

Flowers Foods, Inc.(FLO)

\$23.25 (As of 08/03/20)

Price Target (6-12 Months): **\$25.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 05/06/20)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

2-Buy

Zacks Style Scores:

VGM:A

Value: B

Growth: A

Momentum: A

Summary

Although Flowers Foods' shares have lagged the industry in the past three months, the trend is likely to improve in the near term. Incidentally, Flowers Foods recently offered a preliminary update on its second-quarter 2020 performance, wherein the company anticipates net sales growth of 4.5-5%. Further, adjusted earnings are projected in the band of 30-33 cents per share, compared with 25 cents reported in the year-ago quarter. Apart from this, management announced certain structural changes to augment product innovation, undertake brand growth as well as enhance cake business. Markedly, the company delivered a robust show in the first quarter, gaining on solid pandemic-led demand and price/mix. However, coronavirus marred the company's foodservice and other non-retail businesses. Additionally, escalated workforce costs are a concern.

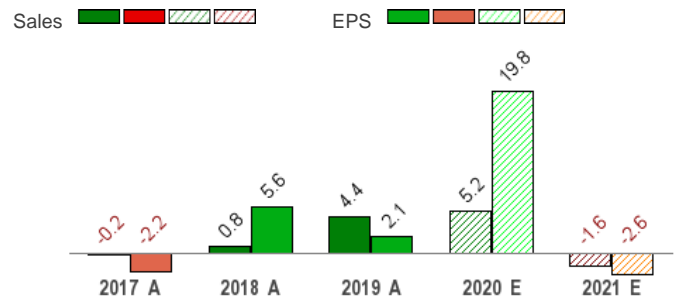
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$25.08 - \$17.42
20 Day Average Volume (sh)	764,574
Market Cap	\$4.9 B
YTD Price Change	7.0%
Beta	0.36
Dividend / Div Yld	\$0.80 / 3.4%
Industry	Food - Miscellaneous
Zacks Industry Rank	Bottom 34% (168 out of 254)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	20.6%
Last Sales Surprise	1.6%
EPS F1 Est- 4 week change	5.0%
Expected Report Date	08/06/2020
Earnings ESP	0.0%
P/E TTM	21.9
P/E F1	20.4
PEG F1	NA
P/S TTM	1.2

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	1,306 E	1,001 E	1,002 E	950 E	4,268 E
2020	1,349 A	1,016 E	985 E	988 E	4,338 E
2019	1,264 A	976 A	967 A	918 A	4,124 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.37 E	\$0.28 E	\$0.24 E	\$0.22 E	\$1.12 E
2020	\$0.41 A	\$0.31 E	\$0.22 E	\$0.20 E	\$1.15 E
2019	\$0.32 A	\$0.25 A	\$0.22 A	\$0.18 A	\$0.96 A

*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 08/03/2020. The reports text is as of 08/04/2020.

Overview

Headquartered in Thomasville, Georgia, Flowers Foods, Inc. (FLO) produces packaged bakery foods in the United States. The company specializes in baked food products as well as produces a wide range of breads, buns, rolls, snack cakes and tortillas

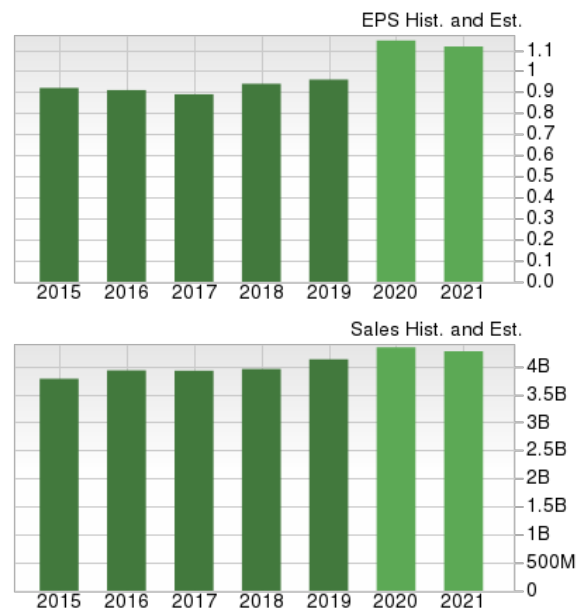
Flowers Foods emphasizes on providing high-quality baked items, developing strong brands, making innovations to improve capabilities and undertaking prudent acquisitions. Along with these, the company strives toward developing technology advanced bakeries.

Some of the most popular brands of the company include — Nature's Own, Wonder, Dave's Killer Bread and Tastykake. The company supports brands through advertising and marketing across diverse social media platforms. It also provides store coupons. Additionally, the company focuses on providing exceptional customer services.

Earlier, Flowers Foods had two operating segments, namely, Direct-Store-Delivery Segment (the DSD Segment) and Warehouse Delivery Segment (the Warehouse Segment). DSD Segment consisted of fresh breads, buns, rolls, tortillas and snack cakes. Nature's Own, Wonder, Cobblestone Bread Company, Tastykake and Dave's Killer Bread were the top brands in this segment. The Warehouse Segment included fresh snack cakes and frozen breads and rolls. Mrs. Freshley's, Alpine Valley Bread, and European Bakers were the top brands in this segment.

Following Project Centennial's organizational restructuring, the company has consolidated all its operations under a single segment, which was reflected in the company's first-quarter 2019 results.

Additionally, the company identifies sales under three categories — branded retail sales, Store branded retail sales and Non-retail and other sales.



Reasons To Buy:

- ▲ **Preliminary Update on Q2, Solid Q1 Results:** Flowers Foods' shares have gained 5.7% in the past three months, compared with the industry's growth of 9.4%. Though shares have underperformed the industry, the trend is likely to improve in the near term. Incidentally, Flowers Foods recently offered a preliminary update on its second-quarter 2020 performance. The company anticipates 4.5-5% year-over-year growth in net sales during the second quarter. Further, adjusted earnings are projected in the band of 30-33 cents per share. Notably, the company had posted adjusted earnings of 25 cents per share in the year-ago quarter. Apart from this, management announced certain structural changes in the organization, in order to augment product innovation, growth of its brands as well as enhance cake business.

Flowers Foods is progressing well with Project Centennial and is focusing on acquisitions to strengthen its product portfolio. Also, the company is undertaking efforts to revive its core business.

Notably, the company posted robust first-quarter 2020 results, wherein top and the bottom lines increased year over year and beat the Zacks Consensus Estimate. Net sales increased 6.8% to \$1,349.4 million, which beat the Zacks Consensus Estimate of \$1,329 million. Notably, increased demand owing to the coronavirus pandemic contributed to growth by 6.5-7.5%. Sales were backed by strength in branded retail, wherein sales rose 17.7% to \$891.5 million. The upside can be attributed to a favorable shift in the product mix from non-retail and other to branded retail segment owing to the coronavirus pandemic. The company's Nature's Own, Canyon Bakehouse, Dave's Killer Bread and Wonder brands remained strong, in particular. Further, in the second quarter (as of May 14), the company's branded retail sales remained strong, reflecting year-over-year growth of 20%.

- ▲ **Expansion & Acquisitions Fuel Market Share:** Flowers Foods has been focusing on acquisitions to strengthen its product portfolio and expand in untapped markets. Notably, the company has acquired more than 100 companies since 1968 and 16 companies since 2003. In 2015, the company bought Dave's Killer Bread (DKB) and Alpine Valley Bread company. With the acquisition of DKB, the company got access to the Pacific Northwest market.

In December 2018, the company completed the acquisition of Canyon Bakehouse, which has helped Flowers Foods foray into the growing gluten-free bakery space. Well, Flowers Foods has successfully integrated Canyon Bakehouse, which is yielding positive results. Additionally, brands like DKB, Nature's Own and Wonder brands continue to perform well, with DKB having emerged as the company's second-largest brand. Contributions from Sun-Maid breakfast bread have also been boosting performance.

- ▲ **Project Centennial & Saving Plans:** Flowers Foods is progressing well with Project Centennial, and is also undertaking several efforts to revive its core business, lower costs, make use of product advances and develop leading capacities. The company launched "Project Centennial" in 2017, which is an enterprise-wide multi-year initiative. The plan is aimed at streamlining operations, fueling efficiencies, improving margins by curtailing cost, optimizing supply chain and making prudent investments to solidify Flowers Foods' competitive position, aid revenue growth, and return value to stockholders. The project has propelled the company to become more brand and consumer-focused. In fact, based on the restructuring endeavors related to Project Centennial, the company has consolidated all operations under a single segment. In the second phase, the company expects the project to attain greater supply chain optimization. This will enable the company to achieve greater organizational efficiencies and profitability.

Apart from this, Flowers Foods expects business improvements from its supply chain and portfolio optimization plans. The company continues to expect savings of \$10-20 million for 2020, even amid the pandemic-related hurdles.

- ▲ **Impressive Price/Mix to Boost Top Line:** Flowers Foods is progressing well with its efficient pricing strategy. This helped the company counter inflation in the fourth quarter of 2019. Further, price mix contributed 6.2% to the sales increase in the first quarter of 2020. This can be mainly attributable to the shift toward branded retail items. Continuation of such trends is likely to aid the top line.

- ▲ **Strategic Priorities Bode Well:** Management is on track with its three core priorities in 2019. These include refreshing key brands to aid profitably and boost market share, making use of adjacencies, and enhancing supply-chain productivity to lift margins. Apart from Project Centennial, the company is also executing a multi-year supply-chain optimization plan to reduce fixed costs. This is essential for the company to achieve its margin targets for the long term. The company earlier set goals of 3-4% sales growth and EBITDA margins of 13-14% by 2021. Further, management expects to see long-term EPS CAGR of 8-10%.

- ▲ **Dividend Analysis:** Flowers Foods looks well placed on the dividend payout front and has been paying out dividends for 71 straight quarters now. The company, which generated cash from operating activities of \$106.2 million during the first quarter of 2020, paid out dividends of \$40.3 million in the same time frame. Additionally, at a juncture where companies are withdrawing dividends to preserve financial position, Flowers Foods announced a 5.3% hike in its quarterly dividend on May 21, taking it to 20 cents per share. The annualized dividend now stands at 80 cents per share compared with 76 cents in the same period last year.

Notably, the company has a dividend payout of 74.5%, dividend yield of 3.6% and free cash flow yield of 6%. With an annual free cash flow return on investment of 10.9%, ahead of the industry's 7.2%; the dividend payment is likely to be sustainable.

Reasons To Sell:

▼ **Stock Appears Stretched:** Flowers Foods stock looks quite stretched when compared to peers, which means the stock has limited room to run in the days ahead. A comparative analysis of the company's forward P/E ratio over the past year reflects a relatively gloomy picture that might be a concern for investors. The ratio currently stands at 21.93, which looks stretched when compared with the industry's ratio of 18.34.

The company's performance is being challenged by the soft foodservice business. Also, escalated cost concerns continue.

▼ **Escalated Cost Concerns:** Flowers Foods' materials, supplies, labor and other production costs (exclusive of depreciation and amortization) have been bearing the brunt of increased workforce-related costs for quite some time now. The trend persisted in first-quarter 2020, wherein materials, labor, supplies and other production expenses (net of depreciation and amortization) contracted year over year, hurt by increased workforce-related costs as well as higher start-up expenses.

Workforce related costs escalated mainly due to appreciation bonuses given to frontline workers along with increased employee incentive costs. Further, adjusted SG&A expenses (as a percentage of sales) expanded 70 basis points due to product mix shift from non-retail to branded retail. This, in turn, led to elevated distribution fees.

▼ **Softness in Foodservice Business:** While retail sales were strong in the first quarter, the company's foodservice performance has been under pressure due to restaurant closures. Increased social distancing, stay-at-home trends and other government restrictions started to hurt Flowers Foods' foodservice results in mid-March and the trend continued in April. Incidentally, foodservice and other non-retail sales fell 15% in the quarter due to soft volumes stemming from the pandemic. The company witnessed weakness in all foodservice categories, including QSR, broadline distribution along with schools and other institutions.

Further, the company's store branded retail sales edged down 0.5% to \$190.2 million, thanks to softness in store branded breakfast bread business as well as reduced volumes in store branded cake. We note that volumes for foodservice, store branded cake and breakfast breads businesses have been soft for a while now. Management stated that in the second quarter as of May 14, the foodservice business saw slight sequential improvement but continued to be challenged.

▼ **Debt Analysis:** Flowers Foods' long-term debt (including lease obligations) increased 16.4% sequentially as of the end of first-quarter 2020 (Apr 18, 2020). Further, the company's debt-to-capitalization ratio of 0.53 (as of Apr 18) has increased from 0.5 in the previous quarter and was higher than the industry's ratio of 0.45. Nonetheless, the company drew an additional \$200 million from its credit facility as a precautionary measure amid the pandemic. As of the end of the first quarter, Flowers Foods had cash and cash equivalents of about \$253 million and \$266.6 million remaining under its credit line.

▼ **Competition:** The bakery industry in the United States is intensely competitive. Flowers Foods competes with largely advertised branded products as well as with store branded products that are generally sold at lower prices. Flowers Foods primarily competes with Bimbo Bakeries USA and Campbell Soup Company (Pepperidge Farm) along with smaller independent regional bakers, local bakeries, and retailer-owned bakeries.

Hence, the company undertakes aggressive pricing strategies and promotional activities to counter competition. The intense competitive pressure may result in loss of market share as well as decline in sales and operating margins. Competitors with greater market presence and better financial resources will continue to weigh on Flowers Foods' results.

Last Earnings Report

Flowers Foods Q1 Earnings & Sales Top Estimates, Up Y/Y

Flowers Foods posted first-quarter 2020 results, with the top and the bottom line increasing year over year and beating the Zacks Consensus Estimate. Moreover, management is impressed with the company's quarterly performance, marked by record high sales and earnings.

Adjusted earnings per share (EPS) of 41 cents came ahead of the Zacks Consensus Estimate of 34 cents. Moreover, the bottom line increased 28.1% year over year.

Net sales increased 6.8% to \$1,349.4 million, which beat the Zacks Consensus Estimate of \$1,329 million. Notably, increased demand owing to the coronavirus pandemic contributed to this growth in the range of 6.5-7.5%. Sales were backed by increased branded retail, which more than offset lower store-branded retail sales along with non-retail and other sales.

Costs & Margins

Materials, labor, supplies and other production expenses (net of depreciation and amortization), as a percentage of sales, contracted 190 basis points (bps) year over year to 49.7%. The upside can be attributed to better product mix, which more than offset increased workforce-related costs as well as higher start-up expenses.

Selling, distribution and administrative expenses (as a percentage of sales) expanded 100 bps, courtesy of increased distribution fees and workforce-related costs. Adjusted EBITDA rose 19% to \$163.3 million, whereas adjusted EBITDA margin expanded 120 bps to 12.1%.

Category Performance

Branded retail sales rose 17.7% to \$891.5 million. The upside can be attributed to a favorable shift in the product mix from non-retail and other to branded retail segment owing to the coronavirus pandemic.

Store branded retail sales inched down 0.5% to \$190.2 million, thanks to softness in store branded breakfast bread business as well as reduced volumes in store branded cake. This was somewhat offset by increased sales in store branded gluten-free products manufactured by Canyon Bakehouse.

Non-retail and other sales dropped 15% to \$267.8 million due to lower business for majority of the company's non-retail customers amid the COVID-19 outbreak.

More Financial Aspects & Guidance

The company ended the quarter with cash and cash equivalents of \$252.7 million and long-term debt of \$1,070.6 million. Further, stockholders' equity amounted to \$1,320.6 million.

At the end of the first quarter, the company's cash flow from operating activities amounted to \$106.2 million, while it incurred capital expenditure of \$21.7 million. Capital expenditure is projected in the range of \$95-\$105 million for 2020. Flowers Foods paid out dividends worth \$40.3 million in the quarter and has 6.2 million shares remaining under the ongoing repurchase program. To maintain financial liquidity amid the coronavirus crisis, the company has drawn down \$200 million from its credit facility.

In 2020, the company intends to stay committed toward enhancing its portfolio and supply chain that are anticipated to deliver nearly \$10-\$20 million in savings during 2020. The company reaffirmed its previously provided 2020 view. Management expects sales of \$4.206-\$4.289 billion for 2020, suggesting 2-4% growth from the year-ago period's reported figure. Adjusted EPS is projected to be \$1.00-\$1.08, indicating growth of 4.2-12.5% from the year-ago period's reported figure.

Quarter Ending **03/2020**

Report Date	May 13, 2020
Sales Surprise	1.56%
EPS Surprise	20.59%
Quarterly EPS	0.41
Annual EPS (TTM)	1.06

Recent News

Flowers Foods Offers Preliminary Update on Q2 Show - Jul 20, 2020

Flowers Foods offered a preliminary update on its second-quarter 2020 performance. The company anticipates 4.5-5% year-over-year growth in net sales during the second quarter. Further, adjusted earnings are projected in the band of 30-33 cents per share. Notably, the company had posted adjusted earnings of 25 cents per share in the year-ago quarter.

To augment product innovation, growth of its brands as well as enhance cake business, management announced certain structural changes in the organization, which took effect from July 17. Among other moves, Flowers Foods has consolidated the Fresh Packaged Bread and Specialty/Snacking business units into one function which will include all brands. Also, the company formed a separate innovation function. Moreover, it eliminated nearly 250 job positions in various departments as well as levels to limit complexity in the business along with increasing margins for long-term growth.

Flowers Foods Temporarily Shuts Bakery as COVID-19 Cases Rise – Jul 10, 2020

Flowers Foods announced that it will temporarily cease production at its bakery located in Savannah, GA. Increase in coronavirus cases among the bakery's production employees as well as those who were in self quarantine compelled the company to make this decision. Although Flowers Foods has temporarily furloughed 115 production staff amid this crisis, it will continue to provide them compensation for this period.

The said bakery, which provides fresh baked items like bun and bread in Georgia and South Carolina regions, is expected to resume production by Jul 17. The decision to pause production at the bakery is not likely to have a major impact on the company's ability to cater to the aforementioned markets. This is because Flowers Foods' other bakeries are expected to compensate for the lost production for now. Moreover, the bakery's sales group as well as distribution channels still remains operational amid the temporary closure.

Flowers Foods Hikes Dividend – May 21, 2020

Flowers Foods announced a quarterly dividend of 20 cents per share, reflecting a 5.3% hike year over year. This is payable on Jun 19, 2020, to shareholders of record as on Jun 5, 2020.

Valuation

Flowers Foods shares are up 7% in the year-to-date period but down 2.6% over the trailing 12-month period. Stocks in the Zacks sub-industry are down 5.5% in the year-to-date period, while the Zacks Consumer Staples sector is down 8.2%. Over the past year, the Zacks sub-industry is up 3.5%, while the sector declined 4.2%.

The S&P 500 index is up 1.7% in the year-to-date period and 15.5% in the past year.

The stock is currently trading at 20.74X forward 12-month earnings, which compares to 18.79X for the Zacks sub-industry, 20.03X for the Zacks sector and 22.62X for the S&P 500 index.

Over the past five years, the stock has traded as high as 24.69X and as low as 14.05X, with a 5-year median of 20.26X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$25 price target reflects 22.3X forward 12-month earnings.

The table below shows summary valuation data for FLO

Valuation Multiples - FLO					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	20.74	18.79	20.03	22.62
	5-Year High	24.69	22.9	22.37	22.62
	5-Year Low	14.05	14.82	16.63	15.25
	5-Year Median	20.26	18.54	19.57	17.55
P/S F12M	Current	1.15	1.68	9.46	3.59
	5-Year High	1.42	2.05	11.15	3.59
	5-Year Low	0.76	1.41	8.1	2.53
	5-Year Median	1.06	1.76	9.89	3.04
EV/EBITDA F12M	Current	12.79	13.15	32.76	13.21
	5-Year High	13.8	14.67	37.49	14.23
	5-Year Low	8.43	10.97	25.81	9.05
	5-Year Median	10.57	13.21	33.83	11.01

As of 08/03/2020

Industry Analysis Zacks Industry Rank: Bottom 34% (168 out of 254)



Top Peers

Company (Ticker)	Rec	Rank
Campbell Soup Company (CPB)	Neutral	3
Darling Ingredients Inc. (DAR)	Neutral	3
General Mills, Inc. (GIS)	Neutral	3
Lamb Weston Holdings Inc. (LW)	Neutral	4
McCormick Company, Incorporated (MKC)	Neutral	3
Nomad Foods Limited (NOMD)	Neutral	2
TateLyle PLC (TATYY)	Neutral	3
TreeHouse Foods, Inc. (THS)	Neutral	2

Industry Comparison Industry: Food - Miscellaneous				Industry Peers		
	FLO	X Industry	S&P 500	GIS	LW	MKC
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	2	-	-	3	4	3
VGM Score	A	-	-	B	C	B
Market Cap	4.92 B	4.06 B	22.67 B	39.40 B	8.78 B	26.15 B
# of Analysts	2	3	13.5	8	4	6
Dividend Yield	3.44%	0.00%	1.77%	3.03%	1.53%	1.26%
Value Score	B	-	-	B	C	D
Cash/Price	0.05	0.07	0.07	0.04	0.16	0.01
EV/EBITDA	15.36	12.91	13.08	13.29	14.05	26.31
PEG Ratio	NA	3.06	2.94	2.44	7.94	5.90
Price/Book (P/B)	3.72	2.33	3.10	4.72	36.59	7.14
Price/Cash Flow (P/CF)	14.11	11.32	12.34	14.07	15.91	29.78
P/E (F1)	20.39	18.02	21.71	18.33	28.60	34.06
Price/Sales (P/S)	1.17	1.25	2.46	2.24	2.32	4.82
Earnings Yield	4.90%	4.90%	4.38%	5.45%	3.49%	2.93%
Debt/Equity	1.06	0.63	0.75	1.31	12.47	1.12
Cash Flow (\$/share)	1.65	2.81	6.94	4.59	3.78	6.59
Growth Score	A	-	-	A	B	B
Hist. EPS Growth (3-5 yrs)	1.38%	5.45%	10.46%	3.19%	11.76%	12.19%
Proj. EPS Growth (F1/F0)	19.27%	5.10%	-7.08%	-2.39%	-15.90%	7.73%
Curr. Cash Flow Growth	1.85%	4.39%	5.47%	9.11%	-13.39%	7.80%
Hist. Cash Flow Growth (3-5 yrs)	1.66%	6.08%	8.55%	3.48%	8.09%	9.99%
Current Ratio	1.65	1.59	1.32	0.68	2.25	1.02
Debt/Capital	51.53%	39.16%	44.21%	56.69%	92.58%	52.90%
Net Margin	2.21%	2.44%	10.25%	12.37%	9.65%	13.74%
Return on Equity	17.35%	12.01%	14.72%	27.66%	183.08%	21.34%
Sales/Assets	1.29	1.08	0.52	0.58	1.02	0.52
Proj. Sales Growth (F1/F0)	5.19%	0.00%	-1.79%	-2.85%	-2.22%	3.38%
Momentum Score	A	-	-	F	F	C
Daily Price Chg	2.20%	0.18%	0.27%	2.10%	0.08%	0.71%
1 Week Price Chg	1.43%	0.32%	0.14%	-1.49%	-11.37%	0.71%
4 Week Price Chg	5.44%	3.67%	2.96%	3.88%	-6.12%	8.11%
12 Week Price Chg	3.66%	6.55%	10.90%	6.23%	0.79%	19.07%
52 Week Price Chg	-2.64%	0.00%	2.35%	22.33%	-8.00%	26.85%
20 Day Average Volume	764,574	180,710	2,043,624	3,620,959	1,279,731	468,241
(F1) EPS Est 1 week change	1.63%	0.00%	0.00%	0.00%	-7.68%	0.00%
(F1) EPS Est 4 week change	5.05%	0.00%	0.82%	-0.04%	-5.82%	0.00%
(F1) EPS Est 12 week change	7.68%	2.50%	0.59%	1.99%	-6.35%	10.80%
(Q1) EPS Est Mthly Chg	3.08%	0.00%	0.25%	-0.49%	-17.68%	0.00%

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.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	B
Growth Score	A
Momentum Score	A
VGM Score	A

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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