

Constellation Brands (STZ)

\$182.65 (As of 08/27/20)

Price Target (6-12 Months): **\$192.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 03/11/19)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:B

Value: D

Growth: B

Momentum: B

Summary

Constellation Brands has outpaced the industry year to date on a robust earnings trend, with the 10th consecutive beat in first-quarter fiscal 2021. Results were aided by robust depletions, strength in off-premise channel and strong margins. The company witnessed robust depletions growth in the beer segment driven by strength in the Modelo and Corona Brand Families, while its power brands aided depletions for the wine & spirits business. It is witnessing robust e-commerce demand for its alcoholic beverages due to the shelter-in-place orders. However, lower shipments and on-premise channel sales due to the COVID-19 outbreak hurt the company's top line in the fiscal first quarter. Moreover, it expects production in Mexico to continue hurting shipments and distribution inventory levels in the fiscal second quarter.

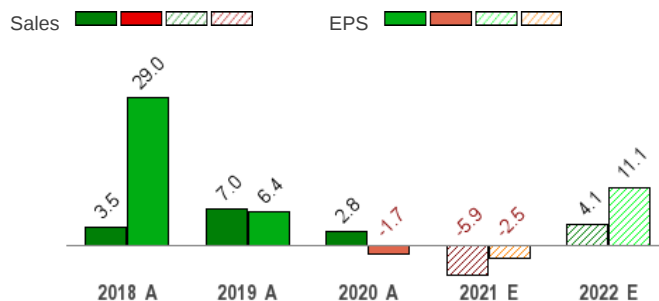
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$212.00 - \$104.28
20 Day Average Volume (sh)	959,354
Market Cap	\$35.2 B
YTD Price Change	-3.7%
Beta	0.90
Dividend / Div Yld	\$3.00 / 1.6%
Industry	Beverages - Alcohol
Zacks Industry Rank	Top 38% (95 out of 252)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	13.3%
Last Sales Surprise	-0.9%
EPS F1 Est- 4 week change	0.1%
Expected Report Date	10/01/2020
Earnings ESP	1.2%
P/E TTM	19.8
P/E F1	20.6
PEG F1	2.4
P/S TTM	3.9

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	1,976 E	2,320 E	2,049 E	1,862 E	8,174 E
2021	1,963 A	2,153 E	1,975 E	1,757 E	7,852 E
2020	2,097 A	2,344 A	1,999 A	1,903 A	8,344 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	\$2.50 E	\$2.96 E	\$2.50 E	\$2.09 E	\$9.88 E
2021	\$2.30 A	\$2.48 E	\$2.31 E	\$1.83 E	\$8.89 E
2020	\$2.21 A	\$2.72 A	\$2.14 A	\$2.06 A	\$9.12 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 08/27/2020. The reports text is as of 08/28/2020.

Overview

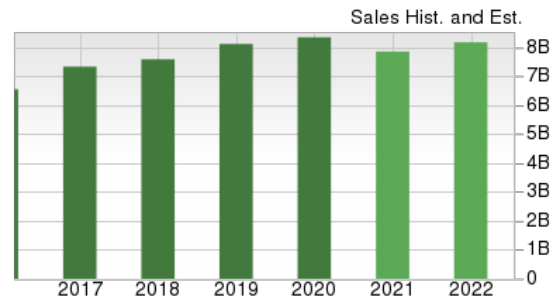
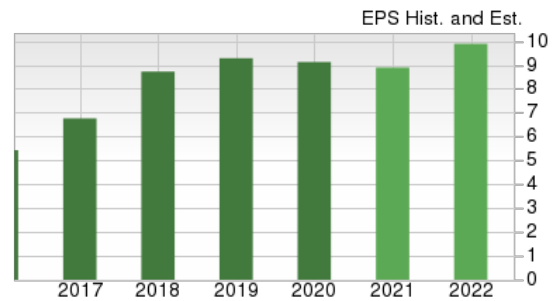
Founded in 1945 and headquartered in Victor, NY, Constellation Brands Inc. produces and markets beer, wine and spirits. It is the third-largest beer company and a leading, high-end wine company in the United States. It has a strong portfolio of high-quality brands, including Corona, Modelo Especial, Robert Mondavi, Kim Crawford, Meiomi and SVEDKA Vodka. The company conducts its operations in the United States, Mexico, Canada, Italy and New Zealand.

Furthermore, the company supplies its products to various customers, including wholesale distributors, retailers and through on-premise outlets.

The company reports in three operating segments: (1) Beer, (2) Wine and Spirits, and (3) Corporate Operations and Other. While the company's beer segment contributed about 64.1% to total sales in fiscal 2019, its Wine and Spirits segment contributed roughly 35.9%.

Beer: Constellation Brands sells beer primarily under the Corona Extra, Corona Light, Corona Premier, Corona Familiar Modelo Especial, Modelo Negra, Modelo Chelada, Pacifico, and Victoria brands, as well as Funky Buddha, Four Corners, and Ballast Point brands.

Wine and Spirits: Constellation Brands' wine offerings include the 7 Moons, Black Box, Clos du Bois, Franciscan Estate, Kim Crawford, Mark West, Meiomi, Mount Veeder, Nobilo, Ravage, Robert Mondavi, Ruffino, Schrader, Simi, The Dreaming Tree, Charles Smith, Prisoner. Spirits are sold under the Casa Noble, High West, SVEDKA Vodka, Casa Noble tequila, and High West craft whiskey brands.



Reasons To Buy:

- ▲ **Robust Earnings Trend:** Although shares of Constellation Brands lost 3.7% year to date, it fared better than the industry's 21.6% decline. The company boasts a solid earnings surprise trend, with the 10th consecutive earnings beat recorded in first-quarter fiscal 2021. Despite the impacts of the coronavirus outbreak, results have been primarily aided by robust depletions and strength in the off-premise channel. Moreover, the company benefited from strong margins in the fiscal first quarter.
- ▲ **Margins Remain Favorable:** Constellation brands witnessed strong gross and operating margins in first-quarter fiscal 2021 driven by lower marketing spending and other expenses, as well as favorable pricing. Adjusted gross margin expanded 60 basis points (bps) while comparable operating margin rose 190 bps. Further, the operating margin at the beer segment expanded 240 bps, owing to gains from the timing of marketing spends and favorable pricing, offset by higher cost of goods sold (COGS). Wine and spirits segment's operating margin expanded 240 bps on mix benefits, favorable price and lower SG&A expenses, offset by the divestiture of Black Velvet and higher COGS.
- ▲ **Beer Business Gains From Depletions Growth:** Constellation Brands has been significantly gaining from strength in the beer business over the years. Although sales at the beer business declined 6.3% in first-quarter fiscal 2021 due to the impacts of coronavirus outbreak on shipment volumes, it witnessed robust depletions growth of 5.6%. Depletion volume benefited from robust off-premise channel sales growth of nearly 20%, which more than offset the 75% decline in the on-premise channel due to coronavirus outbreak-related closures. Adjusting for one less selling day in the quarter, the company reported depletion growth of 7%. Solid portfolio depletions and market share gains mainly stemmed from continued strength in the Modelo and Corona Brand Families. Notably, depletions for the Modelo Brand Family increased 12%. Though the company did not provide guidance for fiscal 2021, management expects product inventories to return to normal levels in the fiscal third quarter. Moreover, the company's long-term outlook for the beer business remains unchanged.
- ▲ **Power Brands Aid Wine & Spirits Business:** Constellation Brands remains keen on reviving the performance of the wine & spirits business. The company's wine & spirits premiumization strategy is playing out well, as evident from the accelerated power brand depletion growth and operating margin improvement in first-quarter fiscal 2021. Notably, the power brand's depletion volume grew 5% as these brands continue to win in higher-end and across the majority of price segments in the U.S. Wine category. The growth was led by gains in Kim Crawford, Meiomi, SVEDKA, The Prisoner Brand Family, and Woodbridge by Robert Mondavi. Additionally, the company is making investments to fuel growth of its power brands through innovation, capitalizing on priority, consumer trends, with successful product introductions, like the Prisoner unshackled Ruffino organic Prosecco and Robert Mondavi Private Selection Buttery Chardonnay, which are performing well in the marketplace. Overall depletion for the wine & spirits business declined 1% reflecting the impact of the brands to be divested.
- ▲ **Growth in E-commerce Trend Aid:** With the shelter-in-place orders and shutdown of on-premise channel due to COVID-19, the e-commerce platform has been gaining traction as consumers shift to e-commerce for buying alcoholic beverages as well. Notably, e-commerce for beverage alcohol has expanded significantly, increasing three to seven times in volume versus prior year. Moreover, two-thirds of the consumers plan to continue their e-commerce purchases even in the post-COVID situation. The digital business is gaining share through platforms like Instacart, Drizly and other retailer online sites as consumers look for the convenience offered by these channels. Driven by the accelerated e-commerce trend, the company acquired Empathy Wines, which fits its premiumization strategy and also provides avenue to strengthen its position in the direct-to-consumer, and three-tier e-commerce channel. Empathy Wines produces high quality and sustainably made wines that are sold directly to consumers through the e-commerce platform.
- ▲ **Hard Seltzer A Big Opportunity:** The beverage industry has undergone transformation with the arrival of hard seltzers, which has taken the alcohol-drinking American population by storm. Constellation Brands is one of the beer companies looking for opportunities in the hard seltzer category, with the launch of Corona Hard seltzer in first-quarter fiscal 2021. Corona Hard seltzer is launched four flavors, namely tropical lime, mango, cherry and blackberry lime. The response to the trails and initial launch has been exceeding expectations. Corona Hard Seltzer is already the number four hard seltzer brand and recently achieved IRI market share of almost 6% of the U.S. seltzer market. The company is witnessing high Hispanic penetration rates for the brand versus other hard seltzers. Notably, the refreshment characteristics of seltzers combined with the Corona beer brand's popularity is aiding the performance of Corona Hard seltzer.
- ▲ **Strong Cash Flows & Shareholder Returns:** Constellation Brands has been consistently generating strong cash flows. Despite the shelter-in-place orders, the company increased operating cash flow and free cash flow by 16% and 24%, respectively, in the fiscal first quarter. The strong cash flows provide the company ample financial flexibility to continue focusing on debt pay-down and liquidity. During the reported quarter, it issued debt at very favorable rates and used the proceeds to pay down \$700 million of debt due in November 2020, and other near term maturities. Moreover, on a comparable basis, interest expense for the fiscal first quarter fell 13% to \$100 million, primarily due to lower average borrowings. However, it remains committed to providing enhanced shareholder returns over the long term, by returning \$4.5 billion in cash to shareholders through share repurchases and dividends by fiscal 2022. On Jun 30, 2020, the company announced a quarterly dividend of 75 cents per share for Class A and 68 cents for Class B stock. The dividend is payable Aug 25 to its shareholders of record as of Aug 11. However, it expects no share repurchases in fiscal 2021.

With the shelter-in-place orders and shutdown of on-premise channel due to COVID-19, the e-commerce platform has been gaining traction as consumers shift to e-commerce for buying alcoholic beverages.

Reasons To Sell:

- ▼ **Soft Q1 Sales:** Although Constellation Brands reported better than expected earnings in first-quarter fiscal 2020, top line declined 6.4% and missed the Zacks Consensus Estimate. The soft top line performance is attributed to lower shipments in the beer and wine & spirits segments, offset by strong depletions. The company is witnessed decline in on-premise demand as bars and restaurants remain closed in the fiscal first quarter due to the coronavirus outbreak, which weighed on the top line. Further, results were impacted by disruptions in production facility due to the virus. At the company's beer business, sales dropped 6.3%, while the wine & spirits segment reported sales decline of 7%.

Soft first-quarter fiscal 2021 top lines is attributed to lower shipments in the beer and wine & spirits segments, offset by strong depletions. Declines in on-premise channel also impacted sales.
 - ▼ **Beer Shipments Suffer Due to COVID-19:** Constellation Brands witnessed 7.2% decline in beer shipment volume in first-quarter fiscal 2021, while organic shipment volume was down 4%. Shipment volume was negatively impacted by reduced production levels at its breweries in Mexico due to the COVID-19 safety measures. Further, reduced production levels for roughly two-thirds of the quarter and robust consumer demand led to a widened gap between shipments and depletions. This resulted in lower than normal distributor inventory on hand at the end of the quarter. Moreover, the company expects the slowed beer production in Mexico due to the COVID-19 outbreak to continue hurting shipments and distribution inventory levels in the fiscal second quarter.
 - ▼ **Competitive Threats:** Constellation Brands faces intense competition from other well-established players in the industry, including Beam Inc., Brown-Forman Corporation – B, Diageo plc, and Pernod Ricard SA. Moreover, Constellation Brands encounters competition from local and regional players in the respective countries. This may affect the company's future operating performance.
 - ▼ **Seasonal Risks:** Constellation Brands' business is exposed to seasonal risks due to factors affecting demand for each major category of the beverage alcohol industry. In response to wholesaler and retailer demand, the imported beer category usually generates the highest sales during the first and second quarters of the fiscal year that are characterized by the spring and summer seasons in the U.S. Meanwhile, at the wine and spirits category, sales are robust during the third quarter of the fiscal year, primarily due to seasonal holiday buying.
 - ▼ **Macroeconomic Headwinds:** Sluggishness in the global economy, along with macroeconomic headwinds such as a rise in fuel and energy costs, unemployment levels and high household debts may negatively affect the discretionary spending of consumers, and consequently hamper the company's growth and profitability.
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Last Earnings Report

Constellation Brands Q1 Earnings Beat, Sales Miss

Constellation Brands has delivered first-quarter fiscal 2021 results, wherein the bottom line surpassed the Zacks Consensus Estimate, while sales missed the same. With this, the company has reported earnings beat for the 10th consecutive quarter. Despite the impacts of the coronavirus outbreak, results have been primarily aided by robust depletions and strength in the off-premise channel.

Constellation Brands posted fiscal first-quarter comparable earnings of \$2.03 per share, which increased 4% year over year and beat the Zacks Consensus Estimate of \$2.03. The reported figure included Canopy Growth equity loss of 15 cents. Excluding the impacts of Canopy Growth, the company posted earnings of \$2.44 per share, which grew 2% from the year-ago quarter.

Net sales declined 6.4% to \$1,963.4 million and missed the Zacks Consensus Estimate of \$1,981.5 million.

At the company's beer business, sales dropped 6.3% to \$1,384.1 million, driven by a 7.2% decline in shipment volume, offset by 5.6% depletion growth, while organic shipment volume fell 6.3%. Organic sales for the business were down 4%. Depletion volume benefited from robust off-premise channel sales, which more than offset the 75% decline in the on-premise channel due to coronavirus outbreak-related closures. Adjusting for one less selling day in the quarter, the company reported depletion growth of 7%. Shipment volumes and distributor inventory levels were hurt by the slowdown of beer production in Mexico due to the impacts of the COVID-19 outbreak.

Solid portfolio depletions and market share gains mainly stemmed from continued strength in the Modelo and Corona Brand Families. Notably, depletions for the Modelo Brand Family increased 12%.

Sales at the wine and spirits segment declined 7% to \$579.3 million in the fiscal first quarter. Further, organic net sales for the segment dropped 4%. While the segment witnessed a 12.9% decline in shipment volume and a 1.1% fall in depletions, organic shipment volume fell 9.2%.

Margins

Adjusted gross profit declined 5% year over year to \$1,033.6 million. Also, the adjusted gross profit margin expanded 60 basis points (bps) to 52.6%.

Constellation Brands' comparable operating income declined 1% to \$691.3 million, while comparable operating margin improved nearly 190 bps to 35.2%.

Further, the operating margin at the beer segment expanded 240 bps to 41.7%, owing to gains from the timing of marketing spends and favorable pricing, offset by higher cost of goods sold (COGS). Wine and spirits segment's operating margin expanded 240 bps to 28.3% on mix benefits, favorable price and lower SG&A expenses, offset by the divestiture of Black Velvet and higher COGS.

Financial Position

Constellation Brands ended the fiscal first quarter with cash and cash equivalents of \$302.8 million. As of May 31, 2020, it had \$11,639.3 million in long-term debt (excluding current maturities) along with total shareholders' equity (excluding non-controlling interest) of \$11,377.6 million.

In fiscal 2020, Constellation Brands generated operating cash flow of \$686.5 million and adjusted free cash flow of \$542.3 million.

On Jun 30, 2020, the company announced a quarterly dividend of 75 cents per share for Class A and 68 cents for Class B stock. The dividend is payable Aug 25 to its shareholders of record as of Aug 11.

Fiscal 2021 Outlook

Driven by the potential impacts of the coronavirus outbreak, the company is not able to provide guidance for fiscal 2021.

However, for the beer segment, it expects the slowed beer production in Mexico due to the COVID-19 outbreak to continue hurting shipments and distribution inventory in the fiscal second quarter. However, product inventories are likely to return to normal levels in the fiscal third quarter. Moreover, the company's long-term outlook for the beer business remains unchanged.

Quarter Ending 05/2020

Report Date	Jul 01, 2020
Sales Surprise	-0.91%
EPS Surprise	13.30%
Quarterly EPS	2.30
Annual EPS (TTM)	9.22

Recent News

Constellation Brands Buys Empathy Wines to Boost Digital Portfolio – Jul 1, 2020

Constellation Brands has acquired Empathy Wines, which is a high-performing, digitally-native wine brand and direct-to-consumer (DTC) platform. Empathy Wines produces high quality and sustainably made wines that are sold directly to consumers through its e-commerce platform. The company's digital platform is driven by consumer insights and content-driven digital marketing.

With the acquisition, Constellation Brands will leverage Empathy's rich consumer insights and analytics, proven brand building expertise, and high-performing digital technology to develop its DTC and digital capabilities to deliver strong and sustainable growth for its wine and spirits portfolio. Further, the company will focus on scaling up Empathy's brand growth. The acquisition is in sync with the company's strategy of being consumer-focused and engaging consumers directly in platforms where they are shopping today. The company expects to build the strongest direct-to-consumer and digital commerce business in the wine and spirits category by using Empathy's insights on how to connect directly with customers.

Empathy Wines brand will become a part of Constellation Brands' wine and spirits brand portfolio. The employees and co-founders of Empathy Wines will join the Constellation Brands family and work together with its wine and spirits organization. Vaynerchuk will continue to assist Constellation Brands and Empathy Wines in a consulting capacity. Other terms of the transaction remained under covers.

Valuation

Constellation Brands shares are down 3.7% in the year-to-date period and nearly 10.8% for the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Consumer Staples sector are down 21.6% and 5.9% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and the sector are down 25.2% and 4.3%, respectively.

The S&P 500 index is up 8.1% in the year-to-date period and 19.3% in the past year.

The stock is currently trading at 19.47X forward 12-month earnings, which compares to 25.65X for the Zacks sub-industry, 20.31X for the Zacks sector and 23.36X for the S&P 500 index.

Over the past five years, the stock has traded as high as 26.96X and as low as 11.49X, with a 5-year median of 22.37X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$192 price target reflects 20.47X forward 12-month earnings.

The table below shows summary valuation data for STZ

Valuation Multiples - STZ					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	19.47	25.65	20.31	23.36
	5-Year High	26.96	27.52	22.37	23.36
	5-Year Low	11.49	18.8	16.63	15.25
	5-Year Median	22.37	23.33	19.58	17.58
P/S F12M	Current	4.4	16	9.63	3.82
	5-Year High	5.5	20.67	11.15	3.82
	5-Year Low	2.56	13.04	8.1	2.53
	5-Year Median	4.41	17.27	9.89	3.05
EV/EBITDA TTM	Current	11.23	39.91	38.16	13.27
	5-Year High	44.53	53.27	45.11	13.27
	5-Year Low	7.6	27.04	27.25	8.25
	5-Year Median	17.92	43.28	38.42	10.92

As of 08/27/2020

Industry Analysis Zacks Industry Rank: Top 38% (95 out of 252)



Top Peers

Company (Ticker)	Rec	Rank
AnheuserBusch InBev SANV (BUD)	Outperform	2
Pernod Ricard SA (PDRDY)	Outperform	2
The Boston Beer Company, Inc. (SAM)	Outperform	1
BrownForman Corporation (BF.B)	Neutral	3
Carlsberg AS (CABGY)	Neutral	3
Heineken NV (HEINY)	Neutral	3
Molson Coors Beverage Company (TAP)	Neutral	3
Diageo plc (DEO)	Underperform	5

Industry Comparison Industry: Beverages - Alcohol				Industry Peers		
	STZ	X Industry	S&P 500	BUD	PDRDY	TAP
Zacks Recommendation (Long Term)	Neutral	-	-	Outperform	Outperform	Neutral
Zacks Rank (Short Term)	3	-	-	2	2	3
VGM Score	B	-	-	D	F	A
Market Cap	35.22 B	11.21 B	23.67 B	118.89 B	45.92 B	8.14 B
# of Analysts	6	1.5	14	2	2	6
Dividend Yield	1.64%	0.00%	1.64%	1.42%	1.08%	0.00%
Value Score	D	-	-	B	F	A
Cash/Price	0.01	0.05	0.07	0.23	NA	0.10
EV/EBITDA	-296.17	9.71	13.33	8.84	NA	9.45
PEG Ratio	2.40	3.68	3.05	NA	NA	1.70
Price/Book (P/B)	3.10	2.56	3.18	1.74	2.49	0.61
Price/Cash Flow (P/CF)	16.48	15.49	12.81	9.33	21.69	4.37
P/E (F1)	20.60	27.77	21.68	27.17	28.36	10.19
Price/Sales (P/S)	3.93	1.91	2.50	2.49	NA	0.67
Earnings Yield	4.87%	3.10%	4.43%	3.68%	3.53%	9.80%
Debt/Equity	1.02	0.45	0.74	1.55	NA	0.61
Cash Flow (\$/share)	11.08	1.53	6.94	6.32	1.59	8.59
Growth Score	B	-	-	F	C	B
Hist. EPS Growth (3-5 yrs)	14.74%	7.27%	10.41%	-7.49%	NA	7.18%
Proj. EPS Growth (F1/F0)	-2.54%	-6.28%	-4.94%	-46.81%	5.17%	-18.83%
Curr. Cash Flow Growth	-6.74%	-2.83%	5.22%	11.61%	2.72%	-5.29%
Hist. Cash Flow Growth (3-5 yrs)	14.06%	4.16%	8.50%	0.84%	4.22%	11.28%
Current Ratio	1.94	1.49	1.35	1.17	NA	0.67
Debt/Capital	50.57%	31.20%	43.86%	60.81%	NA	37.83%
Net Margin	0.62%	2.55%	10.25%	2.55%	NA	-1.33%
Return on Equity	15.10%	9.29%	14.66%	9.03%	NA	7.18%
Sales/Assets	0.33	0.51	0.50	0.41	NA	0.42
Proj. Sales Growth (F1/F0)	-5.89%	0.00%	-1.43%	-15.47%	1.10%	-8.01%
Momentum Score	B	-	-	D	F	A
Daily Price Chg	0.71%	0.00%	0.43%	-0.62%	-1.23%	0.19%
1 Week Price Chg	1.85%	0.00%	-1.45%	-1.07%	0.21%	-2.34%
4 Week Price Chg	1.01%	0.30%	3.75%	1.52%	-1.62%	0.35%
12 Week Price Chg	3.94%	3.94%	3.95%	7.14%	3.69%	-11.20%
52 Week Price Chg	-10.74%	-7.04%	2.75%	-38.11%	-8.95%	-26.41%
20 Day Average Volume	959,354	28,277	1,887,168	1,494,832	67,697	1,497,826
(F1) EPS Est 1 week change	0.06%	0.00%	0.00%	0.00%	0.00%	0.32%
(F1) EPS Est 4 week change	0.06%	0.03%	0.79%	22.95%	0.00%	31.14%
(F1) EPS Est 12 week change	15.66%	5.40%	3.43%	26.53%	5.63%	23.24%
(Q1) EPS Est Mthly Chg	0.13%	0.00%	0.00%	41.51%	NA	-11.06%

Zacks Stock Rating System

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

Zacks Recommendation

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

Zacks Rank

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

Zacks Style Scores

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

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

Value Score	D
Growth Score	B
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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