

## Assurant Inc.(AIZ)

**\$122.31** (As of 08/05/20)

Price Target (6-12 Months): **\$128.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 02/17/19)

Prior Recommendation: Underperform

Short Term: 1-3 Months

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

**4-Sell**

Zacks Style Scores:

VGM:D

Value: B

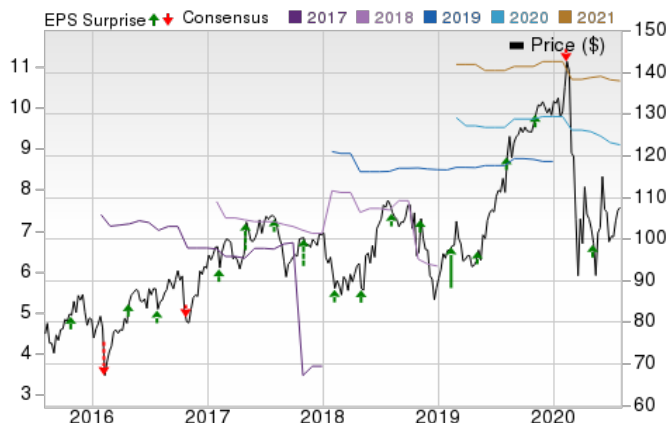
Growth: F

Momentum: C

## Summary

Assurant's earnings beat the Zacks Consensus Estimate by 23.3%. Its shares have outperformed the industry in a year's time. The company's focus on Specialty Property and Casualty and Lifestyle Protection bodes well for growth. Strong franchise, consistent cash flow generation, robust solutions segment poise it well for growth. It plans to deploy capital, mainly to fund business growth, finance other investments and return capital to shareholders via share buybacks and dividends. For 2020, it expects earnings per share, excluding cat loss, to grow 12% to 16%. However, Global Housing is persistently weighed on by lower mortgage originations as well as the ongoing lender-placed insurance normalization. Exposure to cat loss induces earnings volatility. Also, high cost tends to weigh on margins and high debt level raises financial risk.

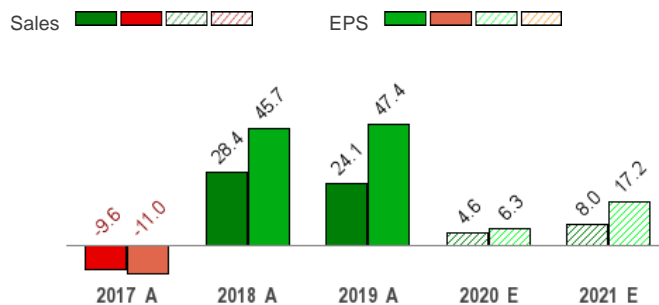
## Price, Consensus & Surprise



## Data Overview

|                            |   |
|----------------------------|---|
| 52 Week High-Low           | <b>\$142.61 - \$76.27</b>                     |
| 20 Day Average Volume (sh) | <b>382,823</b>                                |
| Market Cap                 | <b>\$7.3 B</b>                                |
| YTD Price Change           | <b>-6.7%</b>                                  |
| Beta                       | <b>0.55</b>                                   |
| Dividend / Div Yld         | <b>\$2.52 / 2.1%</b>                          |
| Industry                   | <b><a href="#">Insurance - Multi line</a></b> |
| Zacks Industry Rank        | <b>Bottom 28% (182 out of 253)</b>            |

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



|                           |                   |
|---------------------------|-------------------|
| Last EPS Surprise         | <b>23.3%</b>      |
| Last Sales Surprise       | <b>-5.1%</b>      |
| EPS F1 Est- 4 week change | <b>-0.6%</b>      |
| Expected Report Date      | <b>11/03/2020</b> |
| Earnings ESP              | <b>0.0%</b>       |
| P/E TTM                   | <b>13.1</b>       |
| P/E F1                    | <b>13.5</b>       |
| PEG F1                    | <b>NA</b>         |
| P/S TTM                   | <b>0.7</b>        |

## Sales Estimates (millions of \$)

|      | Q1      | Q2      | Q3      | Q4      | Annual*  |
|------|---------|---------|---------|---------|----------|
| 2021 | 2,805 E | 2,728 E | 2,708 E | 2,843 E | 11,299 E |
| 2020 | 2,657 A | 2,445 A | 2,553 E | 2,670 E | 10,466 E |
| 2019 | 2,399 A | 2,523 A | 2,480 A | 2,604 A | 10,006 A |

## EPS Estimates

|      | Q1       | Q2       | Q3       | Q4       | Annual*   |
|------|----------|----------|----------|----------|-----------|
| 2021 | \$2.87 E | \$2.75 E | \$2.22 E | \$2.83 E | \$10.65 E |
| 2020 | \$2.64 A | \$2.75 A | \$1.87 E | \$2.36 E | \$9.09 E  |
| 2019 | \$2.21 A | \$2.34 A | \$1.69 A | \$2.25 A | \$8.55 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 08/05/2020. The reports text is as of 08/06/2020.

## Overview

Founded in 1969 and headquartered in New York, Assurant Inc. is a global provider of risk management solutions in the housing and lifestyle markets, protecting where people live and the goods they buy. The company operates in North America, Latin America, Europe and Asia Pacific. Assurant was incorporated as a Delaware corporation in 2004. The company reports through three reportable segments: **Global Lifestyle, Global Housing and Global Preneed**.

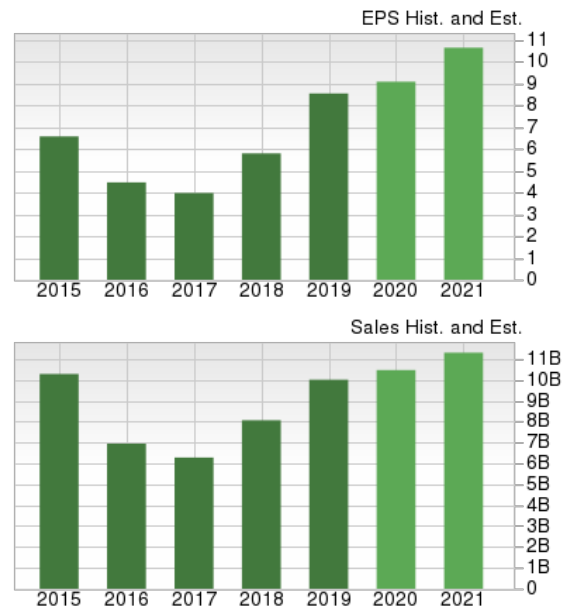
**Global Lifestyle segment (58% of 2019 operating earnings) )** provides mobile device protection products and related services and extended service products and related services for consumer electronics and appliances (referred to as Connected Living); vehicle protection and related services (referred to as Global Automotive); and credit and other insurance products (referred to as Global Financial Services).

Global Lifestyle operates globally, with about 75% of its revenues from North America, 11% from Latin America, 10% from Europe and 4% from Asia Pacific in 2018.

**Global Housing segment (36%)** provides lender-placed homeowners insurance, lender-placed manufactured housing insurance, lender-placed flood insurance; and renters insurance and related products (referred to as Multifamily Housing), as well as voluntary manufactured housing and other insurance.

On Aug 1, 2018, Assurant sold its Mortgage Solutions business, which comprised property inspection and preservation, valuation and title services and other property risk management services.

**Global Preneed segment (6%)** provides pre-funded funeral insurance and annuity products in Canada and the United States. Pre-funded funeral insurance provides whole life insurance or annuity death benefits to fund the costs associated with pre-arranged funerals, which are planned and paid for in advance of death. The pre-funded funeral insurance products are typically structured as whole life insurance policies in the United States and offer limited pay (Preneed) or pay for life (Final Need) options. In Canada, pre-funded funeral insurance products are typically structured as limited pay annuity contracts. Product choices are based on the health and financial situation of the customer and the distribution channel.



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## Reasons To Buy:

▲ The company's Global Lifestyle segment has been putting up an impressive performance, reflected by its 'net premium and fee and other income' CAGR of 24.2% from 2016 to 2019. In the first half of 2020, net earned premiums, fees and others rose 6% year over year. The company has adopted inorganic and organic growth strategies to boost this segment. The acquisition of The Warranty Group in May 2018 strengthened its position as an industry-leading lifestyle provider, having substantial operating synergies in a more predictable and expanded earnings stream. Buyout of American Financial & Automotive Services in April 2020 should help fortify market position and add scale. In the first half of 2020, net operating income of \$242.7 million improved 16% year over year, driven primarily by mobile from continued subscriber growth in North America and Asia Pacific and higher average selling prices on trade-in devices. Global Automotive also contributed to the increase, including a discrete client benefit. For 2020, the company expects growth in Lifestyle's net operating income. However, it estimates earnings in the second half of the year to be lower than the first half. Claims activity in Connected Living and auto normalizing at higher levels, adverse forex, and lower investment income, among others, are expected to weigh on earnings.

**Strong performing Global Lifestyle business, growing Service business, solid capital management should drive growth at the company.**

▲ Pre-need is another important business for Assurant Solutions and remains a solid performer. The company remains focused on ramping up the Connected Living platform, deploying innovative products and services and adding new partnerships with leading brands like Comcast, Apple and KDDI in Japan. These initiatives are expected to double the margins in Connected Living to 8% over the long term. In the first half of 2020, net earned premiums, fees and others at Global Preneed rose 5% year over year to \$103.7 million, primarily driven by prior period sales of the Final Need product and growth in pre-funded funeral policies. The company expects Global Preneed's earnings to increase modestly in 2020 from 2019.

The company expects earnings of Global Preneed to increase in the second half of 2020 compared to the first half of the year owing to more favorable mortality trends. The company estimates the reduction in mortality to be partially offset by investment income declines.

▲ The company is also focused on growing the fee-based capital-light businesses that presently consist of 52% segmental revenues. Management estimates the contribution to continue growing in double digits over the longer term.

▲ Assurant has a strong capital management policy in place. Traditionally, the company has been utilizing 50% of its free cash flow to repurchase shares. A solid capital position supports effective capital deployment. In November 2019, the board of directors also approved a dividend hike of 5%, reflecting a six-year (2014-2020) CAGR of 16.6%. Also, it has \$403 million remaining under its current share buyback authorization. In 2020, the company plans to deploy capital, mainly to fund business growth, finance other investments and return capital to shareholders via share repurchases and dividends.

Given the attractiveness of stock and strong capital position, the company expects to resume share repurchases in the third quarter and also projects to reach the objective of returning \$1.35 billion of capital to shareholders between 2019 and 2021.

▲ Shares of Assurant have outperformed the industry in the past year. Shares have gained 3.7% against the industry's decline of 21% in a year's time. We expect strong segmental performance along with a robust capital position to continue driving the stock in the near term.

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## Reasons To Sell:

- ▼ Revenues at Global Housing have been declining since 2017, which continued through 2019. This decline has been mainly due to decreasing premiums from Lender-placed insurance. In the first half of 2020 too, revenues declined 2.5%. With respect to the lender-placed market, placement rates have decreased as the housing market has improved resulting in lower net earned premiums. For 2020, Assurant expects net operating income, excluding catastrophes, of Global Housing to increase from 2019, owing to improved results in specialty businesses and growth in multifamily housing. It also estimates the results of Global Housing for the second half of 2020 to be not on par with the first half. This is because it projects normalized level of claims frequency, reduced real estate owned (REO) volumes, absence of income from the financially insolvent client in lender-placed and lower investment income due to the lower yields available in the current interest rate environment.
- ▼ Assurant has been experiencing an increase in policyholder benefits, underwriting, general and administrative expenses and interest expense. Underwriting, general and administrative expenses consist of commissions, premium taxes, licenses, fees, general operating expenses and income taxes. Expenses increased at a two-year (2017 -2019) CAGR of 26.4%. In the first half of 2020, total benefits, loss and expenses grew 2.6% year over year to \$4.7 billion due to an increase in selling, underwriting, general and administrative expenses. An increase in expenses weighs on the company's margins. Net margin contracted 10 bps year over year to 4% in the first quarter of 2020.
- ▼ The company has been witnessing increase in net investment income over the past few years. However, it decreased 8.5% year over year to \$293.2 million in the first half of 2020. Investment yield on total investment portfolio dropped by 51 basis points year over year to 3.83% due to a decline in short-term cash yields. The company expects lower investment income to remain a headwind in the second half of the year due to lower yields available in the current interest rate environment.
- ▼ The company's debt-to-capital ratio has gone up from 24 in 2014 to 36 in 2019. The company's debt levels have been increasing over the past few years. As of Jun 30, 2020, debt increased 10% to \$2.2 billion from the 2019-end level, with debt to capital ratio of 26.9% deteriorating 10 basis points from 2019 level. The company's cash and cash equivalents of \$2 billion as of Jun 30, 2020 are not sufficient to meet its debt obligations. The company's times interest earned of 5.5 as on Jun 30, 2020 was poor when compared with the 2019-end figure of 6 and industry's measure of 10.3, implying that its earnings are not sufficient to cover interest obligations. The company's increased debt level and reduced interest servicing capability raise financial risk.

Global Housing is witnessing lower mortgage originations and drop in real estate owned volumes and declining placement rates, curbing growth. High debt, rising expenses are other headwinds.

## Last Earnings Report

### Assurant Q2 Earnings Beat Estimates, Revenues Down Y/Y

Assurant, Inc. reported second-quarter 2020 net operating income of \$2.75 per share, which outpaced the Zacks Consensus Estimate by 23.3%. The bottom line also improved 18% from the year-ago quarter.

The results reflect persistent growth in mobile subscribers within Global Lifestyle and favorable non-catastrophe loss experience across major products of Global Housing. Further, the company benefited from several expense management initiatives and reduced discretionary spending due to the COVID-19 pandemic, which was partially offset by softer investment income.

However, total revenues declined 3.1% year over year to \$2.4 billion, mainly due to lower fees and other income and weaker net investment income. Moreover, the top line missed the Zacks Consensus Estimate by 5.1%.

Net investment income plunged 11% year over year to \$137.2 million, primarily owing to reduced yields at each operating segment. Nevertheless, total benefits, loss and expenses declined 5% to \$2.2 billion, mainly on account of a decline in policyholder benefits and selling, underwriting, general and administrative expenses.

### Segmental Performance

Net earned premiums, fees and others at **Global Lifestyle** declined 2% year over year to \$1.8 billion. The downside can primarily be attributed to fall in mobile trade-in volumes due to stringent observance of lockdown measures on account of the pandemic and unfavorable foreign exchange. Net operating income of \$121.8 million improved 11% year over year, driven by continued growth in mobile subscribers across North America and Asia Pacific, and reduced claims activity primarily outside the United States within Global Automotive and Connected Living. This was partially negated by increased claims within Global Financial Services.

Net earned premiums, fees and others at **Global Housing** declined 4% year over year at \$488.9 million. This was primarily due to reduction in policies in-force from the previously disclosed financially insolvent client and reduced real estate owned volumes. Net operating income of \$85.4 million improved 19% year over year driven by favorable non-catastrophe loss experience, moderate growth in specialty product lines and absence of losses within the small commercial business.

Net earned premiums, fees and others at **Global Preneed** inched up 1% year over year to \$50.3 million, owing to continued growth pre-funded funeral policies and prior period sales of the Final Need product. Net operating income plunged 19% year over year to \$13.7 million, mainly due to softer investment income and higher mortality claims stemming from the pandemic.

Net operating loss at **Corporate & Other** was \$26.9 million, wider than the year-ago quarter's net operating loss of \$24.4 million on account of weak investment income, which was owing to lower yields and more liquid investable assets. It was partially offset by lower expenses related to deferral of new hires and limited travel.

### Financial Position

Liquidity was \$357 million as of Jun 30, 2020, about \$132 million higher than the company's current targeted minimum level of \$225 million. Total assets dipped 0.1% to \$44.2 billion as of Jun 30, 2020 from 2019 end. Total shareholders' equity came in at \$6 billion, up 5.6% from the level at 2019 end.

### Share Repurchase and Dividend Update

In the second quarter, the company bought back 0.25 million shares for \$26 million. During July, the company did not buy back shares. It now has \$403 million remaining under its current share buyback authorization. The company's total dividends amounted to \$44 million in the reported quarter, including \$40 million in common stock dividends and \$5 million in preferred stock dividends.

### 2020 Guidance

For the full year, Assurant estimates net operating income per diluted share, excluding catastrophe losses, to rise in the band of 12-16% from the figure reported in 2019 (\$9.21). The improvement can primarily be attributed to continuous expense discipline and profitable growth across all business segments. The company anticipates double-digit growth in net operating income, excluding catastrophes. The upside is likely to come on the back of earnings growth within Global Lifestyle and Global Housing. However, net operating income is estimated to remain lower for the second half of 2020 compared with the first half. For 2020, net operating loss in Corporate and Other are expected between \$86 million and \$90 million, mainly due to reduced investment income partly offset by decline in general expenses. Interest expense and preferred dividends are anticipated to be around \$81 million and \$19 million, respectively.

Quarter Ending **06/2020**

| Report Date      | Aug 04, 2020 |
|------------------|--------------|
| Sales Surprise   | -5.13%       |
| EPS Surprise     | 23.32%       |
| Quarterly EPS    | 2.75         |
| Annual EPS (TTM) | 9.33         |

## Recent News

### Assurant Declares Quarterly Dividend – Jul 9, 2020

Assurant's board of directors declared a quarterly dividend of 63 cents per share. The dividend will be paid on Sep 22, 2020 to shareholders of record as on Aug 31. These moves reflect the company's robust capital position, which enables it to engage in prudent shareholder-friendly moves.

### Assurance and Units Receive Rating Action from AM Best – Jul 8, 2020

For majority of Assurant's U.S. property and casualty (P&C) subsidiaries, AM Best has affirmed the Financial Strength Rating (FSR) of A (Excellent) and the Long-Term Issuer Credit Ratings (Long Term ICR) of "a+". AM Best has affirmed the Long-Term Issuer Credit Ratings (Long-Term ICR) of "bbb+" and the Long- and Short-Term Issue Credit Ratings for Assurant as well. The credit rating agency has upgraded the Long-Term ICR to "a+" from "a" and affirmed the FSR of A (Excellent) of the company's P&C subsidiary — Virginia Surety Company, Inc. Also for Assurant's core U.S. life/health (L/H) subsidiaries, AM Best has affirmed the FSR of A- (Excellent) and the Long Term ICRs of "a-". The outlook of these ratings is stable.

### Assurant Reveals Property CAT Reinsurance Program for 2020 – Jun 29, 2020

Assurant announced its 2020 property catastrophe (CAT) reinsurance program worth \$1.15 billion. Assurant's premium for this reinsurance program is expected to be \$138 million pre-tax.

A portion of the 2020 CAT reinsurance program is on a per-occurrence basis, which will provide protection of up to \$930 million. This amount is in excess of \$80 million retention for the United States. The program thus includes coverage in the Caribbean of up to \$175 million in excess of \$20 million, and the extension of 2020 Latin America protection of up to \$170 million in excess of \$7 million. Given continued execution of its long-term strategy to lower less attractive risk exposure, the company has been doing away with businesses that do not meet its risk-return criteria. This in turn has enabled the company to lower overall tower limit by \$230 million.

### Assurant Outsources Portfolio Management to Voya Financial – Jun 1, 2020

Assurant, Inc. has chosen the asset management business of Voya Financial, Inc., Voya Investment Management for managing a \$6 billion tranche of its general account. The deal with Voya Investment Management will enable Assurant, a global provider of lifestyle and housing solutions, to meet the requirements and objectives of its long-term investment.

## Valuation

Assurant shares are down nearly 6.7% in the year-to-date period and up 3.7% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Finance sector are down 24.7% and 17.1% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and sector are down 18.9% and 8.5%, respectively.

The S&P 500 index are up 3.3% in the year-to-date period and 15.7% in the past year.

The stock is currently trading at 1.36x trailing 12-month book value, which compares to 1.05x for the Zacks sub-industry, 2.42x for the Zacks sector and 4.54x for the S&P 500 index.

Over the past five years, the stock has traded as high as 1.52x and as low as 0.86x, with a 5-year median of 1.18x. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$128 price target reflects 1.42x trailing 12-month book value.

The table below shows summary valuation data for AIZ

| Valuation Multiples - AIZ |               |       |              |        |         |
|---------------------------|---------------|-------|--------------|--------|---------|
|                           |               | Stock | Sub-Industry | Sector | S&P 500 |
| P/B TTM                   | Current       | 1.36  | 1.05         | 2.42   | 4.54    |
|                           | 5-Year High   | 1.52  | 1.98         | 2.91   | 4.56    |
|                           | 5-Year Low    | 0.86  | 0.85         | 1.72   | 2.83    |
|                           | 5-Year Median | 1.18  | 1.48         | 2.53   | 3.73    |
| P/S F12M                  | Current       | 0.67  | 0.81         | 6.05   | 3.63    |
|                           | 5-Year High   | 0.89  | 1.74         | 6.66   | 3.6     |
|                           | 5-Year Low    | 0.45  | 0.81         | 4.97   | 2.53    |
|                           | 5-Year Median | 0.7   | 1.26         | 6.06   | 3.04    |
| P/E F12M                  | Current       | 12.2  | 8.36         | 16.5   | 22.71   |
|                           | 5-Year High   | 27.23 | 12.61        | 16.51  | 22.71   |
|                           | 5-Year Low    | 8.28  | 6.62         | 11.59  | 15.25   |
|                           | 5-Year Median | 12.75 | 9.99         | 14.21  | 17.55   |

As of 08/05/2020

## Industry Analysis Zacks Industry Rank: Bottom 28% (182 out of 253)



## Top Peers

| Company (Ticker)                           | Rec          | Rank |
|--|--------------|------|
| Arch Capital Group Ltd. (ACGL)             | Neutral      | 3    |
| American Financial Group, Inc. (AFG)       | Neutral      | 3    |
| Axis Capital Holdings Limited (AXS)        | Neutral      | 4    |
| First American Financial Corporation (FAF) | Neutral      | 2    |
| Everest Re Group, Ltd. (RE)                | Neutral      | 3    |
| Selective Insurance Group, Inc. (SIGI)     | Neutral      | 3    |
| The Travelers Companies, Inc. (TRV)        | Neutral      | 4    |
| RenaissanceRe Holdings Ltd. (RNR)          | Underperform | 3    |

| Industry Comparison Industry: Insurance - Multi Line |         |            |           | Industry Peers |         |         |
|--|---------|------------|-----------|----------------|---------|---------|
|  | AIZ     | X Industry | S&P 500   | AFG            | AXS     | FAF     |
| Zacks Recommendation (Long Term)                     | Neutral | -          | -         | Neutral        | Neutral | Neutral |
| Zacks Rank (Short Term)                              | 4       | -          | -         | 3              | 4       | 2       |
| VGM Score  | D       | -          | -         | A              | C       | B       |
| Market Cap   | 7.30 B  | 3.43 B     | 22.93 B   | 5.61 B         | 3.62 B  | 5.96 B  |
| # of Analysts  | 2       | 3          | 14        | 2              | 3       | 2       |
| Dividend Yield                                       | 2.06%   | 2.34%      | 1.76%     | 2.88%          | 3.82%   | 3.29%   |
| Value Score  | B       | -          | -         | A              | B       | A       |
| Cash/Price   | 0.35    | 0.36       | 0.07      | 0.32           | 0.49    | 0.27    |
| EV/EBITDA  | 9.38    | 4.01       | 13.16     | 3.71           | 8.22    | 4.00    |
| PEG Ratio  | NA      | 1.23       | 2.99      | NA             | 22.04   | NA      |
| Price/Book (P/B)                                     | 1.22    | 0.80       | 3.20      | 1.11           | 0.76    | 1.30    |
| Price/Cash Flow (P/CF)                               | 11.51   | 7.10       | 12.45     | 5.40           | 9.62    | 7.40    |
| P/E (F1)   | 13.14   | 9.82       | 21.78     | 9.01           | 110.21  | 13.79   |
| Price/Sales (P/S)                                    | 0.72    | 0.77       | 2.47      | 0.75           | 0.73    | 0.93    |
| Earnings Yield                                       | 7.43%   | 9.89%      | 4.33%     | 11.09%         | 0.91%   | 7.26%   |
| Debt/Equity  | 0.37    | 0.24       | 0.77      | 0.29           | 0.38    | 0.00    |
| Cash Flow (\$/share)                                 | 10.63   | 3.45       | 6.94      | 11.57          | 4.47    | 7.22    |
| Growth Score   | F       | -          | -         | B              | C       | C       |
| Hist. EPS Growth (3-5 yrs)                           | 8.60%   | 9.72%      | 10.46%    | 12.92%         | -22.66% | 19.69%  |
| Proj. EPS Growth (F1/F0)                             | 6.32%   | -9.20%     | -7.14%    | -19.55%        | -84.52% | -32.73% |
| Curr. Cash Flow Growth                               | 55.15%  | 7.19%      | 5.47%     | 7.42%          | -8.72%  | 20.75%  |
| Hist. Cash Flow Growth (3-5 yrs)                     | 2.39%   | 1.69%      | 8.55%     | 12.34%         | -11.78% | 18.51%  |
| Current Ratio  | 0.34    | 0.42       | 1.32      | 0.14           | 0.59    | 0.85    |
| Debt/Capital   | 26.95%  | 20.31%     | 44.59%    | 22.59%         | 25.37%  | 0.00%   |
| Net Margin   | 3.95%   | 4.27%      | 10.15%    | 3.13%          | -0.41%  | 10.05%  |
| Return on Equity                                     | 10.23%  | 6.29%      | 14.46%    | 11.45%         | -1.85%  | 14.27%  |
| Sales/Assets   | 0.23    | 0.20       | 0.51      | 0.11           | 0.19    | 0.54    |
| Proj. Sales Growth (F1/F0)                           | 4.60%   | 0.00%      | -1.68%    | -31.58%        | -6.60%  | 3.56%   |
| Momentum Score                                       | C       | -          | -         | D              | F       | D       |
| Daily Price Chg                                      | 14.15%  | 1.07%      | 0.59%     | 1.89%          | 5.39%   | 0.21%   |
| 1 Week Price Chg                                     | 0.64%   | -1.69%     | 0.14%     | -1.83%         | -1.93%  | -6.13%  |
| 4 Week Price Chg                                     | 21.41%  | 2.27%      | 5.31%     | 3.91%          | 11.75%  | 11.90%  |
| 12 Week Price Chg                                    | 39.37%  | 23.96%     | 19.84%    | 14.51%         | 23.61%  | 24.55%  |
| 52 Week Price Chg                                    | 3.75%   | -17.38%    | 2.73%     | -37.99%        | -32.82% | -5.42%  |
| 20 Day Average Volume                                | 382,823 | 158,684    | 2,098,555 | 449,729        | 837,253 | 910,386 |
| (F1) EPS Est 1 week change                           | 0.00%   | 0.00%      | 0.00%     | 0.00%          | 14.71%  | 0.00%   |
| (F1) EPS Est 4 week change                           | -0.60%  | 0.00%      | 1.10%     | -3.01%         | -52.82% | 8.39%   |
| (F1) EPS Est 12 week change                          | -2.10%  | -1.15%     | 1.04%     | -7.94%         | -57.84% | 8.39%   |
| (Q1) EPS Est Mthly Chg                               | 0.00%   | 0.00%      | 0.39%     | -14.46%        | -45.68% | 21.18%  |



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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>F</b> |
| Momentum Score | <b>C</b> |
| VGM Score      | <b>D</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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