

Verizon Communications (VZ)

\$54.38 (As of 05/19/20)

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

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 01/29/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:A

Value: B

Growth: B

Momentum: B

Summary

Despite worldwide mayhem induced by the coronavirus pandemic, Verizon started 2020 on a positive note, reporting relatively healthy first-quarter 2020 results primarily led by the wireless business. Focus on online content delivery, mobile video and online advertising will likely stoke future growth. Verizon is also changing its revenue mix toward newer growth services like cloud, security and professional services. However, Verizon continues to struggle in a competitive U.S. wireless market with muted demand and tweaked 2020 guidance amid the coronavirus-led turmoil. The company's wireline division is struggling with losses in access lines due to competitive pressure from VoIP service providers. In addition, Verizon is spending heavily on promotion and lucrative discounts to woo customers, which further erodes profitability.

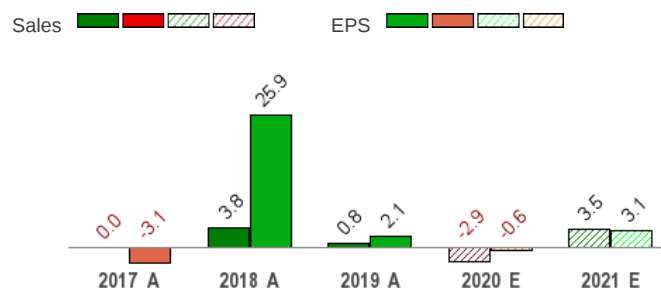
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$62.22 - \$48.84
20 Day Average Volume (sh)	14,469,555
Market Cap	\$225.0 B
YTD Price Change	-11.4%
Beta	0.48
Dividend / Div Yld	\$2.46 / 4.5%
Industry	Wireless National
Zacks Industry Rank	Top 13% (33 out of 254)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	3.3%
Last Sales Surprise	-2.3%
EPS F1 Est- 4 week change	-1.8%
Expected Report Date	08/06/2020
Earnings ESP	-1.7%
P/E TTM	11.2
P/E F1	11.4
PEG F1	3.6
P/S TTM	1.7

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	32,694 E	32,285 E	33,274 E	35,165 E	132,475 E
2020	31,610 A	30,113 E	31,777 E	34,285 E	127,989 E
2019	32,128 A	32,071 A	32,894 A	34,775 A	131,868 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$1.26 E	\$1.25 E	\$1.28 E	\$1.15 E	\$4.93 E
2020	\$1.26 A	\$1.17 E	\$1.24 E	\$1.12 E	\$4.78 E
2019	\$1.20 A	\$1.23 A	\$1.25 A	\$1.13 A	\$4.81 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 05/19/2020. The reports text is as of 05/20/2020.

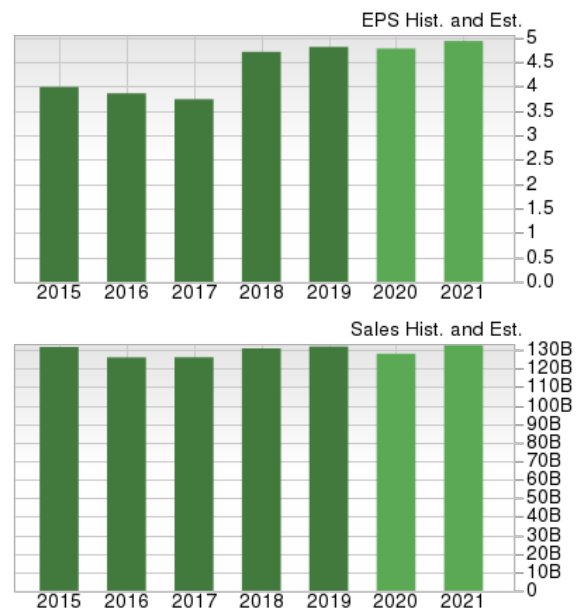
Overview

Based in New York, Verizon Communications Inc. was formed through the merger of Bell Atlantic and GTE Corp. The company offers communication services in the form of local phone service, long distance, wireless and data services. In Jan 2006, Verizon completed its merger with MCI Corporation, a leader in long distance and data networking. With the acquisition of Alltel Wireless Corp. in early 2009, Verizon has surpassed AT&T Inc. as the largest wireless carrier in the North America, serving millions of customers nationwide.

Verizon has teamed up with Amazon Web Services to create and deploy low latency applications to mobile devices using 5G and became the first telecom carrier in the world to offer such service. The company has launched a free consumer search engine dubbed OneSearch with enhanced privacy options to add a new dimension to the search ecosystem. It has also announced a pricing breakthrough in the cable industry with the launch of Mix & Match on its FiOS platform, enabling viewers to combine TV with Internet plans effectively without any hidden charges and annual contracts. Focus on online content delivery, mobile video and online advertising will likely stoke future growth.

With the ramp-up of 5G service across the country, Verizon is likely to retain its lead in promulgating 5G mobile networks nationwide by using virtualized machines, advanced levels of operational automation and adaptability. Effective second-quarter 2019, the company has reorganized its operating segments under its new operating structure dubbed Verizon 2.0. Under this operating structure, the new segments of the company are Consumer, Business and Media Group.

- **Consumer** (68.9% of total revenues in first-quarter 2020): This segment includes the retail wireline and wireless businesses.
- **Business** (24.3%): This segment includes the wireless and wireline operations of Wholesale, Public Sector and Other, Small and Medium Business, and Global Enterprise.
- **Media Group** (6.8%): This segment includes assets gained through the Yahoo acquisition, media verticals and the ad platform.



Reasons To Buy:

- ▲ Verizon expects considerable business growth in both its Wireless and Wireline businesses in 2020. The company expects healthy improvement in margins on the back of continued strong FiOS network and strategic services in the Wireline business. The company's efforts to improve profitable growth include improving operating and capital efficiency. In the enterprise and the wholesale business, Verizon is changing its revenue mix toward newer growth services like cloud, security and professional services. Also, Verizon is looking forward to capitalize on the countless innovative technology solutions being developed in the Internet of Things and telematics ecosystem across multiple industries. Further, the company's focus on online content delivery, mobile video and online advertising should drive growth.
- ▲ Verizon has upped the ante against rivals by launching the 5G Ultra Wideband network in several cities across the country. The 5G Ultra Wideband network hinges on three fundamental drivers to deliver the full potential of 5G technology. These include massive spectrum holdings, particularly in the millimeter wave bands for faster data transfer, end-to-end deep fiber resources and the ability to deploy large numbers of small cells. Verizon has systematically invested in 5G technology to gain a foothold in the industry. The company expects to capitalize on the impending 5G boom and outsmart competitive pressure.
- ▲ Verizon is systematically diversifying itself as a major player in the digital content and online advertising space. The company wrote off a majority of its media business — Oath — which includes Yahoo and AOL, due to lower-than-expected performance. Verizon Media replaced the Oath brand. Over the years, the largest U.S. wireless carrier (by subscribers), has spurred technological innovation and economic development, including introduction of mobile data and making the ecosystem more pervasive with 4G LTE. The company has now embarked on a new operating structure under Verizon 2.0, with the operating model closely aligned with the evolving customer needs. The business transformation is likely to propel the growth engine of the company as the industry witnesses a major upheaval.
- ▲ With one of the most efficient wireless networks in the United States, Verizon continues to deploy the latest 4G LTE Advanced technologies to deliver faster peak data speeds and capacity for customers, driven by customer-focused planning, disciplined engineering and constant strategic investment. Verizon has been aggressively forging ahead to expand its fiber optics networks to support 4G LTE and upcoming 5G wireless standards as well as wireline connections. The company remains focused on making necessary capital expenditures in order to support increased demand for network traffic. At the same time, Verizon is focusing on continued build-out of its 5G Ultra Wideband network, deployment of significant fiber assets across the country and upgradation to Intelligent Edge Network architecture.
- ▲ As of Mar 31, 2020, Verizon had \$7,047 million of cash and cash equivalents and \$117,736 million in long-term debt compared with respective tallies of \$2,594 million and \$100,712 million by the end of fourth-quarter 2019. Verizon has been looking to slash costs through employee reduction, active management of its near-term maturities, optimization of overall funding footprint and lowering of cost of capital. Till date, Verizon has achieved \$6.3 billion of cumulative cash savings and remains on track to achieve cumulative cost savings of \$10 billion by 2021. The company currently has a debt-to-capital ratio of 0.69 compared with 0.51 of the sub-industry. The times interest earned has improved steadily over the past few quarters to 5.7 at present relative to 3.7 for the sub-industry. This shows that the company is more likely to clear its debt. It has a dividend payout rate of 50%. The rate has remained relatively steady over the past few quarters, indicating that the company is sharing more of its earnings with stockholders. It remains to be seen whether Verizon can maintain the momentum in the coming days due to disruptions caused by COVID-19 pandemic.

Verizon plans to deploy next-generation 5G wireless residential broadband services in multiple U.S. markets in 2020, while diversifying itself firmly in digital content and online advertising market.

Reasons To Sell:

- ▼ Verizon continues to struggle in a competitive and saturated U.S. wireless market with incumbents like AT&T and T-Mobile. The industry is likely to witness stiff competition in 2020 and beyond with the entry of cable MSOs (multi service operators). Comcast has already entered this space with Xfinity Mobile offering. Charter Communications also reiterated its plans of launching wireless service. Adoption of several unlimited data plans has resulted in reduction of wireless service revenues and lower average revenue per user.
- ▼ 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.
- ▼ In an effort to expand its customer base, Verizon is spending heavily on promotion and is also offering lucrative discounts, which is weighing on margins. The company's wireline division is struggling with persistent losses in access lines owing to competitive pressure from voice-over-Internet protocol (VoIP) service providers and aggressive triple-play (voice, data, video) offerings by cable companies. These are likely to weigh on the company's revenues in the future. The company recorded high capital expenditures in order to support the launch and continued build-out of its 5G Ultra Wideband network, deployment of significant fiber assets across the country and upgrade to Intelligent Edge Network architecture. It remains unclear if and when a reasonable return can be achieved from such investments.
- ▼ For full-year 2020, Verizon tweaked its earlier guidance amid the coronavirus-led turmoil. Adjusted earnings per share are currently anticipated to remain within -2% and 2%, compared with earlier expectations of 2-4% increase year over year. The company, however, withdrew its revenues guidance. Bad debt reserves were up by \$228 million during first-quarter 2020 as the company expects higher number of customers would seek payment relief under the Keep Americans Connected pledge owing to the adverse economic impact from the virus outbreak. With muted demand and higher costs associated with bad debt, production shutdowns and expenses related to retail store closures leading to lower equipment sales and reduced advertising revenues, there remains lack of clarity about future revenue patterns. Moreover, companies like Verizon are forced to redraw their distribution channels for evolving customer demands, redefine business plans to optimize operations and increase efficiencies to lower costs while supporting employees and customers with various financial packages.

Verizon continues to struggle in a competitive and saturated U.S. wireless market, while wireline woes and depleting margins due to promotions and heavy discounts remain nagging concerns.

Last Earnings Report

Verizon Trumps on Q1 Earnings Despite Lower Revenues

Despite worldwide mayhem induced by the coronavirus pandemic, Verizon started 2020 on a positive note, reporting relatively healthy first-quarter 2020 results primarily led by the wireless business. With industry-leading wireless products and services, the company remains well poised to benefit from increased 5G deployment across the country under the new operational framework.

Quarter Ending **03/2020**

Report Date	Apr 24, 2020
Sales Surprise	-2.28%
EPS Surprise	3.28%
Quarterly EPS	1.26
Annual EPS (TTM)	4.87

The Headlines

GAAP earnings for the reported quarter were \$4,287 million or \$1.00 per share compared with \$5,160 million or \$1.22 per share in the year-ago quarter. The year-over-year decrease in GAAP earnings was largely driven by top-line contraction and higher operating expenses. Excluding non-recurring items, adjusted earnings were \$1.26 per share compared with \$1.20 in the year-earlier quarter and beat the Zacks Consensus Estimate by 4 cents. The adjusted earnings for the reported quarter included an adverse impact of 4 cent per share related to the virus outbreak, primarily driven by higher bad debt reserves.

Consolidated GAAP operating revenues for the quarter declined 1.6% year over year to \$31,610 million as wireless service revenue growth was more than offset by lower wireless equipment revenues. The top line missed the consensus mark of \$32,347 million. Operating income fell 14.7% year over year to \$6,579 million. Adjusted EBITDA remained flat at \$11.9 billion with corresponding margin of 37.7%.

Segment Performance

Consumer: Total revenues from this segment were down 1.7% year over year to \$21,765 million. Service revenues improved 0.5% to \$16,341 million due to shift to higher-priced plans, incremental contributions from retail postpaid net additions and an increase in connections per account. Equipment revenues decreased 18.9% to \$3,377 million due to limited in-store customer engagement owing to store closures amid social distancing measures, while Other revenues totaled \$2,047 million, up 18.8% year over year. Notably, Verizon closed nearly 70% of company-operated retail locations and reduced in-store service hours to prevent exposure to the deadly virus, leading to lower sales volume.

Operating income improved 0.4% to \$7,282 million, while operating income margin was up to 33.5% from 32.7% a year ago. Segment EBITDA was \$10,102 million, resulting in EBITDA margin of 46.4% compared with respective tallies of \$10,144 million and 45.8% in the prior-year quarter.

Verizon reported 525,000 wireless retail postpaid net losses in first-quarter 2020. Quarterly retail postpaid churn rate decreased to 1.01% from 1.08% in the year-ago quarter. Wireless retail postpaid ARPA (average revenue per account) was \$118.86 compared with \$117.45 in the year-ago quarter.

Business: Total revenues in the segment were \$7,681 million, down 0.5% year over year as lower Wholesale revenues (down 9.1% to \$772 million) and Global Enterprise (down 2.2% to \$2,631 million) were offset by higher Small and Medium revenues (up 3.5% to \$2,804 million) and Public Sector and Other revenues (up 0.2% to \$1,474 million). Despite growth in high-quality mobility products, VPN services and high-speed circuit capacity to support front line crisis responders and work-from-home arrangements, Verizon continued to face pricing pressures on legacy products and technology shifts. The segment recorded 475,000 wireless retail postpaid net additions in the quarter, up 79.9% year over year with total retail postpaid churn of 1.30%.

Operating income from the segment was \$954 million compared with \$1,048 million in the year-ago quarter for respective margins of 12.4% and 13.6%. Segment EBITDA fell 5.8% to \$1,968 million for EBITDA margin of 25.6% compared with 27.1% in the year-ago quarter.

Cash Flow and Liquidity

Verizon generated \$8,824 million of cash from operating activities in the quarter compared with \$7,081 million in the year-ago period. The year-over-year increase was driven by operational improvements in the reported quarter and cash payments related to the Voluntary Separation Program made in first-quarter 2019. At quarter-end, Verizon had \$7,047 million of cash and cash equivalents and \$117,736 million in long-term debt. Bad debt reserves were up by \$228 million as the company expects higher number of customers would seek payment relief under the Keep Americans Connected pledge owing to the adverse economic impact from the virus outbreak.

The company remains focused on making necessary capital expenditures in order to support increased demand for network traffic. At the same time, Verizon is focusing on continued build-out of its 5G Ultra Wideband network, deployment of significant fiber assets across the country and upgradation to Intelligent Edge Network architecture. Till date, Verizon has achieved \$6.3 billion of cumulative cash savings and remains on track to achieve cumulative cost savings of \$10 billion by 2021.

Guidance

For full-year 2020, Verizon tweaked its earlier guidance amid the coronavirus-led turmoil. Adjusted earnings per share are currently anticipated to remain within -2% and 2%, compared with earlier expectations of 2-4% increase year over year. The company, however, withdrew its revenues guidance. Capital expenditures for 2020 are likely to be in the range of \$17.5 billion to \$18.5 billion.

Moving Forward

With one of the most efficient wireless networks in the United States, Verizon is likely to benefit immensely from the increase in 5G footprint with the launch of the 5G Ultra Wideband network in more markets across the country. The company is taking pro-active steps for the overall benefit of its employees and users while implementing efficient cost measures to tide over the storm.

Recent News

On Mar 12, 2020, Verizon announced that it has raised its capital expenditure guidance for 2020 on higher planned investments to augment the infrastructure for increased 5G deployment across the United States. For 2020, Verizon anticipates capital expenditure of \$17.5-\$18.5 billion, up from \$17-\$18 billion expected earlier. These include the addition of small cells, MIMO antenna technology advancements and extensive fiber network connectivity for greater capacity and speed for customers. The company expects that the increased capital outlay would enable it to meet the higher demand for video-intensive applications, support the transition to the super-fast 5G network and better equip the country to fight disruptive market forces led by the coronavirus pandemic.

On Feb 24, 2020, Verizon announced that it has joined forces with Emory Healthcare, a leading academic health system in Georgia, to develop its 5G Ultra Wideband-enabled use cases in a way that will likely transform the healthcare industry. Apart from providing 5G service, Verizon will deliver network and security services, project management, professional consulting services and managed infrastructure and will also be part of the Emory Hub Executive Advisory Board. Verizon plans to collaborate with Emory Healthcare and its nine Innovation Hub partners, including founding partner Sharecare, to accelerate the development of 5G-driven healthcare solutions.

On Jan 29, 2020, Verizon announced a collaboration with Charlotte, NC-based Honeywell that will integrate the wireless carrier's Managed Connectivity LTE with Honeywell's IoT sensors to build a smart energy grid. In a combined effort, the two companies will provide utility firms with a scalable, open computing and communications platform to help them manage operations efficiently and deliver new services to customers.

On Jan 23, 2020, Verizon announced its foray into financial services market by collaborating with Synchrony Financial. The partnership is likely to diversify the portfolio of both the companies and is likely to be a win-win deal with Synchrony overcoming the loss of Walmart Inc.'s long-running credit card agreement and Verizon innovating new revenue stream amid increased market competition.

On Jan 14, 2020, Verizon announced that it has launched a free consumer search engine with enhanced privacy options to add a new dimension to the search ecosystem. Dubbed OneSearch, the search engine is likely to offer Verizon Media, a division of Verizon that comprises premium brands like Yahoo, TechCrunch and HuffPost, an edge over its rivals.

Valuation

Verizon shares are down 8.6% over the trailing 12-month period. Stocks in the Zacks sub-industry are down 3.4%, while those in the Zacks Computer and Technology sector are up 15.1% over the past year.

The S&P 500 index is up 3% in the past year.

The stock is currently trading at 7.58X trailing 12-month EV/EBITDA, which compares to 5.88X for the Zacks sub-industry, 11.62X for the Zacks sector and 10.91X for the S&P 500 index.

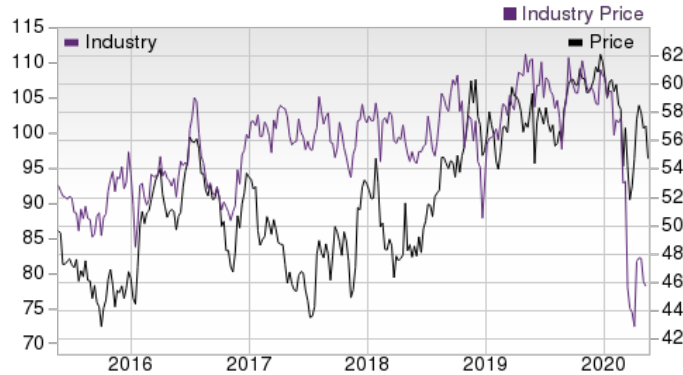
Over the past five years, the stock has traded as high as 12X and as low as 6.1X, with a 5-year median of 7.3X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$57.00 price target reflects 5.07X forward 12-month earnings.

The table below shows summary valuation data for VZ

Valuation Multiples - VZ					
		Stock	Sub-Industry	Sector	S&P 500
EV/EBITDA TTM	Current	7.58	5.88	11.62	10.91
	5-Year High	11.96	11.55	12.71	12.86
	5-Year Low	6.06	5.41	7.56	8.26
	5-Year Median	7.3	6.74	10.68	10.78
P/E F12M	Current	11.25	11.4	23.79	21.52
	5-Year High	14.19	15	23.79	21.52
	5-Year Low	10.02	10.1	16.71	15.23
	5-Year Median	12.07	12.25	19.26	17.49
P/S F12M	Current	1.74	1.48	3.61	3.34
	5-Year High	1.93	1.67	3.61	3.44
	5-Year Low	1.31	1.17	2.32	2.53
	5-Year Median	1.64	1.45	3.1	3.01

As of 05/19/2020

Industry Analysis Zacks Industry Rank: Top 13% (33 out of 254)



Top Peers

Company (Ticker)	Rec	Rank
GCI Liberty, Inc. (GLIBA)	Outperform	2
ATN International, Inc. (ATNI)	Neutral	2
CenturyLink, Inc. (CTL)	Neutral	3
Gogo Inc. (GOGO)	Neutral	3
Liberty Global PLC (LILA)	Neutral	3
ATT Inc. (T)	Neutral	3
United States Cellular Corporation (USM)	Neutral	2
TMobile US, Inc. (TMUS)	Underperform	4

Industry Comparison Industry: Wireless National				Industry Peers		
	VZ	X Industry	S&P 500	CTL	T	TMUS
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Underperform
Zacks Rank (Short Term)	3	-	-	3	3	4
VGM Score	A	-	-	A	B	B
Market Cap	225.02 B	199.93 M	19.91 B	10.51 B	208.02 B	121.85 B
# of Analysts	21	5	14	5	19	2
Dividend Yield	4.52%	0.00%	2.14%	10.44%	7.18%	0.00%
Value Score	B	-	-	A	A	C
Cash/Price	0.03	0.11	0.07	0.15	0.05	0.01
EV/EBITDA	7.76	7.76	12.09	20.99	5.34	12.76
PEG Ratio	3.63	1.84	2.68	1.16	1.59	1.84
Price/Book (P/B)	3.65	1.19	2.75	0.79	1.06	2.93
Price/Cash Flow (P/CF)	6.14	5.40	10.68	1.67	3.30	8.38
P/E (F1)	11.38	19.63	19.96	6.92	8.79	34.78
Price/Sales (P/S)	1.71	0.74	2.01	0.48	1.16	2.71
Earnings Yield	8.79%	3.86%	4.83%	14.41%	11.36%	2.88%
Debt/Equity	2.02	0.56	0.76	2.62	0.75	1.27
Cash Flow (\$/share)	8.85	2.47	7.01	5.72	8.77	11.77
Growth Score	B	-	-	C	C	A
Hist. EPS Growth (3-5 yrs)	6.14%	6.20%	10.87%	-18.92%	8.17%	57.71%
Proj. EPS Growth (F1/F0)	-0.66%	2.07%	-10.48%	4.85%	-7.75%	-29.48%
Curr. Cash Flow Growth	-0.75%	3.99%	5.51%	-2.30%	14.11%	7.57%
Hist. Cash Flow Growth (3-5 yrs)	4.16%	2.65%	8.55%	1.14%	15.33%	16.70%
Current Ratio	0.99	1.72	1.28	0.82	0.76	0.64
Debt/Capital	66.91%	49.49%	44.46%	72.36%	42.96%	56.02%
Net Margin	14.00%	0.64%	10.59%	5.50%	8.05%	7.80%
Return on Equity	33.26%	-0.18%	16.27%	10.70%	13.27%	13.96%
Sales/Assets	0.46	0.50	0.55	0.34	0.33	0.52
Proj. Sales Growth (F1/F0)	-2.94%	0.00%	-2.49%	-6.67%	-4.10%	62.89%
Momentum Score	B	-	-	B	D	B
Daily Price Chg	-2.40%	-1.06%	-1.38%	-1.14%	-1.66%	-3.23%
1 Week Price Chg	-4.02%	-4.97%	-4.56%	-6.74%	-4.97%	-1.22%
4 Week Price Chg	-4.29%	-1.80%	6.08%	-1.34%	-3.05%	13.05%
12 Week Price Chg	-4.80%	-9.95%	-13.96%	-23.73%	-22.46%	4.25%
52 Week Price Chg	-8.61%	-10.65%	-7.85%	-6.35%	-10.65%	27.80%
20 Day Average Volume	14,469,555	273,643	2,586,392	10,893,814	35,602,772	5,264,217
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	-1.77%	-4.33%	-4.62%	-5.02%	-3.63%	5.82%
(F1) EPS Est 12 week change	-3.48%	-7.15%	-16.58%	-5.85%	-8.46%	-25.19%
(Q1) EPS Est Mthly Chg	-6.23%	-6.23%	-10.10%	-6.08%	-2.71%	-52.32%

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	B
Momentum Score	B
VGM Score	A

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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