

Energizer Holdings (ENR)

\$34.21 (As of 04/15/20)

Price Target (6-12 Months): **\$36.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 06/12/19)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

4-Sell

Zacks Style Scores:

VGM:D

Value: C

Growth: D

Momentum: C

Summary

Shares of Energizer have declined and underperformed the industry in the past three months, due to the effects of the coronavirus outbreak which has resulted in huge market sell-off. The company has withdrawn its guidance for fiscal 2020 citing unprecedented impacts from the COVID-19 outbreak. Notably, it has fully drawn upon its revolving credit facility to enhance liquidity and protect working capital needs amid the pandemic. Moreover, its dismal surprise trend, with third straight earnings miss reported in first-quarter fiscal 2020 is concerning. However, the company's preliminary sales results for second-quarter fiscal 2020 reflect growth from the prior-year. The robust results gained from strong battery category growth in March due to the increased COVID-19 related consumer demand. Robust organic sales growth also aided sales.

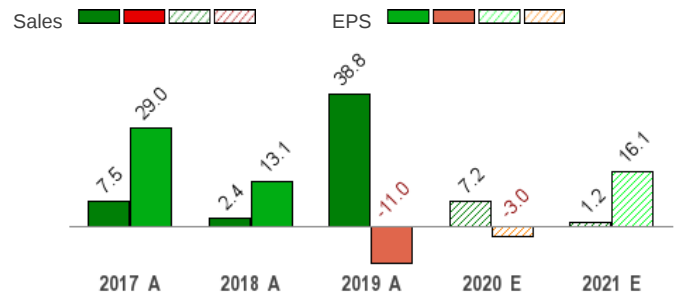
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$53.84 - \$26.60
20 Day Average Volume (sh)	1,009,731
Market Cap	\$2.4 B
YTD Price Change	-31.9%
Beta	0.98
Dividend / Div Yld	\$1.20 / 3.5%
Industry	Consumer Products - Staples
Zacks Industry Rank	Top 36% (90 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-14.1%
Last Sales Surprise	0.1%
EPS F1 Est- 4 week change	-5.5%
Expected Report Date	05/07/2020
Earnings ESP	-4.6%

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	750 E	604 E	683 E	738 E	2,707 E
2020	737 A	585 E	645 E	703 E	2,674 E
2019	572 A	556 A	647 A	719 A	2,495 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.98 E	\$0.51 E	\$0.86 E	\$1.28 E	\$3.38 E
2020	\$0.85 A	\$0.33 E	\$0.63 E	\$1.10 E	\$2.91 E
2019	\$1.64 A	\$0.20 A	\$0.37 A	\$0.93 A	\$3.00 A

*Quarterly figures may not add up to annual.

P/E TTM	14.6
P/E F1	11.8
PEG F1	3.4
P/S TTM	0.9

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 04/15/2020. The reports text is as of 04/16/2020.

Overview

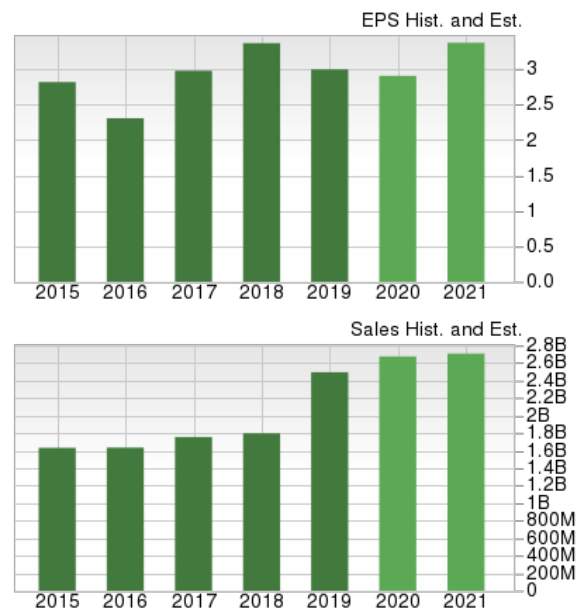
Headquartered in St. Louis, MO, Energizer Holdings Inc. is one of the largest manufacturers and marketers of batteries, lighting and auto-care products. The company's products are marketed and sold globally in more than 170 countries through direct sales personnel, mass merchandisers, distributors and wholesalers. Energizer, which generated \$2,494.5 million revenues in fiscal 2019, operates under three segments namely:

Batteries segment (78.6% of FY19 revenues): The company's battery business produces alkaline, lithium, carbon-zinc, nickel metal hydride, zinc air, silver oxide and rechargeable batteries. Energizer's lithium batteries are manufactured for non-consumer industrial applications and are used in cameras, camcorders, memory backup, CD players and portable computers.

Auto care segment (16.4% of FY19 revenues): The company offers auto care products in the appearance, fragrance, performance and air conditioning recharge product categories. The appearance and fragrance categories include protectants, wipes, tire and wheel care products, glass cleaners, leather care products, air fresheners and washes designed to clean, shine, refresh and protect interior and exterior automobile surfaces under the brand names such as Armor All, Nu Finish, Refresh Your Car!, LEXOL, Eagle One, California Scents, Driven and Bahama & Co.

Lights and Licensing segment (5% of FY19 revenues): The company manufactures, distributes, and markets lighting products including headlights, lanterns, children's lights and area lights. Apart from the Energizer, Eveready and Rayovac brands, the company markets flashlights under the Hard Case, Dolphin, and WeatherReady sub-brands. In addition to batteries and portable lights, Energizer licenses the Energizer and Eveready brands to companies developing consumer solutions in gaming, automotive batteries, portable power for critical devices, generators, power tools, household light bulbs and other lighting products.

Energizer generated 69.5% of its revenues from Americas in fiscal 2019, while it reported 30.5% from international operations. The company derives a significant amount of revenues from a relatively small number of retail customers. In fiscal 2019, Wal-Mart Stores and its subsidiaries accounted for approximately 13.8% of Energizer's sales.



Reasons To Buy:

▲ **Robust Q2 Preliminary Results:** Energizer released preliminary financial results for second-quarter fiscal 2020. The company's fiscal second-quarter net sales are expected to be \$587 million, reflecting a growth of 5.6% from the year-ago quarter. The robust sales results are attributed to robust organic sales, which improved 2.7%. The fiscal second quarter results are likely to have benefited from strong growth in the battery category in March, due to the increased COVID-19 outbreak-related consumer demand. The company expects to report adjusted EBITDA of \$120-\$125 million compared with \$101 million in the year-ago quarter.

▲ **Higher Q1 Sales:** Despite dismal earnings in first-quarter fiscal 2020, Energizer's sales remained impressive. The top line grew 28.8% on a year-over-year basis and outpaced the Zacks Consensus Estimate for the second consecutive time. Top-line performance was backed by strength in acquired businesses, partly offset by lower organic sales and adverse currency fluctuations, excluding Argentina. The company is on track to achieve its current-year plans and long-term goals. Moreover, it is encouraged about its initiatives to expand market positions in the Batteries, Lights and Auto Care categories. Also, it expects to deliver organic sales growth and recognize significant integration synergies.

▲ **Focus on Productivity:** Energizer is making efforts to drive productivity via improvement initiatives, streamlining international organization and optimizing manufacturing footprint. The company distributes its products to consumers via various retail locations globally, comprising mass merchandisers and warehouse clubs, food, drug and convenience stores, electronics specialty stores and department stores, hardware and automotive centers, e-commerce and military stores. Further, the company has been focused on containing costs and enhancing cash flow from operations. Moreover, Energizer completed the sale of its Europe-based Varta consumer battery business to Germany-based VARTA Aktiengesellschaft (VARTA AG). The \$2-billion battery business operates in Europe, the Middle East and Africa. The deal will help VARTA AG expand its product portfolio and strengthen position in the portable battery space. Proceeds are utilized to clear the company's downtime term loan debt.

Also, the company is planning to accelerate its integration efforts to drive performance across businesses. It expects to achieve incremental synergies beyond the \$100 million, which will be reinvested to improve top line through innovation and brand building activities, mainly for Auto Care brands. For fiscal 2020, the company projects incremental synergies in the band of \$45-\$50 million. Going forward, management anticipates these synergies to drive the bottom line in the near future.

▲ **Acquisitions – A Key to Growth:** Acquisitions have been an integral part of Energizer's growth strategy. The company has completed the acquisition of Spectrum Brands' Global Battery and Portable Lighting Business (announced in January 2018) as well as Global auto care business. Apart from this, the company expanded its manufacturing footprint with the acquisition of a new dedicated manufacturing facility (specially built for auto care manufacturing) in Dayton OH. This facility will provide flexibility and scale to serve the needs of customers in a highly efficient manner. In 2017, Energizer acquired Utah-based HandStands for \$340 million, which occupies a premier position in the automotive fragrance and appearance markets. This acquisition has allowed Energizer to strategically diversify its product range, which now includes Refresh Your Car!, California Scents, Driven, Bahama & Co., LEXOL and Eagle One. In a bid to expand the auto appearance portfolio, Energizer acquired Reed-Union Corporation's automotive appearance business, including the Nu Finish Car Polish and Nu Finish Scratch Doctor brands. The strength of these brands along with the company's existing Lexol and Eagle One products is likely to aid in building its auto care business, both organically and through acquisitions.

▲ **Acquired Battery Business, a Brighter Prospect:** Energizer's acquisition of Spectrum Brands' Global Battery and Portable Lighting Business (announced in January 2018) as well as the auto care business is touted to serve as one of the main drivers for EBITDA growth in the next few years. The acquisition will not only help in enhancing international footprint and broadening manufacturing capabilities, but also bring synergies of accelerated innovation and wider product range, alongside cost efficiencies to compete in the category. The acquired battery business will help it to boost efficiencies, contain cost and improve relationship with the retail customers. This new expanded portfolio of brands and products puts the company in a leadership position in the Battery and auto care categories.

Notably, the company's integration of the acquired battery and auto care businesses are progressing well. In the first quarter, the company's combined battery business (which accounts for 84.4% of total revenues) increased 19.2% year over year to \$621.9 million. Also, revenues at the Auto Care segment grew significantly from \$20.5 million to \$78.7 million.

▲ **Shareholder Friendly Moves:** Energizer has been actively managing its capital and returning much of its free cash via share repurchases and dividends. The company has been making regular quarterly dividend payouts. Also, the company is on track with share repurchases. In fiscal 2019, Energizer bought back approximately 1,036,000 shares for \$45 million and paid out dividends worth \$83 million. Moreover, during the first quarter of fiscal 2020, the company paid dividends of \$22.7 million for its common stock and \$4 million for mandatory preferred convertible stocks. Also, it declared quarterly dividend of 30 cents per share, payable Mar 18, 2020 to shareholders of record as on Feb 22.

Energizer is focused on driving productivity, optimizing costs and enhancing cash flow from operations. These apart, positive trends in the battery business act as a growth driver.

Reasons To Sell:

- ▼ **COVID-19 Disruptions Compel to Withdraw FY20 View:** The coronavirus outbreak across the world has resulted in unprecedented impacts on the global economy and consumer demand. Driven by the uncertainty of COVID-19 over the rest of the year, Energizer withdrew its guidance for fiscal 2020. Further, the company has fully drawn upon its revolving credit facility to enhance liquidity and protect working capital needs amid the pandemic. This has resulted in boosting its current cash position with \$484 million of cash and cash equivalents on hand. Driven by the effects of the pandemic on global markets, shares of Energizer have decreased 30.7% in the past three months compared with the industry's 3.7% decline.
- ▼ **Dismal Q1 Earnings:** Energizer posted dismal earnings performance in first-quarter fiscal 2020, wherein the metric not only lagged the Zacks Consensus Estimate but also declined year over year. This marked the company's third earnings miss in the trailing four quarters. It delivered adjusted earnings of 85 cents per share in the fiscal first quarter, lagging the consensus mark of 99 cents and declining 48.2% from the year-ago quarter's \$1.64. Decline in earnings before income taxes coupled with higher SG&A and interest expenses might have significantly impacted bottom-line results.
- ▼ **Strained Gross Margin & High Costs:** Energizer's adjusted gross margin contracted 640 basis points (bps) in first-quarter fiscal 2020. This decline was mainly due to the buyout of lower-margin profile businesses, increased product costs, and adverse impact of foreign currency and tariffs. This was partly offset by gains from pricing and realized synergies. In addition, the company's SG&A expenses, excluding acquisition and integration costs, amounted to \$111 million, reflecting an increase of \$25.3 million from the year-ago quarter. This includes the addition of \$23.5 million from the acquired business. Further, advertising and sales promotion expenses came in at \$46.8 million, which reflects an increase of 14.4% from the year-ago quarter. We note that the company witnessed gross margin contraction of 340 bps, 480 bps, 440 bps and 30 bps in the fourth, third, second and first quarter of fiscal 2019, respectively.
- ▼ **Currency Headwinds:** Energizer remains exposed to unfavorable foreign currency translations as it has a considerable international presence. In fact, in the fiscal first quarter, unfavorable currency movements impacted net sales by \$2.5 million. Further, unfavorable currency translations negatively impacted gross and operating margins in the reported quarter. Based on current rates, the company expects adverse currency fluctuations to hurt results to the tune of \$10 million in fiscal 2020.
- ▼ **Stiff Competition:** The company is exposed to stiff competition from its peers on the grounds of product quality and price, innovation, promotion strategies and customer service. Further, the consumer staples industry is exposed to intense competition of late, particularly in the U.S. market.
- ▼ **Risk related to Global Economic Conditions:** Any sluggishness in the economy may lower the demand for products. A slowdown in the economy compels consumers to either curtail discretionary spending or shift purchasing patterns to lower cost options. This shift has the potential to drive the market toward lower margin products or force the company to reduce prices for their products in order to be more competitive. This is likely to show on the company's top and bottom lines. In addition, disruptions in financial markets also reduce access to debt and equity capital markets, negatively affecting its ability to implement business strategy.

Energizer has been witnessing strained gross margin for a while now. Based on current rates, the company expects adverse currency fluctuations to hurt results to the tune of \$10 million in fiscal 2020.

Last Earnings Report

Energizer Q1 Earnings Lag Estimates, Fall Y/Y

Energizer Holdings posted an earnings miss in first-quarter fiscal 2020, wherein the metric declined year over year. The top line however improved year over year. Moreover, the company reiterated the view for fiscal 2020.

Q1 in Detail

Adjusted earnings came in at 85 cents per share, which missed the Zacks Consensus Estimate of 99 cents and declined 48.2% from the year-ago quarter's \$1.64. This can be blamed on the decline in earnings before income taxes as well as higher interest expenses.

The company reported net sales of \$736.8 million, which beat the Zacks Consensus Estimate of \$736 million by a slight margin. Also, sales rose 28.8% on a year-over-year basis buoyed by strength in acquired businesses, partly offset by lower organic sales and adverse currency fluctuations, excluding Argentina. Meanwhile, organic sales fell 3.4% during the quarter, mainly because of lower replenishment and phasing of holiday promotional activity.

Segments in Detail

Batteries revenues (84.4% of total revenues) increased 19.2% year over year to \$621.9 million, while revenues at the Auto Care segment grew from \$20.5 million to \$78.7 million. Revenues at Lights and Licensing segment improved 22.7% to \$36.2 million.

In the Americas, the company recorded revenues of \$514.5 million, up 37.8% from the year-ago quarter. Revenues at the International segment amounted to \$222.3 million, mirroring an increase of 12% from the year-ago quarter.

Margins

Energizer's adjusted gross margin contracted 640 basis points (bps) to 41.8%, primarily due to the buyout of lower-margin profile businesses, increased product costs, and adverse impact of foreign currency and tariffs. This was partly compensated by gains from pricing and realized synergies.

SG&A expenses, excluding acquisition and integration costs, amounted to \$111 million, reflecting an increase of \$25.3 million from the year-ago quarter. This includes the addition of \$23.5 million from the acquired business. Further, advertising and sales promotion expenses totaled \$46.8 million, highlighting an increase of 14.4% from the year-ago quarter. Furthermore, the company reported earnings before income taxes of \$58.7 million in the quarter. This represents a decline of 34.8% year over year.

Other Financial Details

Energizer ended the quarter with cash and cash equivalents of \$293.5 million, long-term debt of \$3,383.6 million and shareholders' equity of \$587.5 million.

Cash flow generated from operations was \$123.5 million in the first three months of fiscal 2020, while capital expenditures grossed \$11.7 million. Adjusted free cash flow summed \$136.7 million at quarter-end. During the quarter, the company paid dividends of \$22.7 million for its common stock and \$4 million for mandatory preferred convertible stocks.

Other Developments

Subsequent to the quarter, Energizer completed the sale of its Europe-based Varta consumer battery business to Germany-based VARTA Aktiengesellschaft (VARTA AG). The \$2-billion battery business operates in Europe, the Middle East and Africa. The deal will help VARTA AG expand its product portfolio and strengthen position in the portable battery space.

Guidance

Management reaffirmed its fiscal 2020 view. The outlook includes a full-year impact of the acquisitions concluded in the second quarter of last fiscal. However, it excludes gains related to the storm activity in current fiscal, which if occurs, will be incremental. Energizer continues to project fiscal 2020 reported net sales growth in the range of 9-10%. This includes organic growth in combined battery business of 1-2% and combined auto care business at 3.5%.

Further, the company continues to anticipate gross margin expansion of 10-40 bps for fiscal 2020. Depending on the first-quarter gross margin performance, management projects an improvement of 200-240 bps in the metric over the remainder of the fiscal year.

Moreover, adjusted EBITDA is expected in the range of \$610-\$640 million. The company still expects adjusted earnings per share in the band of \$3.00-\$3.20. Adjusted free cash flow is anticipated in the range of \$310-\$340 million for the current fiscal.

Quarter Ending **12/2019**

Report Date	Feb 05, 2020
Sales Surprise	0.10%
EPS Surprise	-14.14%
Quarterly EPS	0.85
Annual EPS (TTM)	2.35

Recent News

Energizer Q2 Prelims Strong, Rolls Back FY20 View – Apr 15, 2020

Energizer released preliminary financial results for second-quarter fiscal 2020. The company's fiscal second-quarter net sales are expected to be \$587 million, reflecting a growth of 5.6% from the year-ago quarter. The robust sales results are attributed to robust organic sales, which improved 2.7%. Also, the company expects to report adjusted EBITDA of \$120-\$125 million compared with \$101 million in the year-ago quarter. The company is scheduled to report second-quarter fiscal 2020 results on May 7.

The company's fiscal second quarter performance is likely to have benefited from strong growth in the battery category in March, mostly due to the increased COVID-19 outbreak-related consumer demand.

The company stated that its business has been operational so far and the integration of its recently acquired battery and auto care businesses remain on track. It expects to deliver synergies from the integration on the targeted timeline.

Further, the company has fully drawn upon its revolving credit facility to enhance liquidity and protect working capital needs amid the pandemic. This has resulted in boosting its current cash position with \$484 million of cash and cash equivalents on hand.

However, it cites that the unprecedented effects of the coronavirus outbreak continue to hurt the global economy and consumer demand. Driven by the uncertainty of COVID-19 over the rest of the year, it withdrew the guidance for fiscal 2020.

Energizer Holdings Declares Dividends – Jan 27, 2020

Energizer Holdings' board of directors declared a quarterly dividend of 30 cents per share on common stock to be paid out on Mar 18, 2020 to shareholders of record as on Feb 22. It also declared a quarterly dividend of \$1.875 per share on 7.50% Series A mandatory convertible preferred stock. The dividend will be payable Apr 15, 2020 to shareholders of record as on Apr 1.

Energizer Concludes Sale of European Varta Battery Business – Jan 2, 2020

Energizer has completed the sale of its Europe-based Varta consumer battery business to Germany-based VARTA Aktiengesellschaft (VARTA AG). The \$2-billion battery business operates in Europe, the Middle East and Africa. The deal will help VARTA AG expand its product portfolio and strengthen position in the portable battery space.

Valuation

Energizer shares are down 31.9% in the year-to-date period and nearly 28.9% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Consumer Staples sector are down 0.7% and 13.6%, respectively, in the year-to-date period. Over the past year, the Zacks sub-industry and the sector are down 8.5% and 16.7%, respectively.

The S&P 500 index is down 11.8% in the year-to-date period and 2.4% in the past year.

The stock is currently trading at 10.13X forward 12-month earnings, which compares to 21.66X for the Zacks sub-industry, 18.62X for the Zacks sector and 18.98X for the S&P 500 index.

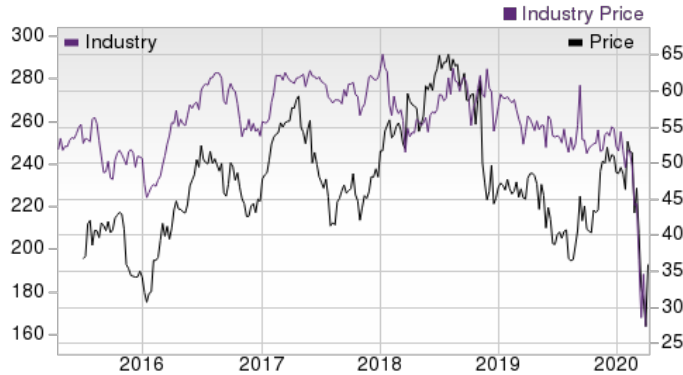
Over the past five years, the stock has traded as high as 21.83X and as low as 9.91X, with a 5-year median of 16.16X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$36 price target reflects 10.66X forward 12-month earnings.

The table below shows summary valuation data for ENR

Valuation Multiples - ENR					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	10.13	21.66	18.62	18.98
	5-Year High	21.83	21.93	22.37	19.34
	5-Year Low	9.91	13.74	16.49	15.19
	5-Year Median	16.16	17.97	19.66	17.45
P/S F12M	Current	0.86	1.82	9.02	3.16
	5-Year High	2.15	2.12	11.16	3.44
	5-Year Low	0.83	1.57	8.1	2.54
	5-Year Median	1.63	1.92	9.89	3.01
EV/EBITDA TTM	Current	10.6	11.64	33.42	10.4
	5-Year High	14.69	19.73	45.11	12.87
	5-Year Low	7.21	3.64	27.13	8.27
	5-Year Median	11.22	12.64	38.38	10.78

As of 04/15/2020

Industry Analysis Zacks Industry Rank: Top 36% (90 out of 253)



Top Peers

The Clorox Company (CLX)	Outperform
Colgate-Palmolive Company (CL)	Neutral
The Estee Lauder Companies Inc. (EL)	Neutral
Edgewell Personal Care Company (EPC)	Neutral
Kimberly-Clark Corporation (KMB)	Neutral
Prestige Consumer Healthcare Inc. (PBH)	Neutral
Procter & Gamble Company (The) (PG)	Neutral
Spectrum Brands Holdings Inc. (SPB)	Neutral

Industry Comparison Industry: Consumer Products - Staples				Industry Peers		
	ENR Neutral	X Industry	S&P 500	CL Neutral	KMB Neutral	PBH Neutral
VGM Score	D	-	-	D	B	B
Market Cap	2.38 B	2.70 B	19.18 B	62.12 B	47.01 B	1.88 B
# of Analysts	6	5	14	9	6	5
Dividend Yield	3.51%	0.00%	2.24%	2.37%	3.11%	0.00%
Value Score	C	-	-	D	C	D
Cash/Price	0.12	0.07	0.06	0.01	0.01	0.01
EV/EBITDA	13.95	11.35	11.46	17.29	13.79	34.18
PEG Ratio	3.42	3.22	2.08	4.43	3.69	3.11
Price/Book (P/B)	4.03	2.93	2.58	111.58	243.27	1.63
Price/Cash Flow (P/CF)	7.63	12.25	10.15	21.04	14.31	10.57
P/E (F1)	11.77	18.73	17.24	25.39	18.82	12.45
Price/Sales (P/S)	0.89	1.08	1.99	3.96	2.55	1.98
Earnings Yield	8.51%	5.01%	5.64%	3.94%	5.32%	8.04%
Debt/Equity	5.76	0.64	0.70	13.14	32.03	1.50
Cash Flow (\$/share)	4.48	2.31	7.01	3.45	9.62	3.54
Growth Score	D	-	-	C	C	C
Hist. EPS Growth (3-5 yrs)	1.21%	3.38%	10.92%	0.54%	3.90%	8.55%
Proj. EPS Growth (F1/F0)	-3.06%	1.89%	-2.92%	1.10%	6.17%	4.16%
Curr. Cash Flow Growth	22.48%	5.95%	5.93%	-4.58%	3.32%	2.83%
Hist. Cash Flow Growth (3-5 yrs)	4.31%	4.69%	8.55%	-1.27%	2.19%	12.05%
Current Ratio	1.81	1.38	1.24	1.03	0.73	2.02
Debt/Capital	85.21%	49.39%	42.36%	92.93%	96.97%	59.97%
Net Margin	0.99%	1.94%	11.64%	15.08%	11.69%	-3.57%
Return on Equity	30.60%	13.40%	16.74%	1,906.25%	3,809.60%	13.17%
Sales/Assets	0.48	1.06	0.54	1.12	1.21	0.28
Proj. Sales Growth (F1/F0)	7.21%	3.12%	0.00%	1.32%	0.26%	0.20%
Momentum Score	C	-	-	D	A	A
Daily Price Chg	-4.87%	-2.24%	-3.26%	-0.63%	-1.73%	-2.14%
1 Week Price Chg	31.61%	11.23%	16.01%	3.39%	1.21%	7.67%
4 Week Price Chg	3.54%	4.98%	16.73%	7.33%	2.47%	24.87%
12 Week Price Chg	-29.60%	-14.55%	-22.44%	3.01%	-4.65%	-9.63%
52 Week Price Chg	-28.94%	-8.04%	-14.41%	5.78%	11.52%	35.48%
20 Day Average Volume	1,009,731	628,252	3,301,889	5,905,902	2,454,469	675,973
(F1) EPS Est 1 week change	-0.63%	0.00%	0.00%	-0.43%	0.43%	0.20%
(F1) EPS Est 4 week change	-5.52%	-1.28%	-6.78%	-4.07%	0.69%	0.10%
(F1) EPS Est 12 week change	-6.38%	-6.38%	-9.07%	-3.75%	1.62%	1.36%
(Q1) EPS Est Mthly Chg	-11.70%	-6.06%	-11.31%	-5.93%	-0.43%	2.64%

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	C
Growth Score	D
Momentum Score	C
VGM Score	D

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

This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock. The EPS and revenue forecasts are the Zacks Consensus estimates, unless indicated otherwise on the reports first page. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment. This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time. ZIR is not a broker-dealer. ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients. Zacks and its staff are not involved in investment banking activities for the stock issuer covered in this report.

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.

No part of this report can be reprinted, republished or transmitted electronically without the prior written authorization of ZIR.