

## Colgate-Palmolive Co. (CL)

**\$69.37** (As of 05/08/20)

Price Target (6-12 Months): **\$73.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 04/29/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

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

**3-Hold**

Zacks Style Scores:

VGM:C

Value: D

Growth: A

Momentum: C

### Summary

Shares of Colgate have slid in the past three months. The stock came under pressure in spite of the company reporting better-than-expected first-quarter 2020 results, wherein both the top and the bottom line rose year over year. Despite decent performance, Colgate pulled 2020 view hurting investor sentiment. Nonetheless, this was the second straight quarter of sales beat. Strong volume growth, robust price increases and sturdy organic sales boosted the quarterly results. It experienced organic sales growth across all of regions, except Asia Pacific. Notably, the company is on track to expand its oral care portfolio with the buyout of Hello Products. Also, solid e-commerce growth and strong financial position bode well. However, deleverage in advertising and SG&A expenses and adverse currency fluctuations remain concerns.

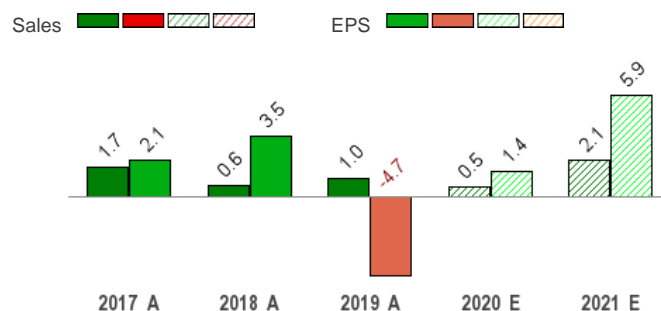
### Price, Consensus & Surprise



### Data Overview

52 Week High-Low	\$77.41 - \$58.49
20 Day Average Volume (sh)	3,733,079
Market Cap	\$59.4 B
YTD Price Change	0.8%
Beta	0.60
Dividend / Div Yld	\$1.76 / 2.5%
Industry	<a href="#">Soap and Cleaning Materials</a>
Zacks Industry Rank	Top 6% (15 out of 253)

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



Last EPS Surprise	2.7%
Last Sales Surprise	1.0%
EPS F1 Est- 4 week change	-1.1%
Expected Report Date	NA
Earnings ESP	-0.3%
P/E TTM	23.8
P/E F1	24.2
PEG F1	4.5
P/S TTM	3.7

### Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	4,059 E	3,979 E	4,059 E	4,127 E	16,090 E
2020	4,097 A	3,803 E	3,896 E	3,946 E	15,764 E
2019	3,884 A	3,866 A	3,928 A	4,015 A	15,693 A

### EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.76 E	\$0.75 E	\$0.73 E	\$0.81 E	\$3.04 E
2020	\$0.75 A	\$0.70 E	\$0.67 E	\$0.74 E	\$2.87 E
2019	\$0.67 A	\$0.72 A	\$0.71 A	\$0.73 A	\$2.83 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 05/08/2020. The reports text is as of 05/11/2020.

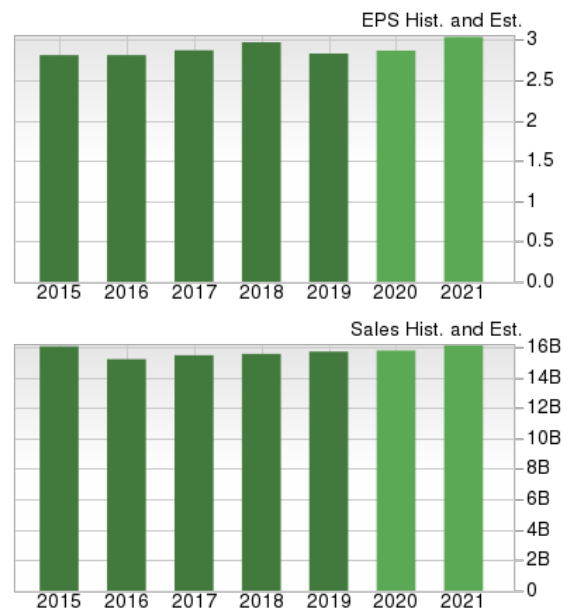
## Overview

Colgate-Palmolive Company's business strategy closely defines efforts to increase its leadership in key product categories through innovation in core businesses, tracking adjacent categories growth and expansion into new markets and channels. Due to the shift of consumer preference to organic and natural ingredients, the company is expanding its Naturals range, including Naturals toothpaste. The company is also set to expand its already strong oral care portfolio with the buyout of Hello Products LLC. It is ranked as a leading consumer goods company with global household penetration of 61.6%.

Colgate-Palmolive generated \$15.7 billion in revenues in 2019 and earnings of around \$2.4 billion. Sales contributions for 2019 included 46% from Oral Care, 20% from Personal Care, 18% from Home Care and 16% from Pet Nutrition businesses. It has a market share of 41.1% in the global toothpaste market and 31.6% in the manual toothbrush market. New York City-based Colgate-Palmolive is a global leader in the oral care hygiene market. It produces and distributes household, healthcare and personal care products. The company sells its products in more than 200 countries around the world. Its business is tightly focused on four core categories including – Oral Care, Personal Care, Pet Nutrition and Home Care. Colgate-Palmolive operates through two business segments: (1) Oral, Personal and Home Care; and (2) Pet Nutrition.

**Oral, Personal and Home Care:** The company's portfolio of Oral, Personal and Home Care products include toothpaste, toothbrushes, mouthwash, bar and liquid hand soaps, shower gels, shampoos, conditioners, deodorants and antiperspirants, skin health products, dishwashing detergents, fabric conditioners, household cleaners and other similar items. The segment is managed geographically in five reportable operating segments: North America, Latin America, Europe, Asia Pacific and Africa/Eurasia. The Oral, Personal and Home Care products contributed nearly 83.9% to total sales in 2019.

**Pet Nutrition:** The pet nutrition segment consists of pet food products for dogs and cats manufactured by Colgate-Palmolive's subsidiary, Hill's Pet Nutrition. These products are marketed under two brands - Hill's Science Diet and Hill's Prescription Diet. It contributed nearly 16.1% to total sales in 2019.



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## Reasons To Buy:

▲ **Robust Q1 Results:** Colgate posted decent first-quarter 2020 results, wherein earnings and sales beat the Zacks Consensus Estimate and improved year over year. Results gained from strong volume growth and robust pricing. Net sales rose 5.5% from the year-ago period. The year-over-year improvement can be primarily attributed to a 7% increase in global unit volumes and a 2% in pricing. On an organic basis, the company's sales improved 7.5%. This marked the sixth consecutive quarter of sequential improvement in organic sales. On a geographic basis, it experienced organic sales growth across all of its regions, except Asia Pacific. Moreover, it delivered organic growth in all four businesses — Oral Care, Personal Care, Home Care and Pet Nutrition. The company also noted that organic sales retained its positive momentum in April.

Strong volume growth and robust pricing boosted Colgate's Q1 results. This marked the sixth consecutive quarter of sequential improvement in organic sales.

▲ **Gross Margin Returns to Growth:** Colgate has been witnessing gross margin expansion for the past two quarters. Adjusted gross profit margin of 60.3% increased 110 basis points (bps) from the prior-year quarter, driven by improved productivity, favorable product mix and higher pricing, partly offset by unfavorable currency movements. Notably, the company's commitment toward pricing efforts through premiumization and revenue growth management has been paying off. This has resulted in organic sales growth and gross margin expansion. Moreover, its funding-the-growth endeavors remain impressive.

▲ **Innovation to Aid Business Growth:** Innovation and in-store implementation have been the guiding principles for Colgate's growth strategy over the years. The company's innovation strategy is focused on growing in adjacent categories and product segments. Further, it is focused on the premiumization of its Oral Care portfolio through major innovations. The company is on track to expand its oral care portfolio as evident from the buyout of Hello Products, a leading oral care brand in the United States that produces eco-friendly and organic products. The brand's products, which have a distinct position in the market, are extremely popular with young consumers and across the broader segment. Further, the brand fully complements the company's Tom's of Maine and Colgate brands.

Also, the company's innovation efforts were highlighted by the re-launch of Colgate Total and Hill's Science Diet as well as the continued expansion of the Naturals and Therapeutics divisions. This, along with accelerated investments in brands and higher pricing, is likely to aid the top line. Additionally, it continues to expand the Naturals toothpaste and prescription diet. In fact, the Naturals range is a key area of focus for the company in personal and home care categories.

▲ **Expanding in New Channels and Markets:** Expanding the availability of its products, through enhanced distribution to newer markets and channels, is one of Colgate's priorities to improve organic sales performance. The company is aggressively expanding into faster growth channels while extending the geographic footprint of its brands. In 2019, the company expanded its portfolio by introducing pharmacy brands like elmex and meridol to newer markets. Moreover, it remains impressed with the performance of professional skincare businesses — Elta MD and PCA Skin — in spas and dermatologists. Further, the company expanded its premium skincare portfolio with the buyout of Filorga skincare business. It is also on track to expand its oral care portfolio as evident from the acquisition of Hello Products. It is also keen on expanding the availability of its products through the e-commerce channel. Speaking of e-commerce, the company has increased its focus on this platform as more and more consumers are using online services for their essential needs, given the COVID-19 outbreak. This led the e-commerce business to grow more than 50% in the first quarter. Also, following the launch of Optic White Renewal, it witnessed robust market share gains in toothpaste across the United States during quarter under review. We note that the company has been expanding the availability of its products through the e-commerce offerings with the launch of Hill's to home, which enables pet parents to purchase prescription diet products directly from their veterinarian with home delivery option. All these actions are likely to fuel sales.

▲ **Financial Flexibility:** Colgate enjoys strong financial status. Colgate's cash and cash equivalents at the end of first-quarter 2020 of \$854 million remains sufficient to fund its short term obligations of about \$510 million. As of Mar 31, 2020, the company had a total debt of \$7,846 million, which remained almost stable with the prior-quarter. Though the company's debt-to-capitalization ratio of 1.04 has increased sequentially, its times interest earned ratio of 25 has improved from 23.8 in the prior-quarter. The times-interest-earned ratio is very important for some companies, as it measures a company's ability to meet its debt obligations based on its current income.

▲ **Sustained Shareholder Returns:** Colgate follows a disciplined capital allocation strategy that focuses on making investments to develop business while using the excess cash to enhance shareholder returns through dividend payouts and share buybacks. The company has been regularly increasing its dividend every year since 2001. In first-quarter 2020, the company paid out dividends of \$373 million. Moreover, management increased its quarterly cash dividend from 43 cents per share to 44 cents, payable on May 15. Notably, Colgate has a dividend payout ratio of 54.1%, annualized dividend yield of 2.6% and free cash flow yield of 5%. With an annual free cash flow return on investment of 38.89%, ahead of the industry's nearly 21.03%; the dividend payment is likely to be sustainable.

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## Reasons To Sell:

- ▼ **Uncertain COVID-19 Impact:** The crippling effect of the coronavirus outbreak has been leading to supply-chain disruptions, slowdown in production activities and reduced demand for several commodities. In response, management withdrew its guidance for 2020. Further, the company expects to witness reduced category growth in many markets due to the uncertain consumer behavior and government restrictions related to the COVID-19 outbreak. Cumulatively, this has led the stock to decrease 11% in the past three months compared with the industry's decline of 12%.
- ▼ **Stock Looks Overvalued:** Considering the price-to-earnings (P/E) ratio, Colgate looks pretty overvalued compared with the industry and the S&P 500. The stock has a trailing 12-month P/E ratio of 23.64x, which is below the median level of 24.78x and the high level of 27.33x scaled in the past year. On the contrary, the trailing 12-month P/E ratio is 18.18x for the industry and 18.2x for the S&P 500. Given these factors, we believe that the stock is quite stretched from the P/E aspect.
- ▼ **Higher SG&A Expenses:** Colgate is grappling with higher selling, general & administrative (SG&A) expenses for a while now. During the quarter under review, SG&A expenses increased 8% to \$1,473 million, whereas as a percentage of sales the same deleveraged 90 basis points to 36%. This increase in SG&A expenses may be attributed to higher overhead expenses and increased advertising investment. We believe that any substantial increase in SG&A is likely to show on operating margin.
- ▼ **Currency Headwinds Remain a Hurdle:** Despite pricing gains, Colgate's sales for first-quarter 2020 continued to be hurt by adverse currency rates. Currency had a 3.5% negative impact on net sales. Moreover, unfavorable currency negatively impacted sales across all geographic regions in the quarter. Currency had negative impacts of 10.5% in Latin America, 0.5% in North America, 4.5% in Africa/Eurasia, 3% in Europe, 1% in Hill's Pet Nutrition and 2% in the Asia Pacific. Looking ahead, management envisions a mid-single digit impact on net sales for the year from foreign exchange, based on current spot rates.
- ▼ **Slowdown of Global Economies:** Colgate remains vulnerable to global economic challenges, which may impact its revenues, profits and cash flows. A global economic slowdown can reduce the personal disposable income of consumers, which in turn, will decrease the company's sales volumes as consumers move toward cheaper alternatives. Further, it may force the company to shift its product mix to lower margin products, thereby impacting margins. In fact, it has been witnessing slower category growth rates worldwide, which remains a threat to the company's profitability.

Colgate is reeling under the COVID-19 impact, which has compelled it to withdraw 2020 guidance. Also, unfavorable currency movements and higher costs have hurt Q1 results to some extent.

## Last Earnings Report

### Colgate Beats on Q1 Earnings and Sales, Withdraws View

Colgate has reported first-quarter 2020 results, wherein earnings and sales beat the Zacks Consensus Estimate. In the reported quarter, gains from strong volume growth and robust pricing were offset by unfavorable foreign currency. The company has withdrawn its guidance for 2020 due to the uncertainty regarding the coronavirus pandemic.

Notably, it expects a mid-single-digit negative impact related to foreign exchange on net sales for 2020, based on current spot rates. Moreover, incremental volume growth witnessed in the first quarter is likely to be balanced in the quarters ahead as consumers work on pantry inventories in certain categories. Additionally, the company expects to witness reduced category growth in many markets due to the uncertain consumer behavior and government actions in relation to the COVID-19 outbreak.

Adjusted earnings of 75 cents per share rose 11.9% from the prior-year quarter and surpassed the Zacks Consensus Estimate of 73 cents. Including one-time items, earnings were 83 cents per share, reflecting growth of 27.7% from 65 cents earned in the year-ago period.

Total net sales of \$4,097 million rose 5.5% from the year-ago period and beat the Zacks Consensus Estimate of \$4,056 million. The year-over-year improvement can be primarily attributed to a 7% increase in unit volume and a 2% rise in pricing, somewhat offset by a negative currency impact of 3.5%. On an organic basis, the company's sales improved 7.5%.

### Let's Delve Deeper

Adjusted gross profit margin of 60.3% increased 110 basis points (bps) from the prior-year quarter. In dollar terms, adjusted gross profit rose 7.4% to \$2,469 million.

In the reported quarter, adjusted operating profit of \$958 million increased 6% from the year-ago quarter. However, adjusted operating margin was flat with the prior-year quarter at 23.4%. Operating margin was mainly impacted by rise in adjusted selling, general & administrative expenses, as a percentage of sales, which partially offset the increase in gross margin.

Colgate's market share of manual toothbrushes reached 32.1% year to date. Further, the company continued with its leadership position in the global toothpaste market, with market share at 40.5%.

### Segmental Discussion

**North America's** net sales (23% of total sales) improved 9%, reflecting a 9.5% rise in unit volume, offset by a 0.5% negative currency impact. Pricing remained flat in the quarter. On an organic basis, sales grew 8%, driven by growth in the United States.

**Latin America's** net sales (22% of total sales) were flat year over year as 4% growth in unit volume and 6.5% gains in pricing were partly offset by negative currency impact of 10.5%. On an organic basis, sales were up 10.5%, led by Argentina, Brazil and Mexico.

**Europe's** net sales (16% of total sales) increased 12% year over year on a 16.5% rise in unit volume, somewhat offset by a 1.5% decline in pricing and a 3% adverse impact of unfavorable currency exchange. Further, organic sales in Europe increased 6.5% on robust growth in the U.K. and Germany.

The **Asia Pacific** segment's net sales (15% of total sales) declined 9.5%, attributable to an 8.5% fall in unit volume and a 2% negative impact of unfavorable currency rates, offset by 1% pricing gains. On an organic basis, sales for the Asia Pacific declined 7.5% mainly due to a decline in Greater China and India, partially offset by organic sales growth in Australia.

**Africa/Eurasia's** net sales (6% of total sales) grew 5% year over year, owing to a 10% rise in unit volume, offset by a 0.5% decrease in pricing and a 4.5% adverse impact from foreign exchange. Organic sales for Africa/Eurasia improved 8%, driven by gains in Turkey and Russia.

**Hill's Pet Nutrition's** net sales (18% of total sales) rose 20% from the year-ago quarter. Results gained from a 17% increase in unit volume and a 4% rise in pricing, offset by a 1% negative impact of currency. On an organic basis, sales were up 21%, aided by gains in the United States and Europe.

### Other Financial Details

Colgate ended first-quarter 2020 with cash and cash equivalents of \$854 million, and total debt of \$7,846 million. Net cash provided by operating activities amounted to \$768 million as of Mar 31, 2020.

Quarter Ending **03/2020**

Report Date	May 01, 2020
Sales Surprise	1.01%
EPS Surprise	2.74%
Quarterly EPS	0.75
Annual EPS (TTM)	2.91

## Recent News

### Colgate's Hike Quarterly Dividend – Mar 11, 2020

Colgate's board approved a quarterly dividend of 44 cents per share which reflects an increase from 43 cents provided earlier. This is to be payable on May 15, 2020 as of shareholders record as on Apr 20.

### Colgate to Buy Hello Brand, Expand Natural Products Line – Jan 24, 2020

Colgate has agreed to acquire Hello Products LLC, a leading oral care brand in the United States that produces eco-friendly and organic products. Hello's products include adult and kids toothpaste, mouth rinse, toothbrushes and floss. The brand's products, which have a distinct position in the market, are extremely popular with young consumers and across the broader segment. Further, the brand fully complements the company's Tom's of Maine and Colgate brands.

Colgate plans to finance the deal with a combination of cash and debt. The company anticipates closing the transaction by February 2020. Following the completion of the acquisition, Hello's founder Craig Dubitsky and CEO Lauri Kien Kotcher will continue to lead the brand.

The company expects the acquisition to be flat to a penny dilutive to 2020 earnings per share, after including transaction costs. The terms of the deal were not disclosed.

## Valuation

Colgate shares are down 0.1% in the year-to-date period and 2.9% for the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Consumer Staples sector are down 8.6% and 17.7% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and sector are down 1.4% and 12.8%, respectively.

The S&P 500 index is down 10.5% in the year-to-date period but up 0.2% in the past year.

The stock is currently trading at 23.66X forward 12-month earnings, which compares to 20.98X for the Zacks sub-industry, 18.45X for the Zacks sector and 20.81X for the S&P 500 index.

Over the past five years, the stock has traded as high as 26.21X and as low as 18.57X, with a 5-year median of 23.27X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$73 price target reflects 25.1X forward 12-month earnings.

The table below shows summary valuation data for CL

Valuation Multiples - CL					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	23.66	20.98	18.45	20.81
	5-Year High	26.21	23.53	22.37	20.81
	5-Year Low	18.57	17.89	16.5	15.19
	5-Year Median	23.27	21.04	19.68	17.44
P/S F12M	Current	3.69	2.51	8.63	3.25
	5-Year High	4.31	2.72	11.16	3.44
	5-Year Low	3.1	1.94	8.1	2.54
	5-Year Median	3.76	2.33	9.89	3.01
EV/EBITDA TTM	Current	16.47	11.45	32.06	10.57
	5-Year High	18.31	14.72	45.12	12.86
	5-Year Low	12.12	9.26	27.24	8.28
	5-Year Median	15.56	11.08	38.4	10.77

As of 05/07/2020

## Industry Analysis Zacks Industry Rank: Top 6% (15 out of 253)



## Top Peers

Company (Ticker)	Rec	Rank
The Clorox Company (CLX)	Outperform	1
Reckitt Benckiser Group PLC (RBGLY)	Outperform	1
ChurchDwight Co Inc (CHD)	Neutral	2
Henkel AGCo (HENKY)	Neutral	3
JohnsonJohnson (JNJ)	Neutral	3
KimberlyClark Corporation (KMB)	Neutral	2
ProcterGamble Company The (PG)	Neutral	3
Unilever PLC (UL)	Neutral	3

Industry Comparison Industry: Soap And Cleaning Materials				Industry Peers		
	CL	X Industry	S&P 500	CLX	PG	UL
Zacks Recommendation (Long Term)	Neutral	-	-	Outperform	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	1	3	3
VGM Score	C	-	-	B	B	A
Market Cap	59.42 B	59.42 B	20.19 B	25.70 B	287.05 B	60.62 B
# of Analysts	9	7.5	14	6	9	2
Dividend Yield	2.54%	2.31%	2.12%	2.08%	2.73%	3.44%
Value Score	D	-	-	C	D	A
Cash/Price	0.01	0.06	0.06	0.02	0.05	0.09
EV/EBITDA	16.62	14.35	11.95	21.34	31.47	4.42
PEG Ratio	4.48	3.93	2.60	5.37	3.26	NA
Price/Book (P/B)	174.24	5.38	2.75	36.97	6.37	3.90
Price/Cash Flow (P/CF)	20.09	13.76	10.78	25.66	19.78	6.24
P/E (F1)	24.17	22.99	19.85	29.61	23.41	19.25
Price/Sales (P/S)	3.74	3.89	2.03	4.04	4.08	NA
Earnings Yield	4.14%	4.35%	4.83%	3.38%	4.27%	5.19%
Debt/Equity	21.51	0.64	0.75	3.69	0.52	0.00
Cash Flow (\$/share)	3.45	3.45	7.01	7.95	5.86	8.31
Growth Score	A	-	-	B	B	A
Hist. EPS Growth (3-5 yrs)	0.72%	6.59%	10.87%	7.61%	5.01%	NA
Proj. EPS Growth (F1/F0)	1.26%	-1.10%	-9.87%	9.05%	9.59%	-5.77%
Curr. Cash Flow Growth	-4.58%	1.99%	5.88%	1.11%	4.72%	1.99%
Hist. Cash Flow Growth (3-5 yrs)	-1.27%	5.95%	8.55%	5.39%	-0.93%	5.95%
Current Ratio	0.96	0.96	1.24	0.98	0.83	0.78
Debt/Capital	95.56%	39.12%	44.23%	78.68%	33.66%	0.00%
Net Margin	15.86%	12.02%	10.68%	13.67%	7.09%	NA
Return on Equity	942.99%	26.89%	16.36%	147.52%	29.15%	NA
Sales/Assets	1.09	0.87	0.55	1.17	0.61	NA
Proj. Sales Growth (F1/F0)	0.45%	0.00%	-2.26%	4.16%	3.46%	-3.24%
Momentum Score	C	-	-	D	A	A
Daily Price Chg	0.83%	1.64%	2.40%	1.02%	3.37%	2.63%
1 Week Price Chg	-4.02%	-0.16%	0.53%	1.08%	-1.65%	-0.16%
4 Week Price Chg	-0.77%	3.53%	2.68%	10.77%	1.13%	0.29%
12 Week Price Chg	-9.17%	-7.21%	-19.20%	23.84%	-7.21%	-14.29%
52 Week Price Chg	-2.09%	0.96%	-8.44%	38.85%	11.23%	-13.66%
20 Day Average Volume	3,733,079	1,446,168	2,398,409	2,077,991	9,775,659	1,411,089
(F1) EPS Est 1 week change	0.90%	0.14%	0.00%	4.32%	0.00%	0.19%
(F1) EPS Est 4 week change	-1.07%	0.14%	-6.95%	6.94%	0.09%	0.19%
(F1) EPS Est 12 week change	-3.88%	-7.03%	-15.68%	11.15%	-0.80%	-10.96%
(Q1) EPS Est Mthly Chg	-3.62%	0.16%	-13.12%	6.78%	-8.10%	NA



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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	D
Growth Score	A
Momentum Score	C
VGM Score	C

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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