

The Hershey Company(HSY)

\$146.33 (As of 07/23/20)

Price Target (6-12 Months): **\$154.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 11/21/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:D

Value: D

Growth: C

Momentum: C

Summary

Hershey's shares have outpaced the industry in the past three months. The stock got a boost when it reported second-quarter 2020 results, wherein the bottom line came ahead of the consensus mark. Sales growth in North America, even in the face of coronavirus-related hurdles, was impressive. Notably, Hershey's solid brands helped it gain confectionary market share. These factors, along with solid cost management and price realization, helped counter COVID-19-related cost pressures and are likely to aid margin expansion in the second half. However, overall sales remained soft due to weakness in the International & Other segment as well as currency headwinds. Management anticipates a slower recovery in the International unit, while it expects stronger second-half sales in the North America unit, backed by continued higher at-home consumption

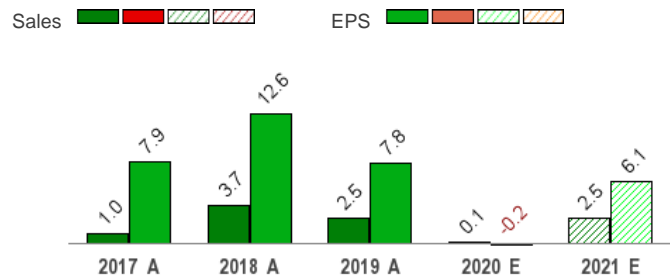
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$162.20 - \$109.88
20 Day Average Volume (sh)	1,319,735
Market Cap	\$30.4 B
YTD Price Change	-0.4%
Beta	0.16
Dividend / Div Yld	\$3.09 / 2.1%
Industry	Food - Confectionery
Zacks Industry Rank	Top 19% (48 out of 252)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	17.0%
Last Sales Surprise	-2.1%
EPS F1 Est- 4 week change	0.4%
Expected Report Date	10/22/2020
Earnings ESP	1.1%
P/E TTM	25.1
P/E F1	25.4
PEG F1	3.2
P/S TTM	3.8

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	2,088 E	1,804 E	2,198 E	2,111 E	8,193 E
2020	2,037 A	1,707 A	2,130 E	2,090 E	7,992 E
2019	2,016 A	1,767 A	2,134 A	2,068 A	7,986 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$1.76 E	\$1.33 E	\$1.76 E	\$1.40 E	\$6.12 E
2020	\$1.63 A	\$1.31 A	\$1.64 E	\$1.36 E	\$5.77 E
2019	\$1.59 A	\$1.31 A	\$1.61 A	\$1.28 A	\$5.78 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 07/23/2020. The reports text is as of 07/24/2020.

Overview

Founded in 1894 and based in Hershey, PA, **The Hershey Company** (HSY), is the largest chocolate manufacturer in North America as well as a global leader in chocolate and non-chocolate confectionery. In addition, Hershey manufactures pantry items like baking ingredients, toppings and beverages; and gum and mint refreshment products; snack bites and mixes, as well as spreads.

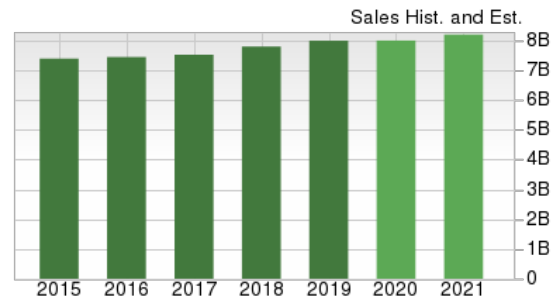
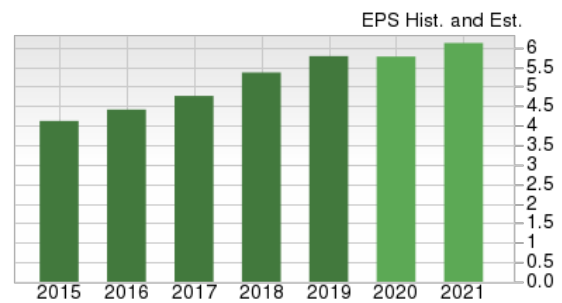
Hershey's operating segments comprise geographic regions — **North America** (contributed 88% to 2019 net sales) as well as **International and Other** (12%). International and Other segment includes operations in China, Mexico, Brazil, India and Malaysia, as well as export to markets in Asia, Latin America, Middle East, Europe, Africa and other regions).

The company's portfolio in North America includes a wide range of products, which are marketed and sold under brands like Hershey's, Reese's and Kisses, along with other popular chocolate and non-chocolate confectionery brands like Jolly Rancher, Almond Joy, Brookside, barkTHINS, Cadbury, Good & Plenty, Heath, Kit Kat, Lancaster, Payday, Rolo, Twizzlers, Whoppers and York.

In North America, the company also provides premium chocolates through Scharffen Berger and Dagoba brands. Further, it offers Ice Breakers mints and chewing gum, Breathsavers mints and Bubble Yum bubble gum as part of gum and mint products. Hershey's pantry and snack items include baking products, toppings and sundae syrups sold under the Hershey's, Reese's and Heath brands, as well as Hershey's and Reese's chocolate spreads, snack bites and mixes, Popwell half-popped corn snacks, baked and trans fat free Pirate's Booty snacks and other better-for-you snack brands such as Oatmega among others.

In the International and Other regions, Hershey produces and sells the same brands. It also provides other brands, which are marketed regionally. These include Pelon Pelo Rico confectionery products in Mexico, IO-IO snack products in Brazil, and Nutrino and Maha Lacto confectionery products and Jumpin and Sofit beverage products in India.

The company manufactures and markets several products through licensing agreements with Kraft Foods Ireland (York, Peter Paul Almond Joy and Peter Paul Mounds), Cadbury U.K. (Cadbury and Caramello) and Nestle (Kit-Kat and Rolo).



Reasons To Buy:

▲ **North America Sales Growth & Outlook, Stock Outperforms:** Shares of Hershey have gained 8.3% in the past three months compared with the industry's growth of 3.2%. Further, the stock is up 13.7% in a month. Notably, the stock got a boost when it reported second-quarter 2020 results, wherein the bottom line came ahead of the Zacks Consensus Estimate. Management remains impressed with sales growth in North America even in the face of coronavirus-related hurdles. Notably, the company's solid brands helped it gain confectionary market share of 225 basis points. We note that net sales in North America improved 1% year over year to \$1,583.8 million. Though the U.S. business saw declines in the non-traditional channels like food service and specialty retail, strength in the confection business in measured channels offset these declines. This, in turn, was backed by increased at-home consumption and solid price realization.

Hershey has been undertaking buyouts to augment portfolio strength as well as boost revenues. Also, the company regularly brings innovation to its core brands to meet consumer demand.

The company saw strength in food, mass, dollar and e-commerce channel. Club, drug and convenience categories were under pressure, though trends have improved sequentially as consumers returned to normal activities. Management expects stronger second-half sales in the North America unit, backed by continued higher at-home consumption, sales recovery in food service and specialty retail networks, price realization, and replenishment of retailer and distributor inventory levels. Also, the company expects overall sales growth to accelerate in the second half of the year, based on the current momentum and the assumption that consumer trends will not face much disruption.

▲ **Gains From Buyouts:** Hershey has been undertaking buyouts to augment portfolio strength as well as boost revenues. Buyouts and divestitures had a net favorable impact of 0.8 point on the top line in the second quarter, thanks to the acquisition of ONE Brands (concluded in September 2019). Prior to this, the company acquired Pirate Brands in September 2018 to bolster its snacking business. Additionally, the company has been gaining from Amplify Snack Brands, which was acquired in January 2018, to expand in the snacking category. In earlier developments, the acquisition of New York-based barkTHINS (April 2016) premium chocolate snacking brand has been aiding the company's better-for-you snacks portfolio. The SkinnyPop buyout has also been driving growth in the ready-to-eat popcorn category.

▲ **Strong Brand Portfolio & Focus on Innovation:** Hershey is the largest producer of quality chocolate products in the United States. It markets some of the world's leading brands which enjoy widespread consumer acceptance. The company is also a global leader in sugar confectionery products, which is attractive category as confectionery products are easily available, affordable and highly indulgent, thus making the industry almost recession resistant. Hershey's core brands — Hershey's, Reese's, Hershey's Kisses, Jolly Rancher, Brookside, Sofit and Ice Breakers — have been growing strongly on the back of advertising investments, in-store merchandising, and programming and innovation.

In fact, Hershey regularly brings innovation to its core brands to meet consumer demand and needs that are not addressed by its current portfolio. In this respect, its Kit Kat Duos innovation and expansion to THINS platform are noteworthy. Further, the company relaunched the Take5 brand under the Reese's banner. The launch of Kisses brand in India is also reaping benefits. An important strategy of the company is to create a unique and holistic portfolio for every season, which can meet consumers' seasonal shopping needs.

▲ **Efforts to Boost Efficiency & Pricing Strategies:** Hershey focuses on optimizing its portfolio in order to deliver increased profitability. In this respect, the company's SKU rationalizing efforts have been fruitful. In addition, the company gained from its Margin for Growth multi-year program. This program is intended to improve overall operating margin through supply chain optimization, streamlining the operating model and reduction of administrative expenses. These moves are anticipated to boost efficiency, leverage global shared services and common processes and increase capacity utilization. Additionally, the company has undertaken strategic pricing initiatives to improve mix. Notably, price realization benefited Hershey's top line by 3.5 points in the quarter under review.

In second-quarter 2020, Hershey's bottom line was aided by robust cost management, which helped counter COVID-19-related cost pressures. Adjusted operating margin expanded 170 basis points to 22.6%, courtesy of solid operational and corporate cost management, which countered high COVID-19-related costs. Further, management anticipates margin expansion in the second half of 2020 to be backed by pricing and cost management.

▲ **Financial Position:** As of the end of the second quarter of 2020 (Jun 28, 2020), Hershey had cash and cash equivalents of \$1,165.3 million, while its current debt stood at \$986.7 million. Further, the company's times interest earned ratio of 9.8 was better than the industry's 9.5. The times-interest-earned ratio is very important for some companies, as it measures a company's ability to meet its debt obligations based on its current income. Hershey notified that it issued bonds worth \$1 billion in the second quarter and paid out long-term debt of \$350 million that was due in May. Notably, the company believes that it has a stable liquidity position to cater to its current business requirements. In 2020, Hershey expects to return cash worth roughly \$800 million to shareholders, including dividend payouts of \$650 million and share buybacks worth \$150 million, which were concluded earlier this year.

Notably, Hershey looks well placed on the dividend-payout front. Along with its second-quarter earnings release, the company declared a roughly 4% increase in its quarterly dividend, taking it to 80.4 cents per share for its common stock and 73.1 cents for Class B common stock. These are payable on Sep 15 to shareholders of record as of Aug 21. Notably, this marks the company's 363rd and 144th straight dividend payout on its common stock and Class B common stock, respectively. Notably, the company has a dividend payout of 53%, dividend yield of 2.1% and free cash flow yield of 4.5%. With an annual free cash flow return on investment of 28.2%, ahead of the industry's 21.9%; the dividend payment is likely to be sustainable.

Reasons To Sell:

▼ **International Segment Weak:** In second-quarter 2020, Hershey's top line of \$1,707.3 million dropped 3.4% year over year, lagging the Zacks Consensus Estimate of \$1,744 million. Currency translations and volumes had a negative impact of 0.7 points and 7 points, respectively, on sales. Volumes were affected by COVID-19-related hurdles in the company's International and Other segment to a great extent. Net sales in the International and Other segment slumped 38% to \$123.5 million. On a constant-currency or cc basis, net sales decreased 33.4%. Volumes hit sales by 31.3 points, mainly due to the coronavirus impact on consumers' economic security and flexibility, and retail operations. Further, net price realization saw a negative impact of 2.1 points.

For the International and Other unit, management anticipates a slower recovery based on the current travel, government, retail and macroeconomic conditions. Also, currency headwinds persist.

Closure of Hershey's owned retail locations in the quarter, together with major air travel declines, also marred results in this division. Combined net sales in the company's focus markets, which include Mexico, Brazil, China and India, dropped nearly 42.9%. While sales trends are likely to improve going forward, the second half sales are expected to lag the year-ago period's figure by double digits. Apart from this, Hershey's divestiture of Krave, Dagoba and Scharffenberger brands (in the second quarter of 2020) is likely to hurt overall company sales by 20 basis points in the second half, though it will not have any impact on the bottom line.

▼ **Currency Headwinds:** Hershey remains exposed to volatile currency movements despite a low international presence. Markedly, currency had an adverse impact of 0.7 points on the company's top line in the second quarter of 2020. Also, management expects currency headwinds to have a 70-basis-point adverse impact on the full-year top line.

▼ **Gross Margin Soft:** In second-quarter 2020, Hershey's adjusted gross margin contracted 10 bps to 46.4% due to high coronavirus-related manufacturing costs and adverse mix, partly compensated by price realization gains. Persistence of these elevated costs associated with COVID-19 remains a concern, though Hershey's cost-cutting actions and price realization are likely to provide cushion.

▼ **Lower International Presence:** Approximately 88% of the company's revenues was generated in North America (U.S. and Canada) in 2019. Markets outside this region form a lower proportion of the company's top-line. Though the company is accelerating investments in the overseas markets, competitors like Mondelez International have a stronger presence outside North America.

▼ **Stiff Competition:** Hershey operates in highly competitive markets, along with several global multinational, national, regional and local firms. The company has some competitors, which are big entities with considerable resources and significant international operations. Well, Hershey competes on the basis of product innovation, product quality, price, efficacy of marketing and promotional strategies and the ability to cater to consumer preferences among other things. Of late, the company also witnessed heightened competition from other snack items, which in turn puts pressure on the confectionery category.

Last Earnings Report

Hershey's Q2 Earnings Beat Estimates, Revenues Miss

Hershey reported second-quarter 2020 results, wherein adjusted earnings per share (EPS) of \$1.31 came ahead of the Zacks Consensus Estimate of \$1.12, while it remained flat year over year.

Consolidated net sales of \$1,707.3 million dropped 3.4% year over year, lagging the Zacks Consensus Estimate of \$1,744 million. Currency translations and volumes had a negative impact of 0.7 points and 7 points, respectively, on sales. Volumes were affected by COVID-19-related hurdles in the company's International and Other segment, as well as North America's price elasticity. Meanwhile, price realization drove sales by 3.5 points. Buyouts and divestitures had a net favorable impact of 0.8 points on the top line, thanks to the acquisition of ONE Brands.

Quarter Ending 06/2020

Report Date	Jul 23, 2020
Sales Surprise	-2.10%
EPS Surprise	16.96%
Quarterly EPS	1.31
Annual EPS (TTM)	5.83

Margins in Detail

Adjusted gross margin contracted 10 bps to 46.4% due to high coronavirus-related manufacturing costs and adverse mix, partly compensated by price realization gains.

Selling, marketing and administrative costs dropped 9.9% during the quarter on the back of media cost efficacy and investment optimization associated with coronavirus. Advertising and related consumer marketing expenses fell 14%. Adjusted operating profit amounted to \$386.1 million, up 4.4% from the prior-year quarter's figure. Adjusted operating margin expanded 170 basis points to 22.6%, courtesy of solid operational and corporate cost management, which countered high COVID-19-related costs.

Segmental Update

North America (the United States and Canada) net sales improved 1% year over year to \$1,583.8 million. Markedly, price realization and net impact of acquisitions and divestitures boosted the unit's sales by 4.2 points and 0.8 points, respectively. However, volumes and currency translations dented the unit by 3.8 points and 0.2 points, respectively.

Net sales in the **International and Other** segment slumped 38% to \$123.5 million. On a constant-currency or cc basis, net sales decreased 33.4%. Volumes hit sales by 31.3 points, mainly due to the coronavirus impact on consumers' economic security and flexibility, and on retail operations. Further, net price realization saw a negative impact of 2.1 points. Closure of Hershey's owned retail locations in the quarter, together with major air travel declines, also marred results in this division. Combined net sales in the company's focus markets, which include Mexico, Brazil, China and India, dropped nearly 42.9%. Excluding currency headwinds, combined organic sales from these markets decreased about 31.8%.

Financials

Hershey ended the quarter with cash and cash equivalents of \$1,165.3 million, long-term debt of \$4,091.2 million and total shareholders' equity of \$1,756.1 million.

In a separate press release, the company declared a roughly 4% increase in its quarterly dividend, taking it to 80.4 cents per share for its common stock and 73.1 cents for Class B common stock. These are payable on Sep 15 to shareholders of record as of Aug 21. Notably, this marks the company's 363rd and 144th straight dividend payout on its common stock and Class B common stock, respectively. In 2020, Hershey expects to return cash worth roughly \$800 million to shareholders, including dividend payouts of \$650 million and share buybacks worth \$150 million, which were concluded earlier this year.

Outlook

Given the recent rise in coronavirus cases and its impact on consumer flexibility, government regulations and retail operations, management did not offer any fiscal 2020 guidance. Nonetheless, the company expects sales growth to accelerate in the second half of the year, based on the current momentum and the assumption that consumer trends will not face much disruption. Further, management anticipates margin expansion in the second half of the year to be backed by pricing and cost management.

Management expects stronger second-half sales in the North America unit, backed by continued higher at-home consumption, sales recovery in food service and specialty retail networks, price realization, and replenishment of retailer and distributor inventory levels. However, the impact of rising COVID-19 cases on consumer activities and retail operations remains uncertain.

For the International and Other unit, management anticipates a slower recovery based on the current travel, government, retail and macroeconomic conditions. While sales trends are likely to improve going forward, the second half sales are expected to lag the year-ago period's figure by double digits. Overall, management expects currency headwinds to have a 70-basis-point adverse impact on the full-year top line.

Recent News

Hershey to Make Face Masks Amid Coronavirus – Apr 24, 2020

Hershey informed that the company is pledging \$1 million to acquire and set up a new manufacturing line for the production of facemasks. The new line, operational toward the end of May will be capable of making up to 45,000 masks per day.

Hershey Temporarily Shuts 2 Locations Due to Coronavirus - Mar 15, 2020

The outbreak of the novel coronavirus Hershey to temporarily close its Chocolate World locations in Hershey, Pa., and Times Square, New York City. The shutdown, which is scheduled to last for two weeks, took effect from the closing time on Mar 15.

Though Hershey has not witnessed any confirmed coronavirus case among its workers, it made this decision as part of its precautionary and safety measures. The company's Chocolate World locations will continue to operate in Niagara, Canada and Las Vegas, as of now. Also, management did not talk about any impact of the aforementioned closure on its financial performance.

Valuation

Hershey's shares are down 0.5% in the year-to-date period and 2.3% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Consumer Staples sector are down 2.7% and 9% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and the sector declined 5.6% and 6.8%, respectively.

The S&P 500 index is up 0.6% in the year-to-date period and 8.5% in the past year.

The stock is currently trading at 24.59 forward 12-month earnings, which compares to 22.21X for the Zacks sub-industry, 20.12X for the Zacks sector and 22.7X for the S&P 500 index.

Over the past five years, the stock has traded as high as 27.02X and as low as 16.46X, with a 5-year median of 21.26X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$154 price target reflects 25.88X forward 12-month earnings.

The table below shows summary valuation data for HSY

Valuation Multiples - HSY					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	24.59	22.21	20.12	22.7
	5-Year High	27.02	24.52	22.37	22.7
	5-Year Low	16.46	15.67	16.63	15.25
	5-Year Median	21.26	18.41	19.58	17.52
P/S F12M	Current	3.75	2.46	9.52	3.58
	5-Year High	4.2	2.74	11.15	3.58
	5-Year Low	2.35	1.63	8.1	2.53
	5-Year Median	2.93	2.1	9.89	3.02
EV/EBITDA F12M	Current	15.51	10.24	32.76	13.21
	5-Year High	17.49	12.26	37.49	14.22
	5-Year Low	10.77	7.36	25.81	9.05
	5-Year Median	12.88	9.63	33.81	10.99

As of 07/23/2020

Industry Analysis Zacks Industry Rank: Top 19% (48 out of 252)



Top Peers

Company (Ticker)	Rec	Rank
Campbell Soup Company (CPB)	Neutral	3
Flowers Foods, Inc. (FLO)	Neutral	2
Kellogg Company (K)	Neutral	3
Mondelez International, Inc. (MDLZ)	Neutral	3
The J. M. Smucker Company (SJM)	Neutral	4
The Simply Good Foods Company (SMPL)	Neutral	3
TreeHouse Foods, Inc. (THS)	Neutral	3
HOSTESS BRANDS (TWNK)	Neutral	2

Industry Comparison Industry: Food - Confectionery				Industry Peers		
	HSY	X Industry	S&P 500	MDLZ	SMPL	TWNK
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	2
VGM Score	D	-	-	D	C	C
Market Cap	30.44 B	2.23 B	22.58 B	78.64 B	2.30 B	1.65 B
# of Analysts	8	5	14	8	4	5
Dividend Yield	2.11%	0.00%	1.81%	2.08%	0.00%	0.00%
Value Score	D	-	-	D	C	B
Cash/Price	0.04	0.06	0.06	0.02	0.05	0.06
EV/EBITDA	17.33	17.89	13.13	18.28	32.34	15.00
PEG Ratio	3.15	3.31	3.04	3.15	NA	NA
Price/Book (P/B)	17.33	2.39	3.15	3.05	1.89	1.05
Price/Cash Flow (P/CF)	18.83	21.82	12.33	16.95	34.92	14.24
P/E (F1)	25.23	25.37	22.09	21.48	27.76	18.96
Price/Sales (P/S)	3.83	3.48	2.41	3.02	3.13	1.78
Earnings Yield	3.94%	3.94%	4.30%	4.66%	3.61%	5.30%
Debt/Equity	2.33	0.61	0.76	0.54	0.51	0.71
Cash Flow (\$/share)	7.77	1.10	7.01	3.24	0.69	0.89
Growth Score	C	-	-	D	B	D
Hist. EPS Growth (3-5 yrs)	9.08%	9.08%	10.82%	9.10%	NA	NA
Proj. EPS Growth (F1/F0)	-0.19%	9.54%	-9.01%	3.44%	54.91%	9.18%
Curr. Cash Flow Growth	9.40%	10.15%	5.47%	4.99%	10.26%	19.10%
Hist. Cash Flow Growth (3-5 yrs)	7.63%	5.50%	8.55%	2.73%	NA	5.50%
Current Ratio	1.31	2.43	1.31	0.53	3.20	1.66
Debt/Capital	69.97%	37.70%	44.41%	34.87%	33.95%	41.45%
Net Margin	13.50%	8.78%	10.46%	14.24%	3.87%	4.78%
Return on Equity	70.65%	7.23%	15.13%	13.73%	6.03%	4.71%
Sales/Assets	0.92	0.46	0.54	0.41	0.41	0.30
Proj. Sales Growth (F1/F0)	0.08%	4.91%	-2.06%	0.30%	52.30%	9.74%
Momentum Score	C	-	-	B	F	D
Daily Price Chg	5.68%	1.65%	-0.20%	0.60%	1.65%	2.98%
1 Week Price Chg	6.77%	6.76%	3.82%	5.11%	6.76%	-0.25%
4 Week Price Chg	13.73%	13.73%	6.02%	7.97%	29.32%	1.98%
12 Week Price Chg	10.50%	10.50%	10.03%	6.69%	27.75%	5.03%
52 Week Price Chg	-2.26%	-10.75%	-2.89%	0.86%	-10.75%	-11.22%
20 Day Average Volume	1,319,735	1,057,058	2,026,477	5,444,405	1,478,486	1,057,058
(F1) EPS Est 1 week change	0.65%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.37%	0.30%	0.15%	0.05%	-2.32%	0.30%
(F1) EPS Est 12 week change	-0.65%	-6.83%	-3.24%	-1.73%	-6.83%	-7.50%
(Q1) EPS Est Mthly Chg	-0.91%	-0.91%	0.00%	1.33%	-15.46%	1.20%

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	D
Growth Score	C
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.

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