

Dunkin Brands Group (DNKN)

\$106.33 (As of 11/27/20)

Price Target (6-12 Months): **\$112.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 11/24/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:C

Value: D

Growth: C

Momentum: A

Summary

Shares of Dunkin' Brands have outperformed the industry so far this year. Notably, the company has been benefiting from strong brand recognition and various sales-building initiatives like product launches, focus on beverage portfolio, aggressive expansion and enhanced digital offerings. The company reported strong third-quarter 2020 results, wherein earnings and revenues surpassed the Zacks Consensus Estimate. Earnings estimates for 2020 have increased over the past 30 days highlighting analysts optimism regarding the stock growth potential. However, the coronavirus related woes persist. Although the company's domestic footprint and high drive-thru mix position it well to weather the storm, sales remain challenged due to temporary closures of restaurants and drop in traffic. Also, the company's high debt level is a woe.

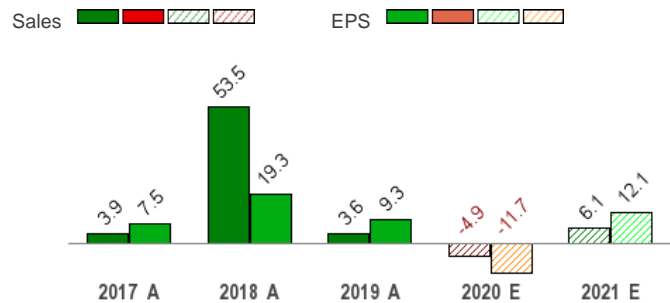
Price, Consensus & Surprise



Data Overview

52-Week High-Low	\$106.49 - \$38.51
20-Day Average Volume (Shares)	3,791,779
Market Cap	\$8.8 B
Year-To-Date Price Change	40.8%
Beta	0.95
Dividend / Dividend Yield	\$1.61 / 1.5%
Industry	Retail - Restaurants
Zacks Industry Rank	Top 50% (127 out of 254)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	14.8%
Last Sales Surprise	6.3%
EPS F1 Estimate 4-Week Change	3.7%
Expected Report Date	NA
Earnings ESP	0.1%

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	317 E	351 E	365 E	351 E	1,382 E
2020	323 A	287 A	362 A	333 E	1,303 E
2019	319 A	359 A	356 A	336 A	1,370 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.68 E	\$0.79 E	\$0.88 E	\$0.80 E	\$3.14 E
2020	\$0.67 A	\$0.49 A	\$0.93 A	\$0.72 E	\$2.80 E
2019	\$0.67 A	\$0.86 A	\$0.90 A	\$0.73 A	\$3.17 A

*Quarterly figures may not add up to annual.

P/E TTM	37.7
P/E F1	38.0
PEG F1	3.5
P/S TTM	6.7

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 11/27/2020. The reports text is as of 11/30/2020.

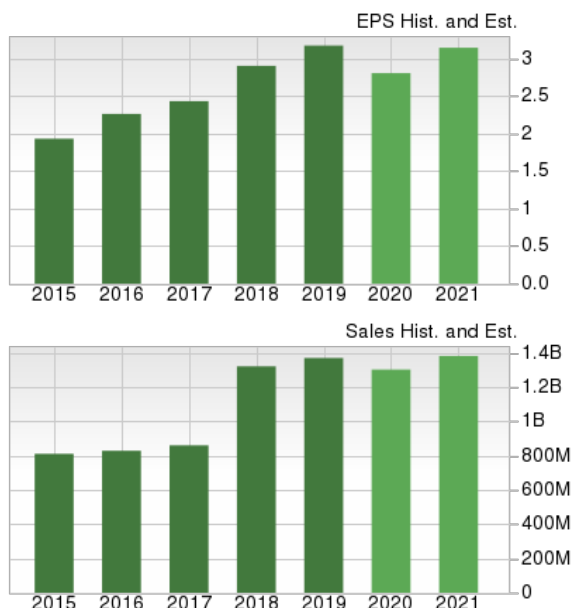
Overview

Headquartered in Canton, MA, Dunkin' Brands is a franchisor of quick-service restaurants under the Dunkin' Donuts and Baskin-Robbins brands.

Dunkin' Brands operates under five segments: Dunkin' U.S. (47% of total revenues in the first quarter of fiscal 2020), Baskin-Robbins U.S. (3.4%), Dunkin' International (1.7%), Baskin-Robbins International (8.4%), U.S. Advertising Funds (33.6%) and Other (5.9%).

The company generates revenues from five primary sources: (i) royalty income and franchise fees associated with franchised restaurants; (ii) continuing advertising fees from Dunkin' and Baskin-Robbins franchisees and breakage and other revenues related to the gift card program; (iii) rental income from restaurant properties that are leased to franchisees; (iv) sales of ice cream and other products to franchisees in certain international markets; and (v) other income including fees for the licensing the Dunkin' Donuts brands for products sold in certain retail outlets, the licensing of the rights to manufacture Baskin-Robbins ice cream products sold to U.S. franchisees, refranchising gains, and online training fees.

Dunkin' Brands has a multi-year partnership with Keurig Green Mountain and J.M. Smucker to manufacture, market, distribute and sell Dunkin' K-Cup pods at retailers across the U.S. and Canada, as well as online. Keurig has the right to distribute Dunkin' K-Cup packs with five varieties of signature Dunkin' Brands coffee to specialty stores and office supply retailers. J.M. Smucker, on the other hand, distributes and sells Dunkin' K-Cup packs to grocery chains, mass merchandisers, club stores, drug stores, dollar stores and home improvement stores.



Source: Zacks Investment Research

Reasons To Buy:

▲ **Robust Earnings Surprise History:** Dunkin' Brands reported better-than-expected earnings in the trailing 12 quarters. Moreover, the company has a trailing four-quarter earnings surprise of 7.9%, on average. In third-quarter 2020, adjusted earnings of 93 cents per share not only surpassed the consensus mark of 81 cents by 14.8% but also improved 3.3% on a year-over-year basis. Given its progress on the fundamentals, the company is likely to perform well in the quarters ahead.

▲ **Strong Brand Recognition & Expansion:** Dunkin' Brands ranks among the well-established global quick-service restaurant brands. As a result, it enjoys enormous customer trust and brand loyalty making it easier for the company to launch new product lines. The company's increased focus on menu innovation, especially on premium products to offer great beverages, is likely to drive growth. Markedly, the company started serving Beyond Breakfast Sausage from Nov 6, 2019, thereby becoming the first U.S. restaurant to offer the same nationwide. Notably, this premium food innovation along with premium-priced Cold Brew and espresso beverages brought in huge media buzz, supporting high consumer trial and repurchase rates. It also reached a new consumer base and drove incremental sales by offering on-trend choices to its customers. During first-quarter 2020, the company limited certain varieties of products, to improve speed and accuracy of its services. Toward that, the company developed a radically reduced menu called The Essentials Menu -- an alternative for a franchisee willing to serve its guests with access to a limited staff.

Dunkin' Brands' focus on beverage portfolio, strong digital initiatives and aggressive expansion strategies coupled with efforts to boost sales bode well

Banking on its already established namesake, the company has undertaken the implementation of a six-part plan to fuel Dunkin' Brands' strategic growth in the United States and better position itself as a beverage-led On-the-Go brand. That plan includes building its coffee culture; faster and improved product innovation; targeted values and smart pricing; being a leader in digital innovation; improving the restaurant-like experience; and driving consumer packaged goods and new channels. In fact, the company simplified its branding in the third quarter of 2018 and changed the logo of Dunkin Donuts to Dunkin' that marks its commitment to the beverage-led strategy. In fourth-quarter 2019, the company enhanced its digital ecosystem by allowing customers to use mobile on-the-go ordering, previously exclusive only to DD Perks members.

▲ **Efforts to Boost Sales:** Dunkin' Brands continues to boost sales through regular product launches. With the demand for coffee expected to keep growing, Dunkin' is continuously adding new coffee beverages to the menu, both in the value and premium offering segment, like the Macchiato's line of products and the recent — Cold Brew coffee. In the fourth quarter of 2018, the company introduced an entirely new handcrafted espresso beverage in more than 9,000 Dunkin' U.S. restaurants. Moving forward, espresso and other frozen beverages are expected to continue the momentum across the beverage portfolio. The company has already introduced ready-to-drink bottled iced coffee and Fruited Iced Teas, Dunkin' Energy Punch powered by Monster Energy and frozen coffee last year.

Meanwhile, in January 2019, the company added the Power Platform, which has been driving incremental sales. In April, Dunkin' Brands launched the Dunkin' Bowls, which comprises an egg white bowl containing 14 grams of protein and only 250 calories. Power breakfast sandwiches have also been driving the company's sales. The company is committed to building new restaurant designs. It designed a Next Generation restaurant involving technology that aims to provide a rich and faster restaurant experience, and deliver quality food and beverages. Robust sales building initiatives helped the company to report positive same-store sales in the United States for both Dunkin' and Baskin Robbins. In the past few years, the company had made smart strategic investments, both direct and indirect into the Dunkin' U.S. business.

▲ **Strong Digital Initiatives:** The digital wave has hit the U.S. fast-casual restaurant sector as an increasing number of restaurants are deploying technology to enhance guest experience and drive traffic. Dunkin' Brands is also not far behind in this race. The company is growing in terms of its use of digital technology through DD card, DD mobile app, DD Perks rewards program, On-the-Go ordering and delivery. During the third quarter 2019, the company added guest ordering for mobile on-the-go app. These initiatives make Dunkin' more convenient and accessible to customers. It also introduced multi-tender payment flexibility for the DD Perks program, which will provide more choice and convenience for Dunkin's on-the-go guests.

Additionally, the company expects to see a larger percentage of Dunkin' restaurants to open with drive-thrus. This increased emphasis on drive-thrus is huge part of the company's strategy to be an On-the-Go brand and offer frictionless experience to guests. Furthering its delivery program, Dunkin' has also expanded delivery service to Miami in partnership with DoorDash, covering over 70% of Baskin-Robbins stores across the United States. Meanwhile, the company also partnered with Grubhub to create a Dunkin' delivery system with POS integration. During third-quarter 2020, the company's delivery average weekly sales increased 2.5 times compared with second-quarter 2020. The company has expanded the delivery footprint to 6,500 restaurants in the United States in collaboration with Grubhub, DoorDash and Uber Eats. Delivery is now available in more than 93% of Baskin-Robbins U.S. shops.

Reasons To Sell:

- ▼ **Coronavirus Impact to Show on 2020 Results:** The coronavirus pandemic had an unfavorable impact on the company's business, financial condition and operational results in third-quarter fiscal 2020. Although the company's domestic footprint and high drive-thru mix position it well to weather the storm, sales remain challenged due to drop in traffic. The impact on system-wide sales of COVID-19 had a corresponding unfavorable impact on royalty income, primarily for the Dunkin' U.S. segment.
 - ▼ **Stores Shut Down:** Going forward, the company intends to shut down 800 Dunkin' U.S. locations (or 8% of the Dunkin' U.S. restaurant footprint) in 2020 in order to sustain strong profitable growth in the future. Notably, this initiative will be implemented in conjunction with its franchisees as part of its real estate portfolio rationalization. During the fiscal third quarter, the company closed 687 Dunkin' U.S. locations (including 447 Speedway locations).
- Internationally, the company expects to close 350 Dunkin' and Baskin-Robbins international restaurants permanently on a gross basis during the second half of 2020. Majority of the closures are expected to be from low-volume sales locations. During the fiscal third quarter, the company closed 212 international locations.
- ▼ **High Debt a Concern:** At the end of Sep 26, 2020, the company's long-term debt stood at \$3 billion, almost flat with the Jun 27 level. As a result, the company's debt-to-capitalization was 121.4%. Moreover, the company ended third-quarter fiscal 2020 with cash and cash equivalent of \$703 million, which may not be enough to manage the high debt level.
 - ▼ **Competition with Larger Companies:** The company is facing competition from larger fast-casual companies which offer healthier menu options and are gaining popularity among consumers. Further, the company's coffee offerings face intense competition from one of the coffee giants — Starbucks — boasting a much larger scale of operations. Additionally, Dunkin' generates a chunk of revenues from the breakfast segment, which is gradually becoming more competitive. Companies like Jack in the Box and McDonald's are gaining traction with their breakfast platter, which is denting the company's top line.
 - ▼ **Shift in Ice Cream Consumption:** The U.S. ice cream industry is shrinking gradually. In recent times, the trend of ice cream consumption at home has increased as several key brands are now available at grocery stores. Further, consumers are shifting more toward healthy frozen yogurt and fruit and vegetable-based flavors. Thus, declining sales at ice cream parlors would hurt Dunkin' Brand's revenues in the near term. Moreover, the company is experiencing lower than expected sale in ice cream products in its international segment too.
 - ▼ **High Costs of Operations:** The restaurant industry is plagued with high costs of operations, owing to increased labor costs and other administrative expenses. Dunkin' Brands have also been facing margin pressure, owing to higher costs of operations.

Intense competition, a soft consumer spending environment, challenging international markets and a shift in ice cream consumption remain potent headwinds

Last Earnings Report

Dunkin' Brands' Q3 Earnings Beat Estimates, Rise Y/Y

Dunkin' Brands reported third-quarter fiscal 2020 results, with earnings and revenues surpassing the Zacks Consensus Estimate. While the bottom line beat the consensus mark for the 12th straight quarter, the top line outpaced the same for the fourth straight quarter. Notably, the metrics increased on a year-over-year basis.

Adjusted earnings of 93 cents per share not only surpassed the consensus mark of 81 cents by 14.8% but also increased 3.3% on a year-over-year basis.

During the fiscal third quarter, total revenues of \$361.5 million beat the consensus mark of \$340 million by 6.3%. Moreover, the top line increased 1.6% on a year-over-year basis. The increase can be primarily attributed to a rise in franchise and advertising fees, partially offset by a decline in rental income.

Segmental Performance

Dunkin' U.S. reported revenues of \$168 million in the fiscal third quarter, up 0.9% from the prior-year quarter's figure. The increase can be primarily attributed to a rise in franchise fees, offset by a decrease in rental income owing to lower sales at leased locations. Comps in the segment grew 0.9% year over year owing to a rise in average ticket, partially offset by a decreased traffic due to the COVID-19 pandemic.

Dunkin' International division reported revenues of \$5.2 million in the fiscal third quarter, down 23.1% from the prior-year quarter's level primarily attributed to a decline in royalty income (owing to a drop in system-wide sales) and franchise fees (owing to deferred revenue recognition in the prior-year period). Comps in the segment declined 15.9% against 7.3% rise in the year-ago quarter.

Baskin-Robbins U.S. revenues increased 3.2% year over year to \$14.8 million in the fiscal third quarter, primarily due to a rise in sales of ice cream and other products, partially offset by a decrease in rental income owing to a lower number of leased locations. Comps in the segment grew 6.5% compared with 3.6% growth in the prior-year quarter. The increase was primarily led by a rise in average ticket. However, this was partially offset by decreased traffic due to the pandemic.

Baskin-Robbins International division revenues amounted to \$30.1 million in the fiscal third quarter, down 3.1% year over year owing to lower sales of ice cream and other products as well as a drop in rental income. However, this was partially offset by a rise in royalty income. Comps in the segment declined 0.5% against 3% growth in the year-ago quarter.

Operating Performance

Adjusted operating income increased 6% from the year-ago quarter's level to \$133.5 million. The increase can be primarily attributed to rise in franchise fees as well as an increase in ice cream margin driven by a drop in general and administrative expenses, commodity costs and favorable product mix. Adjusted operating income margin expanded 150 basis points (bps) to 36.9%.

Balance Sheet

Dunkin' Brands ended fiscal third quarter with cash and cash equivalents of \$613.6 million compared with \$621.2 million at the end of 2019. Restricted cash totaled \$89.6 million, up from \$85.6 million as of Dec 28, 2019. Net long-term debt was reported at \$2,992.3 million, compared with \$3,004.2 million as on Dec 28, 2019.

At the end of the fiscal third quarter, the company held approximately \$341 million of unrestricted cash in the United States, excluding cash reserved for gift cards and advertising funds. Moreover, the company had \$117 million of available borrowings under its \$150 million variable funding notes, thereby strengthening financial flexibility.

Owing to the uncertainty revolving around the global pandemic, the company's board of directors has decided to defer the cash dividend for the fourth quarter of 2020.

As of Sep 26, 2020, it had 82,406,709 shares outstanding. In order to preserve cash amid the ongoing crisis, the company refrained from share repurchase activity during the fiscal third quarter.

Quarter Ending	09/2020
Report Date	Oct 29, 2020
Sales Surprise	6.32%
EPS Surprise	14.81%
Quarterly EPS	0.93
Annual EPS (TTM)	2.82

Valuation

Dunkin' Brands shares have increased 40.7% in the year-to-date and 39.9% in the trailing 12-month period. Stocks in the Zacks sub-industry are up by 11.5%, and the Zacks Retail-Wholesale sector is up by 38.6%, in the year-to-date period. Over the past year, the Zacks sub-industry is up by 12.8%, while the sector is up 42.8%.

The S&P 500 index is up by 13.3% in the year-to-date period and 17.3% in the past year.

The stock is currently trading at 34.17X forward 12-months earnings, which compares to 30.13X for the Zacks sub-industry, 31.54X for the Zacks sector and 22.65X for the S&P 500 index.

Over the past five years, the stock has traded as high as 34.57X and as low as 12.12X, with a 5-year median of 22.8X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$112 price target reflects 36.48X forward 12-month earnings.

The table below shows summary valuation data for DNKN.

Valuation Multiples - DNKN					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	34.17	30.13	31.54	22.65
	5-Year High	34.57	34.04	34.06	23.47
	5-Year Low	12.12	20.49	19.09	15.27
	5-Year Median	22.8	23.07	23.61	17.75
P/S F12M	Current	6.37	3.83	1.32	4.25
	5-Year High	7.09	3.93	1.32	4.3
	5-Year Low	2.3	2.81	0.82	3.17
	5-Year Median	4.66	3.34	0.98	3.67
EV/EBITDA TTM	Current	22.97	22.41	19.35	16.26
	5-Year High	22.97	22.47	20.7	16.26
	5-Year Low	10.77	10.7	11.14	9.55
	5-Year Median	16.48	14.48	13.01	13.13

As of 11/30/2020

Source: Zacks Investment research

Industry Analysis Zacks Industry Rank: Top 50% (127 out of 254)



Top Peers

Company (Ticker)	Rec	Rank
BJs Restaurants, Inc. (BJRI)	Neutral	3
Jack In The Box Inc. (JACK)	Neutral	2
Dave & Busters Entertainment, Inc. (PLAY)	Neutral	4
Papa Johns International, Inc. (PZZA)	Neutral	4
Red Robin Gourmet Burgers, Inc. (RRGB)	Neutral	3
Starbucks Corporation (SBUX)	Neutral	3
The Wendys Company (WEN)	Neutral	3
Carrols Restaurant Group, Inc. (TAST)	Underperform	4

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

Industry Comparison Industry: Retail - Restaurants				Industry Peers		
	DNKN	X Industry	S&P 500	PLAY	RRGB	TAST
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Underperform
Zacks Rank (Short Term)	3	-	-	4	3	4
VGM Score	C	-	-	C	C	A
Market Cap	8.76 B	573.77 M	26.04 B	1.27 B	321.87 M	350.06 M
# of Analysts	10	7	14	6	4	3
Dividend Yield	1.51%	0.00%	1.48%	0.00%	0.00%	0.00%
Value Score	D	-	-	B	B	B
Cash/Price	0.08	0.14	0.07	0.20	0.10	0.21
EV/EBITDA	22.33	12.92	14.61	6.34	6.28	12.66
PEG F1	3.52	4.21	2.76	NA	NA	NA
P/B	NA	3.18	3.58	5.06	2.10	1.19
P/CF	28.19	10.89	13.64	3.47	2.68	5.73
P/E F1	37.97	35.06	21.85	NA	NA	NA
P/S TTM	6.70	1.35	2.84	1.48	0.33	0.23
Earnings Yield	2.63%	0.97%	4.38%	-15.32%	-48.09%	-0.74%
Debt/Equity	-5.61	0.45	0.70	2.92	1.35	1.62
Cash Flow (\$/share)	3.77	1.81	6.93	7.69	7.72	1.17
Growth Score	C	-	-	F	C	A
Historical EPS Growth (3-5 Years)	10.52%	0.23%	9.72%	4.37%	-25.97%	-26.49%
Projected EPS Growth (F1/F0)	-11.58%	-20.47%	0.45%	-239.23%	-1,706.85%	85.19%
Current Cash Flow Growth	5.44%	-0.07%	5.23%	-0.07%	-15.30%	-14.11%
Historical Cash Flow Growth (3-5 Years)	5.81%	4.45%	8.33%	16.47%	-0.74%	18.25%
Current Ratio	1.62	1.00	1.38	0.93	0.67	0.72
Debt/Capital	NA%	54.38%	41.99%	74.50%	57.40%	61.88%
Net Margin	16.84%	-1.89%	10.44%	-8.95%	-25.18%	-1.36%
Return on Equity	-39.92%	-11.65%	14.99%	-37.81%	-64.97%	-3.46%
Sales/Assets	0.34	0.81	0.50	0.35	0.88	0.86
Projected Sales Growth (F1/F0)	-4.92%	-2.27%	0.23%	-61.40%	-30.84%	6.46%
Momentum Score	A	-	-	C	D	F
Daily Price Change	0.04%	0.00%	-0.06%	0.68%	-1.66%	2.60%
1-Week Price Change	0.03%	1.33%	0.21%	8.83%	9.01%	16.48%
4-Week Price Change	5.17%	14.09%	12.93%	52.73%	67.69%	8.56%
12-Week Price Change	38.92%	6.67%	11.06%	44.54%	63.97%	-0.00%
52-Week Price Change	38.61%	-11.78%	5.57%	-32.11%	-22.55%	-14.61%
20-Day Average Volume (Shares)	3,791,779	312,316	2,159,544	2,961,842	640,209	575,851
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	3.68%	3.68%	0.85%	0.00%	9.80%	-201.59%
EPS F1 Estimate 12-Week Change	4.17%	6.57%	3.64%	-19.81%	11.66%	-169.57%
EPS Q1 Estimate Monthly Change	-1.57%	0.00%	0.00%	0.00%	-12.28%	-44.00%

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	D
Growth Score	C
Momentum Score	A
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.

Disclosures

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ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.

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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 a 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.