

B&G Foods, Inc. (BGS)

\$28.20 (As of 03/04/21)

Price Target (6-12 Months): **\$24.00**

Long Term: 6-12 Months

Zacks Recommendation: Underperform

(Since: 03/04/21)

Prior Recommendation: Neutral

Short Term: 1-3 Months

Zacks Rank: (1-5)

5-Strong Sell

Zacks Style Scores:

VGM:B

Value: A

Growth: C

Momentum: C

Summary

Shares of B&G Foods have underperformed the industry in the past six months. The company has been seeing a rise in SG&A expenses for a while now. Also, it has been seeing high COVID-19 costs at its manufacturing facilities. Apart from these, management expects cost inflation of key inputs like select agricultural products, packaging and freight in fiscal 2021. These headwinds, together with several supply-chain capacity restrictions, weighed on the fourth-quarter fiscal 2020 results, wherein though earnings and sales increased year over year, both metrics missed the Zacks Consensus Estimate. Further, the rate of sales growth decelerated sequentially, as pandemic-led demand is moderating. Nonetheless, sales are likely to remain high in fiscal 2021. Also, robust pricing and saving initiatives are likely to help the company tackle high costs.

Price, Consensus & Surprise

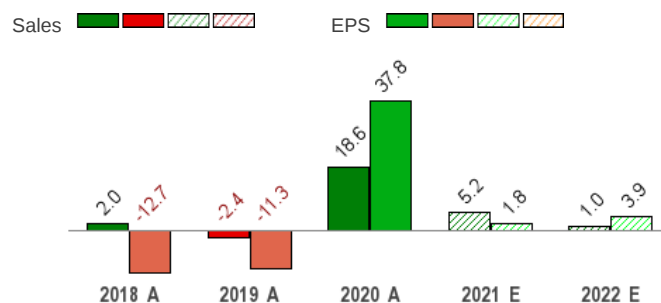


Source: Zacks Investment Research

Data Overview

52-Week High-Low	\$47.84 - \$10.39
20-Day Average Volume (Shares)	1,538,079
Market Cap	\$1.8 B
Year-To-Date Price Change	1.7%
Beta	0.42
Dividend / Dividend Yield	\$1.90 / 6.7%
Industry	Food - Miscellaneous
Zacks Industry Rank	Bottom 26% (188 out of 254)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-20.5%
Last Sales Surprise	-2.9%
EPS F1 Estimate 4-Week Change	-3.8%
Expected Report Date	05/04/2021
Earnings ESP	-1.1%

P/E TTM	12.5
P/E F1	12.3
PEG F1	NA
P/S TTM	0.9

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	538 E	476 E	516 E	571 E	2,091 E
2021	529 E	475 E	516 E	579 E	2,071 E
2020	449 A	513 A	496 A	510 A	1,968 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	\$0.63 E	\$0.55 E	\$0.74 E	\$0.49 E	\$2.39 E
2021	\$0.59 E	\$0.52 E	\$0.70 E	\$0.49 E	\$2.30 E
2020	\$0.46 A	\$0.71 A	\$0.74 A	\$0.35 A	\$2.26 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 03/04/2021. The report's text and the analyst-provided price target are as of 03/05/2021.

Overview

Based in Parsippany, NJ, **B&G Foods, Inc.** along with its subsidiaries manufactures, sells and distributes high quality, shelf stable, frozen food and household products across the United States, Canada and Puerto Rico.

The company boasts of a diversified portfolio of 50 brands, including Back to Nature, B&G, B&M, Cream of Wheat, Green Giant, Las Palmas, Le Sueur, Mama Mary's, Maple Grove Farms, Mrs. Dash, New York Style, Ortega, Pirate's Booty, Polaner, SnackWell's, Spice Islands and Victoria. Many of these brands hold leading market shares in different regions.

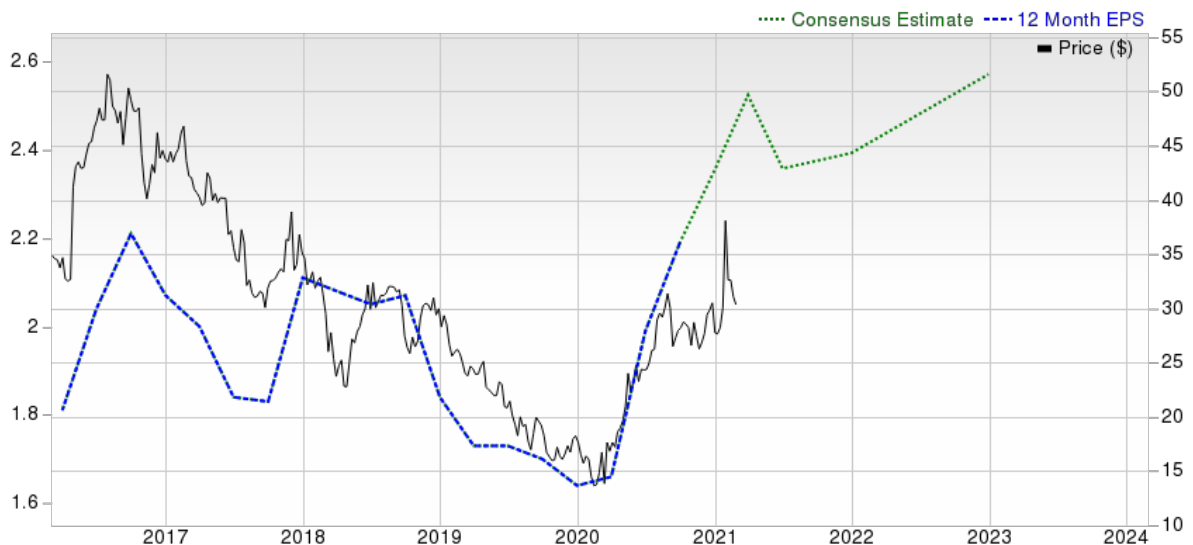
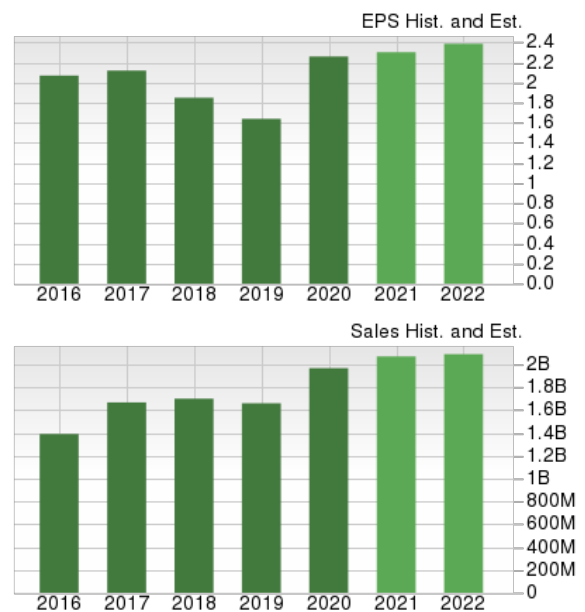
In order to further strengthen portfolio, the company frequently engages in acquisitions and innovations. Since 1996, B&G Foods has acquired and integrated more than 45 brands.

The company sources raw materials from suppliers located in the United States as well as overseas. In order to meet production need, it procures a range of raw materials such as agricultural items as well as meat, poultry and flour amongst others. Ingredients and packaging materials are sourced from growers, commodity processors other food companies and packaging suppliers

Alongside retail sales, the company also engages in institutional, foodservice and private label sales. It sells, distributes and markets products to supermarkets, mass merchants, warehouse clubs, specialty food distributors, wholesalers, foodservice distributors and direct accounts, military commissaries and non-food outlets such as drug and dollar store chains.

Many of these channels procure the company's products through broker sales network. Owing to differential product characteristics, the company maintain a different distribution system for frozen and shelf-stable products. Such items are handled by third-party logistics providers.

Further, marketing and trade spending support the company's brands. Such endeavors typically consist of advertising trade promotions, coupons and cross promotions with other products. It makes use of a range of media platforms to supplement its marketing and promotional ventures.



Source: Zacks Investment Research

Reasons To Sell:

▼ **Escalated Costs:** Shares of B&G Foods have fallen 6% in the past six months, against the industry's rise of 4.5%. The company's SG&A expenses have been rising year over year for quite some time now. The metric increased 31.5% to \$58.5 million in the fourth quarter, thanks to the rise in consumer marketing costs, acquisition/divestiture-induced and non-recurring expenses, warehousing costs, selling expenses as well as general and administrative expenses. As a percentage of sales, SG&A expenses expanded 2 percentage points to 11.5%. Prior to this, SG&A expenses increased 13.9% and 11.3% in the third and second quarters of 2020, respectively.

B&G Foods' SG&A costs have been rising year over year. Also, the company continued to incur high costs associated with COVID-19, such as high pay to workers and elevated freight rates.

Additionally, the company continued to incur high costs associated with COVID-19 at its manufacturing facilities, which came in at roughly \$4.3 million during the fourth quarter. In fiscal 2020, the company saw nearly \$13.5 million as additional COVID-19 costs at its manufacturing facilities, mainly including temporary better compensation for manufacturing workers, compensation to manufacturing workers during their quarantine and costs associated with other precautionary health and safety methods.

▼ **Input Cost Inflation:** B&G Foods began witnessing cost inflation in the late third quarter of fiscal 2020, which accelerated into the fourth quarter mainly owing to freight costs, select agricultural products and other ingredient costs, along with packaging. Management expects these challenges to continue in fiscal 2021, wherein it expects inflation in several core input costs such as select agricultural products, packaging, and freight. Like before, the company expects to manage these costs through its solid pricing, initiatives as well as cost-saving actions.

▼ **Q1 Earnings & Sales Miss & Supply Hurdles:** Though B&G Foods' top and bottom lines increased year over year in the fourth quarter of fiscal 2020, both the metrics missed their respective Zacks Consensus Estimate. The company encountered major supply-chain capacity hurdles in the second and third quarters, and was not able to fully cater to the rising demand on brands offering meal solutions such as Ortega and Bear Creek. Also, Spices & seasonings sales were hurt by production capacity constraints, packaging outages, as well as absenteeism due to pandemic-led quarantine.

In the fourth-quarter beginning, management noted that on account of certain crop conditions and co-packer capacity issues, Green Giant shelf-stable products supply would not be sufficient to cater to the increased pandemic-induced demand. As a result, sales in the quarter were relatively flat for Green Giant and the company does not expect much relief in this arena until when the new crop arrives in summer. Overall, sales in the fourth quarter were up, though the rate of growth declined from the preceding quarter. The company in fact said that November and December sales were relatively weak.

▼ **Intense Competition:** The company is facing stiff competition from its peers on the grounds of lower fixed cost, pricing, product quality, promotional activities and responsiveness to consumers changing needs. Further, the packaged food industry is exposed to intense competition of late.

▼ **Risks Related to International Exposure:** B&G Foods remains exposed to the risks associated with operating internationally, including volatile currency movements. Notably, 7.7% of the company's sales in 2019 were made to foreign customers. Also, the company gets some of its raw materials and co-packaging arrangements from foreign locations. Thus volatility in currency movements remains a threat.

Risks

- **Coronavirus-Led Demand Fuels Q4 Sales:** B&G Foods has been benefiting from consumers' rising demand amid coronavirus-led increased at-home consumption. These continued to aid the company's performance in fourth-quarter fiscal 2020, wherein both top and bottom lines increased year over year, though the rate of sales increase decelerated from the preceding quarter. During the quarter, net sales of \$510.2 million advanced 8.5% year over year. The increase in the top line was mainly backed by the Crisco acquisition, favorable net pricing and higher demand stemming from the pandemic.

The company saw rapid increase in demand for its products since the second half of March 2020, thanks to the coronavirus-led stockpiling and higher at-home consumption. In this regard, B&G Foods' higher net sales to mass merchants, warehouse clubs, supermarkets, wholesalers and e-commerce consumers have more than offset lower demand from Foodservice clients. However, demand trends started to moderate toward the end of fiscal 2020. In fiscal 2021, the company expects increased sales in the initial months, thanks to increased consumption. However, management does not anticipate surpassing its sales levels of March, April and May 2020, wherein pantry-loading trends drove sales more than consumption growth. Nonetheless, the company expects overall fiscal 2021 sales of around \$2.05-\$2.10 billion. This includes positive impact from the acquisition of Crisco brand. Sales in fiscal 2020 came in at \$1,967.9 million. Though sales trends are moderating from the high levels in 2020, sales in the new normal are still likely to be above the levels in fiscal 2019. This is because a number of consumers are likely to continue working from home, eating at home and baking at home. This is likely to boost demand for B&G Foods' products. Management expects base business sales to be nearly 10% higher in fiscal 2021 compared with fiscal 2019.

- **Strategic Acquisitions, Green Giant Strong:** The company is actively pursuing strategic acquisitions to boost growth. In this regard, B&G Foods, acquired Crisco brand from J.M. Smucker in December 2020. The company is progressing well with Crisco's integration, which is expected to be completed by the end of this summer. Notably, the company's net sales in fourth-quarter fiscal 2020 reflect gains from acquisitions to the tune of \$28.1 million, including \$27.8 million benefit from the Crisco acquisition. In 2021, Crisco is expected to keep gaining on the pandemic-induced demand, and is likely to make favorable contributions to B&G Foods' top line. Management earlier said that it expects the buyout to generate annual net sales of roughly \$270 million, adjusted EBITDA of \$65-\$70 million and adjusted earnings per share of 45-50 cents in 2021.

Prior to this, the company acquired Farmwise (in February 2020), while it also acquired and integrated retail baking powder maker, Clabber Girl (acquired in May 2019). Apart from this, the company has acquired notable brands such as Back to Nature, Green Giants, Victoria, Mama Mary, Specialty Brands, Rickland Orchardsn, TrueNorth, McCann's and Ortega. Markedly, Green Giants has emerged as the company's largest brand, which recorded sales growth of 21.3% in fiscal 2020. The company remains committed to product innovation and other brand enhancement investments. Toward this end, the company particularly has solid plans for the Green Giant brand, which holds robust potential.

- **Financial Flexibility:** As of the end of the fourth quarter of fiscal 2020, B&G Foods' current portion of operating lease liabilities stood at \$11 million, whereas its cash and cash equivalents were almost \$52.2 million. Further, the company generated cash flow from operating activities of \$281.5 million in fiscal 2020. Management said that its higher cash flow from operating activities helped it lower net debt by around \$135 million over the past year – excluding Crisco's buyout.

Apart from this, B&G Foods looks quite strong on the dividend-payout front. The company recently declared a dividend of 47.5 cents per share, which is payable on Apr 30 and will mark its 66th successive quarterly dividend since October 2004. Notably, the company has a dividend yield of 6.7%. With an annual free cash flow return on investment of 9.2%, ahead of the industry's 7.3%, the dividend payment is likely to be sustainable.

- **Solid E-Commerce Sales:** B&G Foods is benefiting from higher online sales, especially thanks to increased social-distancing trends. Notably, the proportion of sales through the e-commerce channel increased in fiscal 2020, wherein online sales soared about 150%. E-commerce sales are accelerating with pace, mainly attributable to efficient delivery services of the company's retail customers like Amazon. The company expects to continue seeing solid online trends in 2021 and is making investments to strengthen its online presence and market with several retailers on their websites.
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Last Earnings Report

B&G Foods Q4 Earnings Miss Estimates, Sales Rise Y/Y

B&G Foods reported fourth-quarter fiscal 2020 numbers, with the top and the bottom line missing the Zacks Consensus Estimate. Nevertheless, earnings and sales increased on a year-over-year basis. Results continued to gain on rising demand owing to the pandemic.

The company posted adjusted earnings of 35 cents per share, which missed the Zacks Consensus Estimate of 44 cents. Nonetheless, the bottom line rallied 25% year over year.

Quarter Ending	12/2020
Report Date	Mar 02, 2021
Sales Surprise	-2.93%
EPS Surprise	-20.45%
Quarterly EPS	0.35
Annual EPS (TTM)	2.26

Net sales of \$510.2 million advanced 8.5% year over year. However, the metric missed the Zacks Consensus Estimate of \$525.6 million. The increase in the top line was mainly backed by the Crisco acquisition, favorable net pricing and higher demand stemming from the pandemic. These were somewhat offset by supply chain constraints for some products owing to increased demand amid the pandemic as well as building of inventory by retailers and other customers in the fiscal third quarter. Notably, net sales reflect gains from acquisitions to the tune of \$28.1 million, including \$27.8 million benefit from the Crisco acquisition (concluded on Dec 1, 2020).

Net sales from the company's base business increased 2.5% to \$482.2 million. The upside can be attributed to favorable net pricing and the impact of product mix of 2.5% of base business net sales. Also, increase in unit volume to the tune of \$0.2 million contributed to growth. Further, foreign currency rates had a favorable impact of \$0.1 million on the metric.

Net sales of Cream of Wheat, Ortega, Maple Grove Farms, spices & seasonings and Green Giant (including Le Sueur) increased 16.1%, 7.3%, 12.2%, 2.4% and 0.6%, respectively. However, net sales of Victoria declined 4.7%. All said, net sales of all other brands in the aggregate moved up 1.5% year on year.

Adjusted gross profit rose from \$97 million to \$108.8 million. Further, adjusted gross margin increased to 21.3% from 20.6% reported in the year-ago quarter.

SG&A expenses increased 31.5% to \$58.5 million, thanks to rise in consumer marketing costs, acquisition/divestiture-induced and non-recurring expenses, warehousing costs, selling expenses as well as general and administrative expenses. As a percentage of sales, SG&A expenses expanded 2 percentage points to 11.5%.

Adjusted EBITDA increased 5.6% to \$73.3 million, driven by the impact of higher net sales. However, adjusted EBITDA margin fell from 14.8% to 14.4% during the quarter. Further, adjusted EBITDA before COVID-19 expenses increased 11.7% to \$77.6 million.

Other Financial Updates

The company concluded the quarter with cash and cash equivalents of almost \$52.2 million, long-term debt of \$2,334.1 million and shareholders' equity of \$831.9 million.

Guidance

For fiscal 2021, management anticipates net sales of around \$2.05-\$2.10 billion. This includes positive impact from the acquisition of Crisco brand. Moreover, management expects to keep witnessing solid consumer demand for its products. Due to the uncertainties surrounding the coronavirus outbreak, the company did not provide detailed guidance for fiscal 2021.

Recent News

B&G Foods Announces Dividend - Mar 2, 2021

B&G Foods declared a quarterly cash dividend of 47.5 cents per share, which is payable on April 30, 2021 to stockholders of record as on Mar 31.

B&G Foods Buys Crisco From Smucker - Dec 2, 2020

B&G Foods concluded the buyout of Crisco brand from J.M. Smucker for \$550 million. The deal includes the oils and shortening products, which are sold under the Crisco brand mainly in the United States and Canada; several trademarks and licensing deals; roughly 160 workers supporting the business as well as manufacturing and warehouse facilities situated in Cincinnati, OH. Notably, Crisco's business generated net sales worth roughly \$270 million in the fiscal year ended Apr 30, 2020.

B&G Foods expects the buyout of Crisco oils and shortening business to immediately augment its bottom line and free cash flow. Further, the company believes that, in 2021, the acquired business will keep gaining on the pandemic-induced demand. The acquired business is expected to generate annual net sales of roughly \$270 million, adjusted EBITDA of \$65-\$70 million and adjusted earnings per share of 45-50 cents in 2021.

Valuation

B&G Foods shares are up 1.7% in the year-to-date period and 68.8% over the trailing 12-month period. Stocks in the Zacks sub-industry dipped 0.5% in the year-to-date period and the Zacks Consumer Staples sector fell 4.8%. Over the past year, the Zacks sub-industry is up 12.2%, and the sector increased 4.1%.

The S&P 500 index is up 0.8% in the year-to-date period and 29.3% in the past year.

The stock is currently trading at 11.64X forward 12-month earnings, which compares to 18.9X for the Zacks sub-industry, 19.18X for the Zacks sector and 21.72X for the S&P 500 index.

Over the past five years, the stock has traded as high as 23.01X and as low as 7.03X, with a 5-year median of 13.88X. Our Underperform recommendation indicates that the stock will perform worse than the market. Our \$24 price target reflects 9.89X forward 12-month earnings.

The table below shows summary valuation data for BGS

Valuation Multiples - BGS					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	11.64	18.9	19.18	21.72
	5-Year High	23.01	22.91	22.4	23.8
	5-Year Low	7.03	14.75	16.5	15.3
	5-Year Median	13.88	18.45	19.47	17.87
P/S F12M	Current	0.88	1.66	10.05	4.4
	5-Year High	2.36	2.03	11.95	4.4
	5-Year Low	0.45	1.38	8.58	3.21
	5-Year Median	1.1	1.69	10.42	3.68
EV/EBITDA F12M	Current	9.81	12.7	35.54	17.25
	5-Year High	14.2	13.75	38.19	18.85
	5-Year Low	9.03	10.61	25.79	13.05
	5-Year Median	10.87	12.77	34.07	15.8

As of 03/04/2021

Source: Zacks Investment Research

Industry Analysis Zacks Industry Rank: Bottom 26% (188 out of 254)



Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
The Hain Celestial Group, Inc. (HAIN)	Outperform	2
The Chefs Warehouse, Inc. (CHEF)	Neutral	3
Flowers Foods, Inc. (FLO)	Neutral	4
General Mills, Inc. (GIS)	Neutral	3
J & J Snack Foods Corp. (JJSF)	Neutral	4
Kellogg Company (K)	Neutral	3
TreeHouse Foods, Inc. (THS)	Neutral	3
Campbell Soup Company (CPB)	Underperform	4

The positions listed should not be deemed a recommendation to buy, hold or sell.

Industry Comparison Industry: Food - Miscellaneous				Industry Peers		
	BGS	X Industry	S&P 500	CHEF	GIS	THS
Zacks Recommendation (Long Term)	Underperform	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	5	-	-	3	3	3
VGM Score	B	-	-	F	A	B
Market Cap	1.82 B	3.88 B	26.64 B	1.19 B	33.81 B	2.89 B
# of Analysts	4	3	13	2	8	6
Dividend Yield	6.74%	0.00%	1.43%	0.00%	3.69%	0.00%
Value Score	A	-	-	D	A	A
Cash/Price	0.03	0.07	0.06	0.16	0.08	0.13
EV/EBITDA	14.78	14.25	15.34	-21.17	11.52	14.52
PEG F1	NA	3.50	2.27	NA	1.97	3.12
P/B	2.18	3.37	3.76	3.50	3.82	1.55
P/CF	8.01	12.63	15.31	NA	12.04	8.06
P/E F1	12.26	20.82	20.37	NA	14.76	17.24
P/S TTM	0.93	1.44	3.15	1.07	1.85	0.66
Earnings Yield	8.16%	4.13%	4.82%	-1.41%	6.78%	5.79%
Debt/Equity	2.81	0.48	0.67	1.16	1.24	1.18
Cash Flow (\$/share)	3.52	2.55	6.78	-0.87	4.59	6.40
Growth Score	C	-	-	C	C	B
Historical EPS Growth (3-5 Years)	-0.78%	1.79%	9.32%	11.44%	5.36%	-5.18%
Projected EPS Growth (F1/F0)	1.88%	13.89%	14.54%	78.16%	3.77%	9.71%
Current Cash Flow Growth	25.59%	4.01%	0.74%	-156.34%	9.11%	3.80%
Historical Cash Flow Growth (3-5 Years)	4.81%	5.72%	7.37%	NA	3.48%	6.44%
Current Ratio	3.00	1.79	1.39	3.43	0.76	1.44
Debt/Capital	73.72%	33.38%	41.42%	53.60%	55.30%	54.11%
Net Margin	6.71%	4.15%	10.59%	-7.46%	13.16%	0.32%
Return on Equity	17.75%	10.84%	14.75%	-19.33%	28.60%	8.51%
Sales/Assets	0.58	0.93	0.51	1.07	0.59	0.81
Projected Sales Growth (F1/F0)	6.09%	3.05%	7.02%	20.98%	1.11%	3.98%
Momentum Score	C	-	-	F	B	F
Daily Price Change	-0.04%	-0.40%	-1.49%	-2.20%	0.73%	2.91%
1-Week Price Change	-2.29%	-2.07%	-1.51%	1.60%	-2.64%	1.03%
4-Week Price Change	-13.20%	0.29%	0.04%	4.04%	-2.83%	26.15%
12-Week Price Change	-3.39%	6.83%	3.94%	24.30%	-6.08%	16.68%
52-Week Price Change	71.85%	16.05%	22.81%	18.28%	1.82%	27.61%
20-Day Average Volume (Shares)	1,538,079	285,847	2,051,279	436,931	3,485,783	785,980
EPS F1 Estimate 1-Week Change	-3.76%	0.00%	0.00%	-18.42%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	-3.76%	0.00%	0.04%	-221.43%	0.00%	-1.10%
EPS F1 Estimate 12-Week Change	-4.46%	0.00%	2.17%	-264.87%	3.95%	2.10%
EPS Q1 Estimate Monthly Change	-6.88%	0.00%	0.00%	-52.83%	0.00%	-21.28%

Source: Zacks Investment Research

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 maintain a 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	C
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.

Disclosures

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Returns quoted represent past performance which is no guarantee of future results. Investment returns and principal value will fluctuate so that when shares are redeemed, they may be worth more or less than their original cost. Current performance may be higher or lower than the performance shown.

Investing involves risk; principal loss is possible. There is no guarantee that companies that can issue dividends will declare, continue to pay or increase dividends.

Glossary of Terms and Definitions

52-Week High-Low: The range of the highest and lowest prices at which a stock has traded during the past year. This range is determined based on the stock's daily closing price which may differ from the intra-day high or low. Many investors use it as a technical indicator to determine a stock's current value and future price movement. The idea here is that if price breaks out from the 52-week range, in either direction, the momentum may continue in the same direction.

20-Day Average Volume (Shares): The average number of shares of a company traded in a day over the last 20 days. It is a direct indication of a security's overall liquidity. The higher the average daily trading volume, the easier it is to enter or exit the stock at a desired price with more buyers and sellers being available.

Daily Price Change: This is the percentage difference between a trading day's closing price and the prior trading day's closing price. This item is updated at 9 p.m. EST each day.

1-Week Price Change: This is the percentage change in a stock's closing price over the last 5 trading days. This change reflects the collective buying and selling sentiment over the 1-week period.

A strong weekly price increase for the stock, especially when accompanied by increased volume, is an indication of it gaining momentum.

4-Week Price Change: This is the percentage change in a stock's closing price over the last 20 trading days or past 4 weeks. This is a medium-term price change metric and an indication of the stock gaining momentum.

12-Week Price Change: This is the percentage change of a stock's closing price over the last 60 trading days or past 12 weeks. Similar to 4-week price change, this is a medium-term price change metric. It shows whether a stock has been enjoying strong investor demand, or if it has been in consolidation, or distress over this period.

52-Week Price Change: This is the percentage change in a stock's closing price over the last 260 trading days or past 52 weeks. This long-term price change metric is a good reference point for investors. Some investors seek stocks with the best percentage price change over the last 52 weeks, expecting the momentum to continue.

Market Cap: The number of outstanding common shares of a company times its latest price per share. This figure represents a company's size, which indicates various characteristics, including price stability and risk, in which investors could be interested.

Year-To-Date Price Change: Change in a stock's daily closing price in the period of time beginning the first day of the current calendar year through to the previous trading day.

of Analysts: Number of EPS estimates used in calculating the current-quarter consensus. These estimates come from the brokerage analysts tracking this stock. However, the number of such analysts tracking this stock may not match the number of estimates, as all brokerage analysts may not come up with an estimate or provide it to us.

Beta: A measure of risk commonly used to compare the volatility of a stock to the overall market. The S&P 500 Index is the base for calculating beta and carries a value of 1. A stock with beta below 1 is less risky than the market as a whole. And a stock with beta above 1 is riskier.

Dividend: The portion of earnings a company is expected to distribute to its common shareholders in the next 12 months for each share they own. Dividends are usually paid quarterly. Dividend payments reflect positively on a company and help maintain investors' trust. Investors typically find dividend-paying stocks appealing because the dividend adds to any market price appreciation to result in higher return on investment (ROI). Moreover, a steady or increasing dividend payment provides investors a cushion in a down market.

Dividend Yield: The ratio of a company's annual dividend to its share price. The annual dividend used in the ratio is calculated based on the most recent dividend paid by the company. Dividend yield is an estimate of the dividend-only return from a stock in the next 12 months. Since dividend itself doesn't change frequently, dividend yield usually changes with a stock's price movement. As a result, often an unusually high dividend yield is a result of weak stock price.

S&P 500 Index: The Standard & Poor's 500 (S&P 500) Index is an unmanaged group of securities considered to be representative of the stock market in general. It is a market-capitalization-weighted index of stocks of the 500 largest U.S. companies. Each stock's weight in the index is proportionate to its market value.

Industry: One of the 250+ groups that Zacks classifies all stocks into based on the nature of business. These groups are termed as expanded (aka "X") industries and map to their respective (economic) sectors; Zacks has 16 sectors.

Zacks Industry Rank: The Zacks Industry Rank is determined by calculating the average Zacks Rank for all stocks in the industry and then assigning an ordinal rank to it. For example, an industry with an average Zacks Rank of 1.6 is better than an industry with an average Zacks Rank of 2.3. So, the industry with the better average Zacks Rank would get a better Zacks Industry Rank. If an industry has the best average Zacks Rank, it would be considered the top industry (1 out of 250+), which would place it at the top 1% of Zacks-ranked industries. Studies have shown that roughly half of a stock's price movement can be attributed to the industry group it belongs to. In fact, the top 50% of Zacks-ranked industries outperforms the bottom 50% by a factor of more than 2 to 1.

Last EPS Surprise: The percentage deviation of a company's last reported earnings per share from the Zacks Consensus Estimate. Companies with a positive earnings surprise are more likely to surprise again in the future (or miss again if they recently missed).

Last Sales Surprise: The percentage deviation of a company's last reported sales from the Zacks Consensus Estimate.

Expected Report Date: This is an estimated date of a company's next earnings release. The information originated or gathered by Zacks Investment Research from its information providers or publicly available sources is the basis of this estimate.

Earnings ESP: The Zacks Earnings ESP compares the Most Accurate Estimate to the Zacks Consensus Estimate for the yet-to-be reported quarter. The Most Accurate Estimate is the most recent version of the Zacks Consensus EPS Estimate. The idea here is that analysts revising their estimates closer to an earnings release have the latest information, which could potentially be more accurate than what they and others contributing to the consensus had predicted earlier. Thus, a positive or negative Earnings ESP reading theoretically indicates the likely deviation of the actual earnings from the consensus estimate. However, the model's predictive power is significant for positive ESP readings only. A positive Earnings ESP is a strong predictor of an earnings beat, particularly when combined with a Zacks Rank #1 (Strong Buy), #2 (Buy) or #3 (Hold). Our research shows that stocks with this combination produce a positive surprise nearly 70% of the time.

Periods:

TTM: Trailing 12 months. Using TTM figures is an effective way of analyzing the most-recent financial data in an annualized format that helps neutralize the effects of seasonality and other quarter-to-quarter variation.

F1: Current fiscal year. This period is used to analyze the estimates for the ongoing full fiscal year.

F2: Next fiscal year. This period is used to analyze the estimates for the next full fiscal year.

F12M: Forward 12 months. Using F12M figures is an effective way of analyzing the near-term (the following four unreported quarters) estimates in an annualized manner. Instead of typically representing estimates for the full fiscal year, which may not represent the nitty-gritty of each quarter, F12M figures suggest an all-inclusive annualized estimate for the following four quarters. The annualization helps neutralize the potential effects of seasonality and other quarter-to-quarter variations.

P/E Ratio: The price-to-earnings ratio measures a company's current market price per share relative to its earnings per share (EPS). Usually, the trailing-12-month (TTM) EPS, current-fiscal-year (F1) EPS estimate, or forward-12-month (F12M) EPS estimate is used as the denominator. In essence, this ratio shows what the market is willing to pay today for each dollar of EPS. In other words, this ratio gives a sense of what the relative value of the company is at the already reported level of earnings or at a future level of earnings.

It is one of the most widely-used multiples for determining the value of a company and helps comparing its valuation with that of a competitor, the industry group or a benchmark.

PEG Ratio: The price/earnings to growth ratio is a stock's P/E ratio using current fiscal year (F1) EPS estimate divided by its expected EPS growth rate over the coming 3 to 5 years. This ratio essentially determines a stock's value by factoring in the company's expected earnings growth and is thus believed to provide a more complete picture than just the P/E ratio, particularly for faster-growing companies.

P/S Ratio: The price-to-sales ratio is calculated as a company's current price per share divided by trailing 12 months (TTM) sales or revenues per share. This ratio shows what the market is willing to pay today for each dollar of TTM sales per share. The P/S ratio is at times the only valuation metric when the company has yet to become profitable.

Cash/Price Ratio: The cash-to-price ratio or Cash Yield is calculated as cash and marketable securities per share divided by the company's current share price. Like the earnings yield, which shows the anticipated yield (or return) on a stock from earnings for each dollar invested, the cash yield does the same, with cash being the source of return instead of earnings. For example, a cash/price ratio of 0.08 suggests a return of 8% or 8 cents for every \$1 investment.

EV/EBITDA Ratio: The EV/EBITDA ratio, also known as Enterprise Multiple, is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by EBITDA (earnings before interest, taxes, depreciation and amortization). Usually, trailing-12-month (TTM) or forward-12-month (F12M) EBITDA is used as the denominator.

EV/Sales Ratio: The enterprise value-to-sales ratio is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by annual sales. It is an expansion of the P/S valuation, which uses market value instead of enterprise value. The EV/Sales ratio is perceived as more accurate than P/S, in part, because the market capitalization does not take a company's debt into account when valuing it.

EV/CF Ratio: The enterprise value-to-cash flow ratio is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by the trailing-12-month (TTM) operating cash flow. It's a measure of how long it would take to buy the entire business if you were able to use all the company's operating cash flow.

The EV/CF ratio is perceived as more accurate than the P/CF ratio, in part, because the market price does not take a company's debt into account when valuing it.

EV/FCF Ratio: The enterprise value-to-free cash flow metric compares a company's enterprise value to its trailing-12-month (TTM) free cash flow (FCF). This metric is very similar to the EV/CF ratio, but is considered a more exact measure owing to the fact that it uses free cash flow, which subtracts capital expenditures (CAPEX) from a company's total operating cash flow, thereby reflecting the actual cash flow available for funding growth activities and payments to shareholders.

P/EBITDA Ratio: The P/EBITDA ratio is calculated as a company's per share market value divided by EBITDA (earnings before interest, taxes, depreciation, and amortization). This metric is very similar to the EV/EBITDA ratio, but is considered a little less exact measure as it uses market price, which does not take a company's debt into account. However, since EBITDA is often considered a proxy for cash income, the metric is used as a measure of what the market is willing to pay today for each dollar of the company's cash profitability in the trailing 12 months (TTM) or forward 12 months (F12M).

P/B Ratio: The price-to-book ratio is calculated as a company's current price per share divided by its book value (total assets – liabilities – preferred stocks) per share. In short, the book value is how much a company is worth. In other words, it reflects the total value of a company's assets that its common shareholders would receive if it were to be liquidated. So, the P/B ratio indicates whether you're paying higher or lower than what would remain if the company went bankrupt immediately. Investors typically use this metric to determine how a company's stock price stacks up to its intrinsic value.

P/TB Ratio: The price-to-tangible-book value ratio is calculated as the per share market value of a company divided by the value of its tangible assets (total assets – liabilities – preferred stocks – intangible assets) per share. Tangible book value is the same thing as book value except it excludes the value of intangible assets to get a step closer to the baseline value of the company.

P/CF Ratio: The price-to-cash flow ratio measures a company's per share market price relative to its trailing-12-month (TTM) operating cash flow per share. This metric is used to determine whether a company is undervalued or overvalued relative to another stock, industry or sector. And like the P/E ratio, a lower number is typically considered better from the value perspective.

One of the reasons why P/CF ratio is often preferred over P/E ratio is the fact that operating cash flow adds back non-cash expenses such as depreciation and amortization to net income. This feature helps valuing stocks that have positive cash flow but are not profitable because of large noncash charges.

P/FCF Ratio: The price-to-free cash flow ratio is an extension of P/CF ratio, which uses trailing-12-month (TTM) free cash flow per share instead of operating cash flow per share. This metric is considered a more exact measure than P/CF ratio, as free cash flow subtracts capital expenditures (CAPEX) from a company's total operating cash flow, thereby reflecting the actual cash flow available for funding activities that generate additional revenues.

Earnings Yield: The earnings yield is calculated as current fiscal year (F1) EPS estimate divided by the company's current share price. The ratio, which is the inverse of the P/E ratio, measures the anticipated yield (or return) from earnings for each dollar invested in a stock today.

For example, earnings yield for a stock, which is trading at \$35 and expected to earn \$3 per share in the current fiscal year (F1), would be 0.0857 ($3/35 = 0.0857$) or 8.57%. In other words, for \$1 invested in the stock today, the yield from earnings is anticipated to be 8.57 cents.

Investors most commonly compare the earnings yield of a stock to that of a broad market index (such as the S&P 500) and prevailing interest rates, such as the current 10-year Treasury yield. Since bonds and stocks compete for investors' dollars, stock investors typically demand a higher yield for the extra risk they assume compared to investors of U.S. Treasury-backed securities that offer virtually risk-free returns. This additional return is referred to as the risk premium.

Debt/Equity Ratio: The debt-to-equity ratio is calculated as a company's total liabilities divided by its shareholder equity. This metric is used to gauge a company's financial leverage. In other words, it is a measure of the degree to which a company is financing its operations through debt versus its own funds. The higher the ratio, the higher the risk for shareholders.

However, this ratio is difficult to compare across industry groups where ideal amounts of debt vary. Some businesses are more capital intensive than others and typically require higher debt to finance their operations. So, a company's debt-to-equity ratio should be compared with other companies in the same industry.

Cash Flow (\$/share): Cash flow per share is calculated as operating cash flow (after-tax earnings + depreciation + other non-cash charges) divided by common shares outstanding. It is used by many investors as a measure of a company's financial strength. Since cash flow per share takes into consideration a company's ability to generate cash by adding back non-cash expenses, it is regarded by some as a more accurate measure of a company's financial situation than earnings per share, which could be artificially deflated.

Current Ratio: The current ratio or liquidity ratio is a company's current assets divided by its current liabilities. It measures a company's ability to pay short-term obligations. A current ratio that is in line with the industry average or slightly higher is generally considered acceptable. A current ratio that is lower than the industry average would indicate a higher risk of distress or default. A higher number is usually better. However, a very high current ratio compared to the industry average could be an indication of inefficient use of assets by management.

Debt/Capital Ratio: Debt-to-capital ratio is a company's total debt (interest-bearing debt + both short- and long-term liabilities) divided its total capital (interest-bearing debt + shareholders' equity). It is a measure of a company's financial leverage. All else being equal, the higher the debt-to-capital ratio, the riskier the stock.

However, this ratio can vary widely from industry to industry, the ideal amount of required debt being different. Some businesses are more capital intensive than others and typically require higher debt to finance their operations. So, a company's debt-to-capital ratio should be compared with the same for its industry.

Net Margin: Net margin is calculated as net income divided by sales. It shows how much of each dollar in sales generated by a company translates into profit. For example, if a company's net margin is 15%, its net income is 15 cents for every \$1 of sales it makes.

A change in margin can reflect either a change in business conditions, or a company's cost controls, or both. If a company's expenses are growing faster than sales, its net margin will decline. However, different net margin rates are considered good for different industries, so it's better to compare net margin rates of companies in the same industry group.

Return on Equity: Return on equity (ROE) is calculated as trailing-12-month net income divided by trailing-12-month average shareholder equity (including reinvested earnings). This metric is considered a measure of how effectively management is using a company's assets to generate profits. For example, if a company's ROE is 10%, it creates 10 cents profits for every \$1 shareholder equity, which is basically the company's assets minus debt. A company's ROE deemed good or bad depends on what's normal for its peers or industry group.

Sales/Assets Ratio: The sales-to-assets ratio or asset utilization ratio or asset turnover ratio is calculated as a company's annual sales divided by average assets (average of assets at the beginning of the year and at the year's end). This metric helps investors understand how effectively a company is using its assets to generate sales. For example, a sales-to-assets ratio of 2.5 indicates that the company generated \$2.50 in sales for every \$1 of assets on its books.

The higher the sales-to-assets ratio, the better the company is performing. However, similar to many other ratios, the asset turnover ratio tends to be higher for companies in certain industries/sectors than in others. So, a company's sales-to-assets ratio should be compared with the same for its industry/sector.

Historical EPS Growth (3-5 Years): This is the average annual (trailing-12-month) EPS growth rate over the last 3-5 years. This metric helps investors see how a company's EPS has grown from a long-term perspective.

Note: There are many factors that can influence short-term numbers — a recession will reduce this number, while a recovery will inflate it. The longterm perspective helps smooth out short-term events.

Projected EPS Growth (F1/F0): This is the estimated EPS growth rate for the current financial year. It is calculated as the consensus estimate for the current fiscal year (F1) divided by the reported EPS for the last completed fiscal year (F0).

Current Cash Flow Growth: It measures the latest year-over-year change in operating cash flow. Cash flow growth tells an investor how quickly a company is generating inflows of cash from operations. A positive change in the cash flow is desired and shows that more 'cash' is coming in than going out.

Historical Cash Flow Growth (3-5 Years): This is the annualized change in cash flow over the last 3-5 years. The change in a longer period helps put the current reading into proper perspective. By looking at the rate, rather than the actual dollar value, the comparison across the industry and peers becomes easier.

Projected Sales Growth (F1/F0): This metric looks at the estimated sales growth for the current year. It is calculated as sales estimate for the current fiscal year (F1) divided by the reported sales for the last completed fiscal year (F0).

Like EPS growth, a higher rate is better for sales growth. A look at a company's projected sales growth instantly tells you what the outlook is for their products and services. However, different sales growth rates are considered good for different industries, so it's better to compare sales growth rates of companies in the same industry group.

EPS F1 Estimate 1-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past week. The change in a company's consensus EPS estimate (or earnings estimate revision) has proven to be strongly correlated with the near-term price movement of its shares. It is an integral part of the Zacks Rank.

If a stock's consensus EPS estimate is \$1.10 now versus \$1.00 a week ago, that will be reflected as a 10% upward revision. If, on the other hand, it went from \$1.00 to 90 cents, that would be a 10% downward revision.

EPS F1 Estimate 4-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past four weeks.

A stock's earnings estimate revision in a 1-week period is important. But it's more meaningful to look at the longer-term revision. And, of course, the 4-week change helps put the 1-week change into proper perspective.

EPS F1 Estimate 12-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past 12 weeks.

This metric essentially shows how the consensus EPS estimate has changed over a period longer than 1 week or 4 weeks.

EPS Q1 Estimate Monthly Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal quarter over the past four weeks.

While the revision in consensus EPS estimate for the current fiscal year is strongly correlated with the near-term price movement of its shares, the estimate revision for the current fiscal quarter is an important metric as well, especially over the short term, and particularly as a stock approaches its earnings date. If a stock's Q1 EPS estimate decreases ahead of its earnings release, it's usually a negative sign, whereas an increase is a positive sign.