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Jul 28, 2020

AT&T Inc. (T)

$29.29 (As of 07/27/20)

Price Target (6-12 Months): **$31.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 09/24/18) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM:B
	Value: A | Growth: C | Momentum: F	

Summary

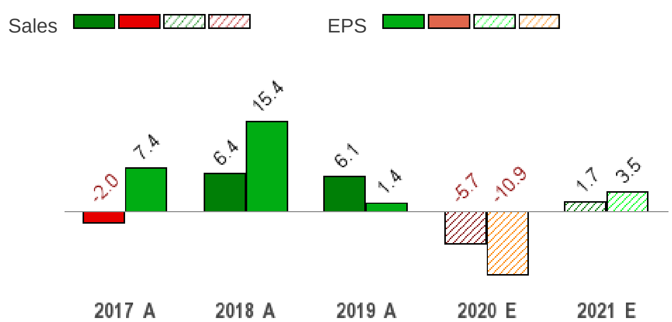
AT&T reported mixed second-quarter 2020 results with adjusted earnings surpassing the Zacks Consensus Estimate and revenues missing the same as coronavirus hit top-line growth, limiting future visibility. The company is witnessing a steady decline in linear TV subscribers, legacy services and wireline division. As it tries to woo customers with discounts, freebies and cash credits, margins tend to fall. However, AT&T is well placed to benefit from streaming services of HBO Max. The company is committed to a three-year financial framework with sustained investments and debt-reduction efforts. AT&T intends to deploy a standards-based, nationwide mobile 5G network to spur growth. The company expects to gain a competitive edge through edge computing services that offer the flexibility to better manage data traffic.

Price, Consensus & Surprise

Data Overview

52 Week High-Low	**$39.70 - $26.08**
20 Day Average Volume (sh)	**33,424,202**
Market Cap	**$210.4 B**
YTD Price Change	**-25.1%**
Beta	**0.72**
Dividend / Div Yld	**$2.08 / 7.1%**
Industry	**Wireless National**
Zacks Industry Rank	**Top 40% (102 out of 253)**
Last EPS Surprise	**6.4%**
Last Sales Surprise	**-0.5%**
EPS F1 Est- 4 week change	**-0.8%**
Expected Report Date	**10/26/2020**
Earnings ESP	**-1.1%**
P/E TTM	**8.4**
P/E F1	**9.2**
PEG F1	**1.7**
P/S TTM	**1.2**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2021	43,074 E	42,863 E	43,377 E	45,268 E	173,607 E
2020	42,779 A	40,950 A	42,040 E	44,841 E	170,786 E
2019	44,827 A	44,957 A	44,588 A	46,821 A	181,193 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	$0.77 E	$0.82 E	$0.85 E	$0.79 E	$3.29 E
2020	$0.84 A	$0.83 A	$0.78 E	$0.75 E	$3.18 E
2019	$0.86 A	$0.89 A	$0.94 A	$0.89 A	$3.57 A

*Quarterly figures may not add up to annual.

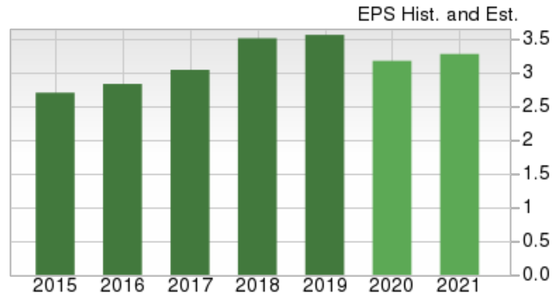
The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 07/27/2020. The reports text is as of 07/28/2020.

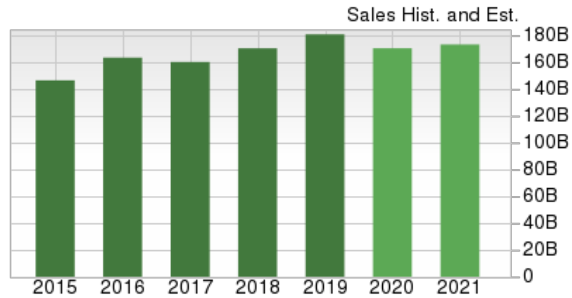
Overview

Based in Dallas, TX, AT&T Inc. is the second largest wireless service provider in North America and one of the world's leading communications service carriers. Through its subsidiaries and affiliates, the company offers a wide range of communication and business solutions that include wireless, local exchange, long-distance, data/broadband and Internet, video, managed networking, wholesale and cloud-based services.

With assets like HBO, CNN and TNT, AT&T's acquisition of Time Warner has created new kinds of online videos and opened up avenues for targeted advertisements. The company is also focusing on streaming services with AT&T TV and soon-to-be-launched HBO Max. This is likely to create other avenues to monetize content as it expands 5G coverage in over 80 U.S. cities. The new segments of the company are Communications, WarnerMedia, Latin America, and Xandr.

Communications (82% of total operating revenues in second-quarter 2020): This segment includes three separate business units namely, Mobility, Entertainment Group and Business Wireline. Mobility provides wireless service to consumer and wholesale subscribers throughout the United States and its territories. The Entertainment Group provides video, high-speed Internet and communications services predominantly to residential customers in the United States. Business Wireline provides communications services to more than 3 million business customers, including multinational corporations and government and wholesale customers.





WarnerMedia (16.6%): This segment represents the various business units of the erstwhile Time Warner namely, Turner, Home Box Office and Warner Bros. It also includes AT&T's Regional Sports Networks in the Turner division and Otter Media. Effective second-quarter 2020, AT&T has discontinued reporting its advertising and analytics business Xandr as a separate segment and included it within WarnerMedia. Xandr provides targeted advertising services leveraging data insights.

Latin America (3%): The segment comprises wireless services in Mexico and pay-TV entertainment services in Latin America under Vrio. AT&T also owns 41% of Sky Mexico, financial results of which are accounted for as an equity-method investment.

Reasons To Buy:

AT&T's wireless growth opportunities remain impressive with the widespread launch of mobile 5G services in several cities. Inherent growth potential of the streaming services from HBO Max also bode well.

- AT&T is committed to its three-year financial framework, which is expected to drive significant improvement in margins and bottom-line growth with sustained investments and debt reduction. For the three-year period from 2020 to 2022, AT&T continues to expect consolidated revenue growth of 1-2% per year. Adjusted earnings are expected to be significantly up to $4.50 to $4.80 per share by 2022 with adjusted EBITDA margin of 35%. While adjusted EBITDA margin is expected to be stable in 2020, it is likely to grow in 2021 and 2022 driven by extensive companywide cost-reduction plan, WarnerMedia synergies, continued Mobility growth and AT&T Mexico EBITDA growth. Free Cash flow is anticipated to be within $30 billion to $32 billion in 2022 with net-debt-to-adjusted EBITDA of 2.0x to 2.25x as 100% debt related to the acquisition of Time Warner assets is likely to be repaid.

- AT&T is poised to benefit from the impending 5G boom. As the first carrier in the industry, the company has unveiled its 5G policy framework that will hinge on three pillars — mobile 5G, fixed wireless and edge computing. In order to have a seamless transition among Wi-Fi, LTE and 5G services, AT&T intends to deploy a standards-based nationwide mobile 5G network in 2020. Its 5G service entails utilization of millimeter wave spectrum for deployment in dense pockets while in suburban and rural areas, it intends to deploy 5G on mid- and low-band spectrum holdings. It believes that as the 5G ecosystem evolves, customers can experience significant enhancements in coverage, speeds and devices.

- AT&T anticipates gaining a competitive edge over rivals through edge computing services that allow businesses to route application-specific traffic, where they need it and where it's most effective — whether that's in the cloud, the network or on their premises. Through its Multi-access Edge Compute (MEC) solution, the company offers the flexibility to better manage the data traffic. The MEC leverages indigenous software-defined network to enable low-latency, high-bandwidth applications for faster access to data processing. AT&T expects edge computing solutions to be widely available in autonomous vehicles, drones, robotic production lines and autonomous forklifts in the near future. Utilizing machine learning techniques and more connected devices, this could transform the way data-intensive images are transferred across the industry on real time basis.

- AT&T aims to leverage the inherent potential of its advertising unit Xandr and WarnerMedia's Turner business to offer enriching advertising content and data analysis to customers in 2020 and beyond. The company has collaborated these business entities to improve the relevancy of advertising by pooling a unique set of assets — valuable consumer data and insights, advanced advertising capabilities and engaged passionate fanbases. Advertisers of branded content on Turner network have the advantage of extending their campaign across Xandr's addressable TV advertising footprint, spanning 15 million households, to gain additional mileage. With such integrated business platforms, AT&T aims to reinvent advertising for the next generation and give a new dimension to its business model. It has rolled out a streaming service with an unrivaled bouquet of premium and exclusive content for an impressive direct-to-consumer experience across the age group. Dubbed HBO Max, the strategic move will equip the company to play catch-up with avant-garde media firms, like Netflix and The Walt Disney, to secure a bigger pie of the streaming service market. With its commercial debut, HBO Max is offering about 10,000 hours of premium content, leveraging an extensive collection of exclusive original programs and the most sought-after shows from WarnerMedia's vast portfolio of beloved brands and libraries. All these initiatives augur well for the top-line growth of the company.

Reasons To Sell:

AT&T continues to struggle in a competitive and saturated U.S. wireless industry, while margin pressures due to promotional offers and discounts are headwinds amid the coronavirus-induced turmoil.

- In a saturated wireless market, spectrum crunch has become a major issue in the U.S. telecom industry. Most of the carriers are finding it increasingly difficult to manage mobile data traffic, which is growing by leaps and bounds. The situation has become even more acute with the growing popularity of iPhone and Android smartphones as well as rising online mobile video streaming, cloud computing and video conferencing services.

- AT&T is facing a steady decline in linear TV subscribers and legacy services. High-Speed Internet revenues are also contracting due to legacy DSL decline, simplified pricing and bundle discount. Moreover, TV content-cost pressure, high programming costs and new video platform expenses are fast eroding margins. AT&T continued to make significant investments for the upcoming launch of HBO Max in the form of new content production, foregone licensing revenues and platform costs, leading to soft margins. Continued cord-cutting remains a perennial challenge as consumers increasingly cancel pay TV packages for cheaper streaming options from Netflix, Amazon, Hulu and other services. As AT&T tries to woo customers with healthy discounts, freebies and cash credits, margin pressures tend to escalate. This is likely to affect its growth potential to some extent.

- The company's wireline division is struggling with persistent losses in access lines as a result of competitive pressure from voice-over-Internet protocol (VoIP) service providers and aggressive triple-play (voice, data, video) offerings by the cable companies. These are weighing on its revenues and margins. GAAP operating revenues in second-quarter 2020 decreased 8.9% year over year to $40,950 million, largely due to lower revenues from legacy wireline services, lower advertising and content revenues from WarnerMedia, domestic video and adverse currency translation effects. Notably, AT&T had an estimated adverse impact of $2,810 million from coronavirus during the quarter. Moreover, AT&T's quest for faster growth will increase subscriber acquisition cost in both consumer and SMB (small and medium businesses) units and put pressure on wireline margins.

- As of Jul 31, 2020, AT&T had $16,941 million of cash and cash equivalents with long-term debt of $153,388 million compared with respective tallies of $9,955 million and $147,202 million by the end of first-quarter 2020. This shows that although the cash position has improved, the debt burden has increased. The company currently has a debt-to-capital ratio of 0.46 compared with 0.52 of the sub-industry. The times interest earned has decreased slightly over the past few quarters to 3 at present relative to 3.9 for the sub-industry. AT&T decided to cancel its stock buyback program due to the severity of the coronavirus outbreak. The evolving nature of the contagious disease and its grave impact on the economy forced the company to reconsider the buyback plan, as it is yet to fathom the impact on its business with lack of visibility. Management has also withdrawn its guidance. It has a dividend payout rate of 58.9%. The rate has remained relatively steady over the past few quarters, indicating that the company is sharing its earnings with stockholders. It remains to be seen how AT&T aims to reduce the huge debt burden in the coming days and whether it faces any liquidity crisis due to disruptions caused by COVID-19 pandemic.

Last Earnings Report

AT&T Beats on Q2 Earnings, Revenues Miss on COVID-19 Woes

Quarter Ending	06/2020
Report Date	Jul 23, 2020
Sales Surprise	-0.50%
EPS Surprise	6.41%
Quarterly EPS	0.83
Annual EPS (TTM)	3.50

AT&T reported relatively healthy second-quarter 2020 results with adjusted earnings surpassing the Zacks Consensus Estimate and revenues missing the same as coronavirus pandemic hit top-line growth, fueling uncertainty within the organization and limiting future visibility. Despite the worldwide mayhem that led to short-term financial impacts, the company expects to continue investing in key areas and adjust its business according to the demand of the situation to fuel long-term growth, while maintaining a healthy dividend payment and actively pruning debt.

Net Income

On a GAAP basis, AT&T reported net income of $1,229 million or 17 cents per share compared with $3,713 million or 51 cents per share in the year-ago quarter. The decline in GAAP earnings was primarily attributable to lower revenues stemming from lower demand due to the virus outbreak.

Excluding non-recurring items, adjusted earnings were 83 cents per share compared with 89 cents in the year-earlier quarter. Adjusted earnings for the second quarter surpassed the Zacks Consensus Estimate by 5 cents.

Quarter Details

Quarterly GAAP operating revenues decreased 8.9% year over year to $40,950 million, largely due to lower revenues from legacy wireline services, lower advertising and content revenues from WarnerMedia, domestic video and adverse currency translation effects. Notably, AT&T had an estimated adverse impact of $2,810 million from coronavirus during the quarter. The top line missed the Zacks Consensus Estimate of $41,393 million.

Operating income for the quarter was $3,532 million compared with $7,233 million in the prior-year quarter owing to Vrio goodwill impairment and severance charges along with incremental costs due to the virus outbreak. This resulted in respective operating income margins of 8.6% and 16.7%. Adjusted operating income for the reported quarter was $8,972 million compared with $9,899 million in the year-earlier quarter, for respective adjusted operating income margins of 21.9% and 22%. Adjusted EBITDA declined to $14,112 million from $15,041 million.

During the reported quarter, AT&T experienced a net increase in total wireless subscribers of 2.2 million to reach 171.4 million in service. Postpaid churn was 1.05% compared with 1.07% in the year-ago quarter with improvement in phone churn partially offset by tablet churn. Postpaid phone-only average revenue per user (ARPU) decreased 1.9% year over year to $54.47 with lower international roaming revenues and waived fees.

Segmental Performance

Communications: Total segment operating revenues were $33,592 million, down 4.7% year over year with decline in all businesses. Service revenues from the Mobility unit declined 1.1% year over year to $13,669 million, while equipment revenues improved marginally to $3,480 million. Revenues from the Entertainment Group were down 11.4% to $10,069 million due to decline in premium TV subscribers and legacy services, while that from Business Wireline decreased 3.5% to $6,374 million due to lower legacy voice and data services.

Segment operating income was $8,112 million compared with $8,671 million in the year-ago quarter for respective operating margin of 24.1% and 24.6%. Segment EBITDA was $12,751 million compared with $13,255 million in the year-ago quarter, for respective margins of 38% and 37.6%.

WarnerMedia: From second-quarter 2020 onwards, AT&T has included Xandr business, which was a separate business segment until now, within WarnerMedia. Total segment revenues were $6,814 million, down 22.9% year over year with decline across all business units. While Turner revenues declined due to lower advertising revenues, that from HBO and Warner Bros. were down due to lower subscription revenues and lower contribution from theatrical and games, respectively.

Operating income was down 16.6% to $1,699 million, primarily due to higher programming and expenses related to the launch of HBO Max, for corresponding margin of 28.1%. Segment EBITDA was $2,080 million compared with $2,399 million in the prior-year quarter.

Latin America: Total operating revenues were $1,232 million, down 29.9% year over year, due to adverse foreign currency translation and challenging macroeconomic conditions arising from the coronavirus-induced turmoil. EBITDA decreased to $33 million from $63 million in the year-ago quarter for respective margins of 2.7% and 3.6%.

Cash Flow & Liquidity

AT&T generated $20,925 million of cash from operations for the first half of 2020 compared with $25,336 million in the year-ago period. Free cash flow at quarter end was $7,593 million compared with $8,812 million in the year-ago period.

As of Jun 30, 2020, AT&T had $16,941 million of cash and cash equivalents with long-term debt of $153,388 million. Net debt to adjusted EBITDA was about 2.6x.

Moving Forward

Management has refrained from giving any definite outlook for the third quarter as well as for full year 2020 due to the evolving nature of the contagious disease and its grave impact on the economy, as it is yet to fathom the full impact on its business with lack of visibility. AT&T is evolving its distribution channels for changing customer demands and emphasizing on self-installation and software-based platforms to redefine its business plans for the virus outbreak. While optimizing operations, it is aiming to increase efficiencies to lower costs while supporting employees and customers with various financial packages.

Recent News

On Jun 5, 2020, AT&T announced that its Dynamic Spectrum Sharing is live in sections of its network coupled with 5G-enabled devices. AT&T was among the first to present this technology, eventually driving it into 5G standards. The company's 5G policy framework hinges on three pillars — mobile 5G, fixed wireless and edge computing. DSS is considered an essential milestone on AT&T's path to nationwide 5G. The software-based technology enables communications service providers to share the same channel between 4G and 5G users simultaneously. It turns up 5G without turning off LTE, thereby creating a seamless experience for customers.

On May 28, AT&T announced that it has closed the sale of a secondary offering to improve its liquidity position and reduce the burgeoning debt burden through prepayment of upcoming debt maturities. The move is likely to de-risk its capital structure as the company prepares to navigate through the coronavirus-induced global turmoil. The debt offering included Global Notes due 2028, 2032 and 2038 worth €3 billion in combined principal value and $12.5 billion worth of Global Notes due 2027, 2031, 2041, 2051 and 2060. AT&T generated a cumulative $15.8 billion from the secondary offering, proceeds from which were utilized to repay all the outstanding principal amount of six series of bonds totaling about $8.6 billion and term loans aggregating $6.3 billion.

On May 27, AT&T announced that it has extended its long-standing contract to serve Linde plc with seamless global communications network for five additional years. Per the contract, the company has been entrusted to provision and streamline connectivity solutions for Linde Group businesses as well as revamp its networking infrastructure globally.

On May 19, AT&T announced that it has shuttered its DirecTV operations in Venezuela effective immediately due to the fallout of a geopolitical tussle between the United States and the Latin American country. The decision will likely create a vacuum in the pay-TV market in Venezuela as AT&T was one of the largest operators in this domain.

On Apr 7, AT&T announced that it has secured a $5.5-billion term loan at competitive rates with 12 banks for additional financial flexibility to an already strong cash position, in light of the coronavirus pandemonium. The company stated that the loans are pre-payable without penalty. AT&T is committed to reap benefits from its $15-million revolving credit facility, with no plans to use it this year. In the meantime, AT&T has been targeted by shareholders over its decision to purchase DirecTV for $49 billion in 2015 and Time Warner for $85 billion in 2018.

Valuation

AT&T shares are down 14.7% over the trailing 12-month period. Stocks in the Zacks sub-industry are up 2.3%, while those in the Zacks Computer and Technology sector are up 21.6% over the past year.

The S&P 500 Index is up 6.9% in the past year.

The stock is currently trading at 4.94X trailing 12-month EV/EBITDA, which compares to 6.08X for the Zacks sub-industry, 12.88X for the Zacks sector and 11.95X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 11.82X and as low as 4.5X, with a 5-year median of 6.77X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our $31 price target reflects 3.43X forward 12-month earnings.

The table below shows summary valuation data for T

Valuation Multiples - T

		Stock	Sub-Industry	Sector	S&P 500
EV/EBITDA TTM	Current	4.94	6.08	12.88	11.95
	5-Year High	11.82	11.55	13.33	12.85
	5-Year Low	4.5	5.41	7.59	8.25
	5-Year Median	6.77	6.71	10.87	10.88
P/E F12M	Current	9.03	12.85	25.4	22.49
	5-Year High	15.11	15	25.57	22.49
	5-Year Low	7.32	10.1	16.72	15.25
	5-Year Median	11.2	12.25	19.32	17.52
P/S F12M	Current	1.22	1.6	3.88	3.55
	5-Year High	1.61	1.67	3.88	3.55
	5-Year Low	0.91	1.17	2.32	2.53
	5-Year Median	1.37	1.46	3.14	3.02

As of 07/27/2020

Industry Analysis Zacks Industry Rank: Top 40% (102 out of 253)

Top Peers

Company (Ticker)	Rec	Rank
TMobile US, Inc. **(TMUS)**	Outperform	1
Altice USA, Inc. **(ATUS)**	Neutral	2
DISH Network Corporation **(DISH)**	Neutral	3
GCI Liberty, Inc. **(GLIBA)**	Neutral	3
Liberty Latin America Ltd. **(LILA)**	Neutral	4
United States Cellular Corporation **(USM)**	Neutral	3
Verizon Communications Inc. **(VZ)**	Neutral	3
CenturyLink, Inc. **(CTL)**	Underperform	4

Industry Comparison Industry: Wireless National

	T	X Industry	S&P 500	CTL	TMUS	VZ
				Industry Peers		
Zacks Recommendation (Long Term)	Neutral	-	-	Underperform	Outperform	Neutral
Zacks Rank (Short Term)	3	-	-	4	1	3
VGM Score	B	-	-	A	C	A
Market Cap	210.39 B	295.85 M	22.74 B	10.65 B	146.96 B	235.33 B
# of Analysts	18	5	14	5	6	18
Dividend Yield	7.10%	0.00%	1.8%	10.31%	0.00%	4.33%
Value Score	A	-	-	A	D	A
Cash/Price	0.08	0.10	0.07	0.14	0.01	0.03
EV/EBITDA	5.36	7.97	13.03	21.05	14.79	7.97
PEG Ratio	1.67	2.92	3.03	1.20	4.13	4.00
Price/Book (P/B)	1.09	1.42	3.17	0.80	3.14	3.67
Price/Cash Flow (P/CF)	3.34	6.80	12.05	1.70	8.98	6.43
P/E (F1)	9.21	27.56	21.90	7.20	81.14	11.95
Price/Sales (P/S)	1.20	1.06	2.38	0.48	3.26	1.81
Earnings Yield	10.86%	1.19%	4.30%	13.92%	1.23%	8.37%
Debt/Equity	0.79	0.56	0.76	2.62	1.27	1.94
Cash Flow ($/share)	8.77	2.47	7.01	5.72	11.77	8.85
Growth Score	C	-	-	C	B	B
Hist. EPS Growth (3-5 yrs)	7.55%	6.20%	10.85%	-18.92%	57.71%	6.18%
Proj. EPS Growth (F1/F0)	-10.82%	-5.91%	-7.56%	2.12%	-67.62%	-1.04%
Curr. Cash Flow Growth	14.11%	3.99%	5.47%	-2.30%	7.57%	-0.75%
Hist. Cash Flow Growth (3-5 yrs)	15.33%	2.65%	8.55%	1.14%	16.70%	4.16%
Current Ratio	0.81	1.72	1.31	0.82	0.64	0.96
Debt/Capital	44.22%	44.22%	44.41%	72.36%	56.02%	65.98%
Net Margin	6.84%	3.56%	10.45%	5.50%	7.80%	14.76%
Return on Equity	13.03%	1.61%	15.13%	10.70%	13.96%	32.15%
Sales/Assets	0.32	0.49	0.54	0.34	0.52	0.45
Proj. Sales Growth (F1/F0)	-5.74%	0.00%	-2.00%	-7.80%	52.09%	-3.49%
Momentum Score	F	-	-	B	D	A
Daily Price Chg	-0.95%	0.00%	0.48%	-3.87%	0.66%	0.04%
1 Week Price Chg	-2.25%	-1.21%	0.37%	2.96%	-0.40%	0.98%
4 Week Price Chg	-2.07%	-1.21%	5.61%	-0.92%	-0.32%	3.99%
12 Week Price Chg	-1.05%	4.23%	13.36%	-3.29%	18.73%	1.12%
52 Week Price Chg	-14.71%	-18.37%	-3.30%	-17.59%	28.21%	-0.87%
20 Day Average Volume	33,424,202	187,491	1,917,592	9,360,383	5,492,033	13,624,342
(F1) EPS Est 1 week change	-0.40%	0.00%	0.00%	0.00%	0.00%	0.27%
(F1) EPS Est 4 week change	-0.80%	-0.07%	0.21%	-0.15%	-9.16%	0.40%
(F1) EPS Est 12 week change	-2.49%	-3.96%	-2.00%	-7.49%	-55.74%	0.47%
(Q1) EPS Est Mthly Chg	-2.49%	0.00%	0.00%	0.00%	-15.67%	-0.43%

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	A
Growth Score	C
Momentum Score	F
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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