt/Equity	5.44	0.15	0.77	0.38	2.62	0.61
Cash Flow (\$/share)	4.55	1.18	7.01	8.19	19.75	6.35
Growth Score	C	-	-	B	C	B
Hist. EPS Growth (3-5 yrs)	7.82%	9.72%	10.87%	45.00%	-3.16%	18.74%
Proj. EPS Growth (F1/F0)	4.42%	-3.27%	-10.65%	24.10%	-11.89%	19.93%
Curr. Cash Flow Growth	-2.42%	8.40%	5.46%	27.62%	2.09%	19.70%
Hist. Cash Flow Growth (3-5 yrs)	-1.03%	8.71%	8.55%	41.64%	-3.76%	11.99%
Current Ratio	3.03	1.54	1.29	1.29	0.96	2.90
Debt/Capital	84.48%	21.07%	45.14%	27.44%	72.36%	37.98%
Net Margin	25.94%	6.84%	10.53%	30.72%	11.78%	33.36%
Return on Equity	72.76%	11.82%	16.06%	35.53%	57.55%	40.37%
Sales/Assets	0.37	0.63	0.55	0.58	0.50	0.49
Proj. Sales Growth (F1/F0)	0.16%	0.72%	-2.61%	13.81%	-5.40%	12.48%
Momentum Score	D	-	-	C	D	C
Daily Price Chg	4.21%	0.00%	-0.07%	1.69%	0.01%	1.07%
1 Week Price Chg	-3.93%	-2.83%	-7.25%	3.47%	-7.69%	0.29%
4 Week Price Chg	2.82%	7.31%	6.92%	10.02%	4.23%	7.03%
12 Week Price Chg	6.36%	25.68%	16.91%	30.31%	9.98%	25.76%
52 Week Price Chg	-5.79%	8.05%	-5.63%	39.17%	-10.58%	43.35%
20 Day Average Volume	11,729,007	164,310	2,574,456	3,154,441	4,851,325	32,449,472
(F1) EPS Est 1 week change	-1.05%	0.00%	0.00%	0.50%	0.00%	0.11%
(F1) EPS Est 4 week change	-2.83%	0.00%	0.00%	0.57%	0.00%	0.19%
(F1) EPS Est 12 week change	-4.21%	-8.21%	-14.21%	0.40%	-15.27%	1.18%
(Q1) EPS Est Mthly Chg	-4.31%	0.00%	0.00%	-1.13%	0.00%	0.47%



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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	<b>B</b>
Growth Score	<b>C</b>
Momentum Score	<b>D</b>
VGM Score	<b>B</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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