

Flowers Foods, Inc.(FLO)

\$25.09 (As of 08/18/20)

Price Target (6-12 Months): **\$29.00**

Long Term: 6-12 Months

Zacks Recommendation:

Outperform

(Since: 08/18/20)

Prior Recommendation: Neutral

Short Term: 1-3 Months

Zacks Rank: (1-5)

1-Strong Buy

Zacks Style Scores:

VGM:B

Value: C

Growth: A

Momentum: D

Summary

Flowers Foods has outpaced the industry in the past six months. The company has been gaining from rising demand amid coronavirus-led increased at-home consumption. Also, favorable price/mix has been a driver. These factors along with continued strength in DKB, Nature's Own, Canyon Bakehouse and Wonder brands aided the company's second-quarter 2020 show and led to a raised view. During the quarter, earnings and sales grew year over year and beat the consensus mark, largely due to gains from branded retail sales. Notably, management has shifted focus on branded retail sales, which is also helping it boost margins. These upsides, along with focus on Project Centennial are likely to help Flowers Foods counter cost inflation. Meanwhile, social distancing trends remain a worry for the company's foodservice and other non-retail businesses.

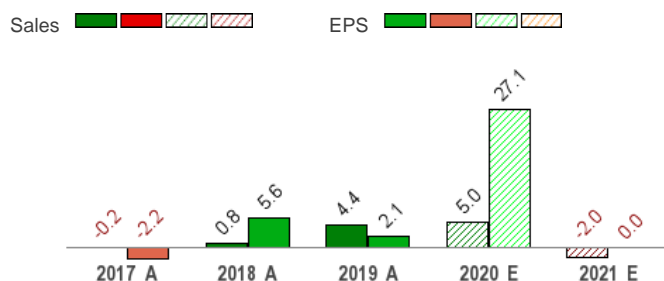
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$25.14 - \$17.42
20 Day Average Volume (sh)	832,682
Market Cap	\$5.3 B
YTD Price Change	15.4%
Beta	0.36
Dividend / Div Yld	\$0.80 / 3.2%
Industry	Food - Miscellaneous
Zacks Industry Rank	Top 49% (123 out of 252)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	6.5%
Last Sales Surprise	1.0%
EPS F1 Est- 4 week change	11.9%
Expected Report Date	11/04/2020
Earnings ESP	0.0%
P/E TTM	22.0
P/E F1	20.6
PEG F1	NA
P/S TTM	1.3

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	1,318 E	1,002 E	985 E	937 E	4,243 E
2020	1,349 A	1,026 A	976 E	979 E	4,331 E
2019	1,264 A	976 A	967 A	918 A	4,124 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.41 E	\$0.31 E	\$0.26 E	\$0.24 E	\$1.22 E
2020	\$0.41 A	\$0.33 A	\$0.25 E	\$0.23 E	\$1.22 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 08/18/2020. The reports text is as of 08/19/2020.

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

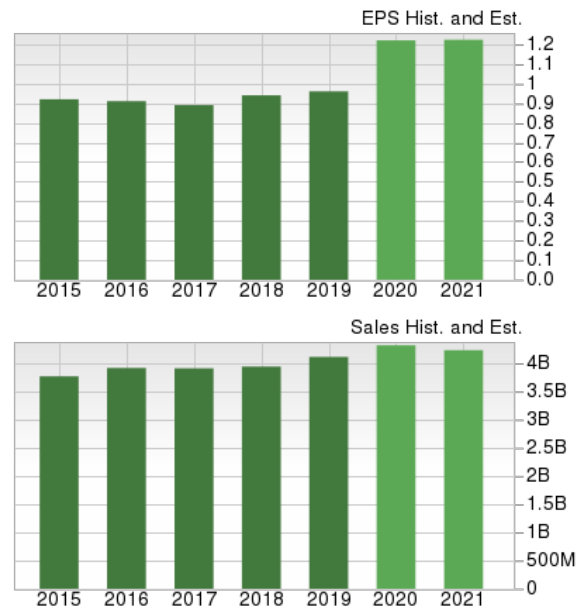
Flowers Foods emphasizes on providing high-quality baked items, developing strong brands, making innovations to improve capabilities and undertaking prudent acquisitions. Along with these, the company strives toward developing technology advanced bakeries.

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:

▲ **Solid Q2 Results & Guidance Boosts Stock:** Flowers Foods' shares have rallied 13% in the past six months compared with the industry's growth of 0.9%. The company has been gaining from burgeoning demand amid coronavirus-led pantry loading and increased at-home consumption. Also, favorable price/mix has been a driver. Adjusted EPS of 33 cents came ahead of the Zacks Consensus Estimate of 31 cents. Moreover, the bottom line increased 32% year over year. Sales increased 5.1% to \$1,025.9 million, which beat the Zacks Consensus Estimate of \$1,016 million. Notably, increased demand owing to the coronavirus pandemic contributed to this growth. Higher branded retail sales helped offset decline in store branded retail sales and non-retail and other sales. The increased mix of branded retail sales also boosted margins and the bottom line. Incidentally, branded retail sales rose 17.7% to \$689.5 million. The upside can be attributed to the favorable impact of COVID-19 along with product introductions, lower promotional activity and a fall in product returns.

Flowers Foods is progressing well with Project Centennial and is focusing on acquisitions to strengthen its product portfolio. Also, the company is shifting focus on branded retail sales.

Nature's Own, DKB, Canyon Bakehouse and Wonder brands continued to deliver strong performances. Management now projects sales of roughly \$4.290-\$4.330 billion for 2020, suggesting growth of about 4-5% year over year. Earlier, it expected sales in the band of \$4.206-\$4.289 billion, which indicates 2-4% growth from the year-ago period's reported figure. Adjusted EPS is now envisioned to be \$1.15-\$1.25, indicating growth of about 19.8-30.2% from the year-ago period. This guidance is above the earlier-projected range of \$1.00-\$1.08 per share that suggested an improvement of 4.2-12.5% year over year.

▲ **Strategic Priorities & Long-Term Goals:** Management is on track with its core priorities, which include developing its team, concentrating on brands, prioritizing margins and looking out for prudent buyouts. To this end, the company intends to shift focus toward value-added branded retail products, which are anticipated to aid top-line growth and enhance margins. Also, the company expects its optimized portfolio to drive market share gains through innovation. Further, Flowers Foods remains focused on optimizing supply chain (which it had started under the Project Centennial program), while enhancing efficiency and reducing costs. Moving to margins, the company's brand-building efforts such as plans to shift a larger proportion of sales mix to branded retail are likely to aid margin performance. Finally, management intends to remain committed toward making marketing investments, undertaking innovation and go for smart M&A activities in line with its portfolio strategy.

Apart from this, the company expects cost-management efforts and improved efficiency to fuel margins. Flowers Foods expects business improvements from its supply chain and portfolio optimization plans to generate greater savings now. The company now expects savings in 2020 to surpass the upper end of its previously guided range of \$10-20 million. In fact, it anticipates some savings from these initiatives to be realized in 2021 as well. Over the long term, the company anticipates organic sales growth of 1-2%, EBITDA growth of 4-6% and earnings per share increase of 7-9%.

▲ **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 believes that there's still plenty of potential with respect to M&A activities. 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. Contributions from Sun-Maid breakfast bread have also been boosting performance. Notably, Nature's Own is the top soft variety brand in the United States, with estimated retail sales of nearly \$1.2 billion in 2020. DKB, which is the top organic loaf brand is expected to deliver retail sales of roughly \$760 million in 2020. Further, Canyon Bakehouse has emerged as the number one gluten-free brand. Wonder white loaf brand also enjoys an iconic status.

▲ **Project Centennial:** Flowers Foods is progressing well with Project Centennial, which has been yielding favorably. 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.

▲ **Financial Analysis:** Flowers Foods' long-term debt (including lease obligations) of about \$1,334.1 million declined 5% sequentially as of the end of second-quarter 2020 (Jul 11, 2020). Further, the company's debt-to-capitalization ratio of 0.51 (as of the second-quarter end) has improved from 0.53 in the previous quarter.

Flowers Foods looks well placed on the dividend payout front. The company, which generated cash from operating activities of \$275.8 million during the first half of 2020, paid out dividends of \$82.6 million in the same time frame. Flowers Foods recently declared its 72nd straight quarterly dividend of 20 cents per share, which is payable on Sep 11. The annualized dividend of 80 cents per share compares favorably with 76 cents in the same period last year. Notably, the company has a dividend payout of 69.3%, dividend yield of 3.3% and free cash flow yield of 6.3%. With an annual free cash flow return on investment of 13%, ahead of the industry's 8.4%; the dividend payment is likely to be sustainable.

Risks

- **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 22.01, which looks stretched when compared with the industry's 19.66 and the S&P 500's 23.92.
- **Escalated Cost Concerns:** Flowers Foods' materials, supplies, labor and other production costs (exclusive of depreciation and amortization) have been seeing higher startup costs for the past few quarters now. The trend persisted in second-quarter 2020, wherein although materials, labor, supplies and other production expenses (net of depreciation and amortization) contracted year over year, they were somewhat offset by start-up expenses in relation to the ongoing conversion of its Lynchburg, VA, facility to an organic bakery.

Also, adjusted selling, distribution and administrative expenses (as a percentage of sales) rose 110 bps, courtesy of increased distribution fees, escalated employee-incentive costs and consulting costs with respect to Project Centennial.

- **Softness in Foodservice Business:** While retail sales were strong in the second quarter, the company's foodservice performance has been under pressure due to social-distancing trends. Increased social distancing, stay-at-home trends and other government restrictions started to hurt foodservice results in mid-March. Incidentally, non-retail and other sales dropped 15.8% to \$191.2 million in the second quarter mainly due to adverse impact of COVID-19 on foodservice customers. Apart from this, store-branded retail sales fell 10.9% to \$145.2 million, thanks to the lost breakfast-bread business as well as reduced volumes in other store-branded products owing to consumers' shift to more branded retail products. We note that Flowers Foods has shifted focus from foodservice to branded-retail products, given the current situation.
- **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 competes with Bimbo Bakeries USA and Campbell Soup Company 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.

Last Earnings Report

Flowers Foods Beats on Q2 Earnings, Raises 2020 View

Flowers Foods posted sturdy second-quarter 2020 results and raised earnings per share and sales view for the year.

Adjusted EPS of 33 cents came ahead of the Zacks Consensus Estimate of 31 cents. Moreover, the bottom line increased 32% year over year.

Sales increased 5.1% to \$1,025.9 million, which beat the Zacks Consensus Estimate of \$1,016 million. Notably, increased demand owing to the coronavirus pandemic contributed to this growth.

Higher branded retail sales helped offset decline in store branded retail sales and non-retail and other sales. While pricing/mix increased 8.4%, volume dipped 3.3%.

Costs & Margins

Materials, labor, supplies and other production expenses (net of depreciation and amortization), as a percentage of sales, contracted 280 basis points (bps) year over year to 49.3%. This can be attributed to favorable shifts in mix from non-retail and store-branded retail products to branded retail products, which were somewhat offset by start-up expenses in relation to the ongoing conversion of its Lynchburg, VA, facility to an organic bakery.

Adjusted selling, distribution and administrative expenses (as a percentage of sales) rose 110 bps, courtesy of increased distribution fees, escalated employee-incentive costs and consulting costs with respect to Project Centennial. These were partly offset by reduced logistics expenses.

Adjusted EBITDA rose 21.4% to \$128.5 million, whereas adjusted EBITDA margin expanded 170 bps to 12.5%.

Category Performance

Branded retail sales rose 17.7% to \$689.5 million. The upside can be attributed to the favorable impact of COVID-19 along with product introductions, lower promotional activity and a fall in product returns.

Store-branded retail sales fell 10.9% to \$145.2 million, thanks to lost breakfast-bread business as well as reduced volumes in other store-branded products owing to consumer shift to more branded retail products.

Non-retail and other sales dropped 15.8% to \$191.2 million mainly due to adverse impact of COVID-19 on food-service customers.

More Financial Aspects

The company ended the quarter with cash and cash equivalents of \$299.6 million and long-term debt of \$1,009.6 million. Further, stockholders' equity amounted to \$1,336.5 million.

Year to date through the second quarter, the company's cash flow from operating activities amounted to \$275.8 million, while it incurred capital expenditure of \$46.6 million. Capital expenditure is now projected in the range of \$85-\$95 million for 2020. Flowers Foods paid out dividends worth \$82.6 million in the first half of 2020 and has 6.2 million shares remaining under the ongoing repurchase program. To maintain financial liquidity amid the coronavirus crisis, total indebtedness rose \$142.5 million through the second quarter.

Guidance

Notably, the company intends to stay committed toward enhancing its portfolio and supply chain. Management now projects sales of roughly \$4.290-\$4.330 billion for 2020, suggesting growth of about 4-5% year over year. Earlier, it expected sales in the band of \$4.206-\$4.289 billion, which indicates 2-4% growth from the year-ago period's reported figure.

Adjusted EPS is now envisioned to be \$1.15-\$1.25, indicating growth of about 19.8-30.2% from the year-ago period. This guidance is above the earlier-projected range of \$1.00-\$1.08 that suggested an improvement of 4.2-12.5% year over year. Moreover, the Zacks Consensus Estimate for 2020 earnings is now pegged at the low end of the current guided range and is likely to witness upward revisions in the coming days.

Further, depreciation and amortization is estimated in the band of \$145-\$150 million. The company expects net interest expense of about \$11 million and an effective tax rate of nearly 24-24.5% for the year.

Quarter Ending **06/2020**

Report Date	Aug 06, 2020
Sales Surprise	1.01%
EPS Surprise	6.45%
Quarterly EPS	0.33
Annual EPS (TTM)	1.14

Recent News

Flowers Foods Announces Dividend – Aug 14, 2020

Flowers Foods announced a quarterly dividend of 20 cents per share, which is payable on Sep 11, 2020, to shareholders of record as on Aug 28.

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.

Valuation

Flowers Foods shares are up 15.4% in the year-to-date period and 10.1% over the trailing 12-month period. Stocks in the Zacks sub-industry are down 1.7% in the year-to-date period, while the Zacks Consumer Staples sector is down 6.6%. Over the past year, the Zacks sub-industry is up 6.8%, while the sector declined 4.8%.

The S&P 500 index is up 4.9% in the year-to-date period and 16.7% in the past year.

The stock is currently trading at 20.53X forward 12-month earnings, which compares to 19.44X for the Zacks sub-industry, 20.26X for the Zacks sector and 22.86X 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 20.25X. Our Outperform recommendation indicates that the stock will perform better than the market. Our \$29 price target reflects 23.73X 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	20.53	19.44	20.26	22.86
	5-Year High	24.69	22.9	22.37	22.86
	5-Year Low	14.05	14.82	16.63	15.25
	5-Year Median	20.25	18.57	19.58	17.58
P/S F12M	Current	1.24	1.74	9.59	3.71
	5-Year High	1.42	2.05	11.15	3.71
	5-Year Low	0.76	1.41	8.1	2.53
	5-Year Median	1.06	1.75	9.89	3.05
EV/EBITDA F12M	Current	12.71	13.21	35.53	12.87
	5-Year High	13.92	14.65	37.49	14.23
	5-Year Low	8.45	10.97	25.81	9.05
	5-Year Median	10.8	13.2	33.82	11.02

As of 08/18/2020

Industry Analysis Zacks Industry Rank: Top 49% (123 out of 252)



Top Peers

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

Industry Comparison Industry: Food - Miscellaneous				Industry Peers		
	FLO	X Industry	S&P 500	GIS	LW	MKC
Zacks Recommendation (Long Term)	Outperform	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	1	-	-	3	4	2
VGM Score	B	-	-	B	B	D
Market Cap	5.31 B	3.84 B	23.71 B	39.48 B	9.24 B	26.98 B
# of Analysts	3	3	14	8	4	6
Dividend Yield	3.19%	0.00%	1.63%	3.03%	1.45%	1.22%
Value Score	C	-	-	C	C	D
Cash/Price	0.06	0.08	0.07	0.04	0.14	0.01
EV/EBITDA	16.05	13.41	13.45	13.31	14.67	27.03
PEG Ratio	NA	3.88	3.01	2.45	8.44	6.08
Price/Book (P/B)	3.97	2.38	3.18	4.72	38.51	7.37
Price/Cash Flow (P/CF)	15.23	12.60	12.70	14.07	16.75	30.72
P/E (F1)	20.57	19.89	21.98	18.34	30.39	35.13
Price/Sales (P/S)	1.25	1.40	2.46	2.24	2.44	4.97
Earnings Yield	4.86%	4.86%	4.33%	5.45%	3.29%	2.84%
Debt/Equity	1.00	0.57	0.76	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)	2.64%	5.50%	10.44%	3.19%	11.76%	12.19%
Proj. EPS Growth (F1/F0)	27.08%	3.22%	-5.97%	-2.39%	-16.70%	7.73%
Curr. Cash Flow Growth	1.85%	3.40%	5.22%	9.11%	-13.39%	7.80%
Hist. Cash Flow Growth (3-5 yrs)	1.66%	5.90%	8.52%	3.48%	8.09%	9.99%
Current Ratio	1.58	1.62	1.33	0.68	2.25	1.02
Debt/Capital	49.96%	37.17%	44.50%	56.69%	92.58%	52.90%
Net Margin	2.29%	2.44%	10.13%	12.37%	9.65%	13.74%
Return on Equity	18.50%	9.79%	14.59%	27.66%	183.08%	21.34%
Sales/Assets	1.29	1.02	0.51	0.58	1.02	0.52
Proj. Sales Growth (F1/F0)	5.02%	0.00%	-1.54%	-2.85%	-2.29%	3.38%
Momentum Score	D	-	-	F	A	F
Daily Price Chg	1.33%	0.09%	-0.41%	0.54%	-0.27%	0.09%
1 Week Price Chg	3.11%	0.64%	1.09%	-1.68%	3.03%	0.00%
4 Week Price Chg	10.04%	4.05%	3.41%	0.20%	-4.03%	4.60%
12 Week Price Chg	10.19%	10.46%	9.80%	7.86%	4.25%	18.39%
52 Week Price Chg	10.04%	3.40%	3.43%	19.05%	-7.28%	25.59%
20 Day Average Volume	832,682	202,003	1,894,669	2,677,620	1,143,084	457,796
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	11.93%	0.00%	1.86%	-0.42%	-9.16%	0.00%
(F1) EPS Est 12 week change	11.93%	2.50%	2.86%	1.08%	-6.09%	10.80%
(Q1) EPS Est Mthly Chg	16.92%	0.00%	0.80%	-0.49%	-28.41%	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	C
Growth Score	A
Momentum Score	D
VGM Score	B

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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