

PVH Corp (PVH)

\$44.67 (As of 05/01/20)

Price Target (6-12 Months): **\$38.00**

Long Term: 6-12 Months

Zacks Recommendation: Underperform

(Since: 02/18/20)

Prior Recommendation: Neutral

Short Term: 1-3 Months

Zacks Rank: (1-5)

4-Sell

Zacks Style Scores:

VGM:A

Value: B

Growth: B

Momentum: B

Summary

Shares of PVH Corp have lagged the industry in the past three months, despite earnings and sales beat in fourth-quarter fiscal 2019. The stock remains under pressure due to the ongoing global COVID-19 situation. Anticipating unprecedented impacts from the coronavirus outbreak, management withheld its guidance for fiscal 2020. Further, due to the extend store closures and uncertainty of the timing of recovery, the company is undertaking various efforts to preserve financial strength including employee furloughs, suspension of share repurchases and reducing expenses. Additionally, its heritage segment has been drab. However, PVH Corp boasts a robust earnings trend with a beat recorded in the last eight quarters. Fourth-quarter fiscal 2019 results were aided by solid performance in the Tommy Hilfiger segment.

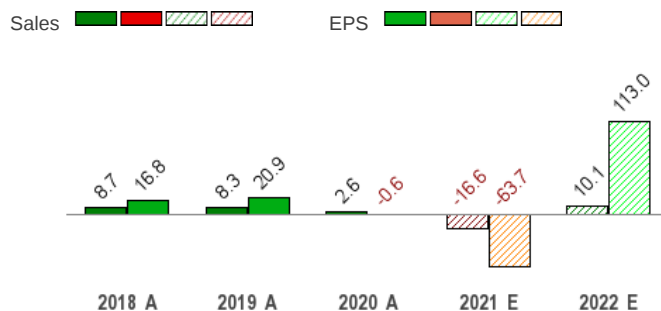
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$124.99 - \$28.40
20 Day Average Volume (sh)	2,056,184
Market Cap	\$3.2 B
YTD Price Change	-57.5%
Beta	2.07
Dividend / Div Yld	\$0.15 / 0.3%
Industry	Textile - Apparel
Zacks Industry Rank	Bottom 8% (232 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	4.4%
Last Sales Surprise	4.8%
EPS F1 Est- 4 week change	-40.7%
Expected Report Date	06/03/2020
Earnings ESP	0.0%

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	1,955 E	2,034 E	2,662 E	2,678 E	9,098 E
2021	1,533 E	1,831 E	2,452 E	2,557 E	8,264 E
2020	2,356 A	2,364 A	2,588 A	2,601 A	9,909 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	\$0.54 E	\$0.91 E	\$3.20 E	\$2.22 E	\$7.37 E
2021	-\$0.53 E	\$0.60 E	\$2.75 E	\$1.80 E	\$3.46 E
2020	\$2.46 A	\$2.10 A	\$3.10 A	\$1.88 A	\$9.54 A

*Quarterly figures may not add up to annual.

P/E TTM	4.7
P/E F1	12.9
PEG F1	1.1
P/S TTM	0.3

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 05/01/2020. The reports text is as of 05/04/2020.

Overview

Headquartered in New York, PVH Corp was incorporated in 1976 and formerly known as Phillips-Van Heusen Corp. PVH Corp specializes in designing and marketing branded dress shirts, neckwear, sportswear, jeanswear, intimate apparel, swim products, footwear, handbags and related products.

PVH Corp's brands are sold globally at various price points and in channels of distribution. Moreover, the company markets its products at a wholesale level through department store chains and directly to consumers through retail stores. In addition, it licenses the use of its trademarks to third parties and joint ventures for product assortments.

The company's portfolio includes its owned and licensed brands. PVH Corp's owned brands comprise Calvin Klein, Tommy Hilfiger, Van Heusen, IZOD, ARROW, Warner's, Olga and Geoffrey Beene.

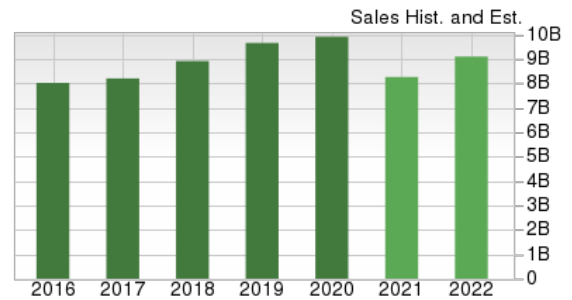
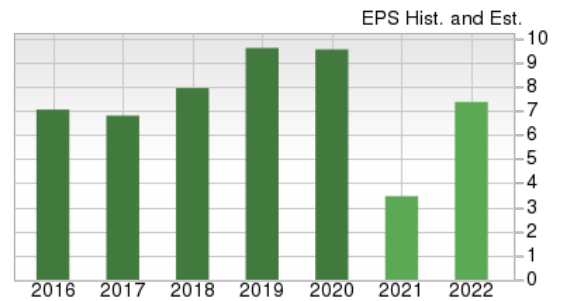
Its licensed brands include Speedo, Kenneth Cole New York, MICHAEL Michael Kors, Kenneth Cole Reaction, Unlisted, a Kenneth Cole Production, Michael Kors Collection, DKNY and Chaps. Furthermore, its brand portfolio comprises other owned, licensed and private label brands.

PVH Corp manages its business through operating divisions, which consist of three reportable segments:

The **Calvin Klein** brand, which contributed 36% to the company's total revenues in the fourth quarter of fiscal 2019, includes Calvin Klein Collection, Calvin Klein platinum label, Calvin Klein white label, Calvin Klein Jeans and Calvin Klein Underwear.

PVH Corp sells the **Tommy Hilfiger** product line under two brand portfolios: Tommy Hilfiger and Hilfiger Denim. PVH Corp's total revenues received about 50.2% contribution from this brand in the fourth quarter of fiscal 2019.

Heritage Brands, which constituted roughly 13.8% of PVH Corp's fourth-quarter fiscal 2019 revenues, specializes in designing, sourcing and marketing a wide array of brand-label shirts, sportswear, neckwear, intimate apparel, swimwear and footwear. PVH Corp also provides the license to sell products from its owned brands except for Calvin Klein and Tommy Hilfiger.



Reasons To Sell:

▼ **PVH Reels Under COVID-19 Impacts, Stock Underperforms:** Shares of PVH have plummeted 50.3% in the past three months compared with the industry's decline of 34.1%. The stock's dismal run on the bourses can be attributable to the ongoing coronavirus pandemic, which has led to the closure of majority of the company's stores for an indefinite period. To combat the effects of the losses, the company is furloughing or reducing work hours for about 75% of store, warehouse and office associates in North America, wherein the company has most of its workforce. It has also kept all hiring programs on hold and has canceled plans for any merit increments in 2020. Management also suspended cash compensations for all board members.

PVH Corp has furloughed staff and is reducing spending to combat the effects of the COVID-19 crisis. It has withheld guidance, given the uncertainty related to this pandemic.

Further, the company is curtailing capital expenditure, marketing spends and other discretionary expenses. It is also undertaking tough inventory management with an aim to lower working capital. Additionally, to enhance financial flexibility amid the pandemic, PVH Corp. has drawn \$750 million from its revolving credit facility of more than \$1 billion. It has also suspended share buybacks alongside terminating cash dividends from the second quarter of fiscal 2020.

▼ **Soft Heritage Brands Unit:** PVH Corp has been witnessing softness across its Heritage Brands segment for a while now. In fourth-quarter fiscal 2019, the Heritage Brands segment's revenues fell 1% year over year at \$359 million. The decline was mainly owing to softness in North America's wholesale business and flat comps. Prior to this, segment sales slumped 13% year over year at \$375 million in the preceding quarter. Management remains concerned about this segment, given the tough retail environment in North America, which has already been affecting price points.

▼ **Increasing Trend in SG&A, Margins Soft:** PVH Corp has been witnessing elevated SG&A expenses for quite some time now. Notably, the metric grew 3.3% in the fourth quarter, following increases of 4.6%, 7.7% and 10.3% in the third, second and first quarters of fiscal 2019, respectively. Persistence of such a trend may weigh on margins in the near term. In fact, gross margin contracted 90 basis points to 53.7% in the fourth quarter of fiscal 2019.

Risks

- **Robust Q4 Results:** PVH Corp retained its positive earnings streak in fourth-quarter fiscal 2019, reporting better-than-expected earnings and sales. While its bottom line outpaced the Zacks Consensus Estimate in the trailing eight quarters, the top line surpassed the same in six of the last eight quarters. Results were primarily aided by growth at Tommy Hilfiger, offset by revenue declines at Calvin Klein and Heritage Brands. On a constant-currency (cc) basis, revenues improved 6%.
 - **Tommy Hilfiger Brand Exhibits Strength:** PVH Corp's Tommy Hilfiger brand has been consistently experiencing momentum and market share gains since the last few quarters. In fact, the brand's performance, particularly in the international regions remained sturdy in fourth-quarter fiscal 2019, backed by a stellar performance in Europe and gains from the Australia acquisition as well as comparable store sales (comps) growth of 10%. In fact, International revenues at the segment increased 20% to \$865 million (up 22% at cc). Also, the buyout of the Tommy Hilfiger retail business in Central and Southeast Asia from the company's prior licensee in the market (the TH CSAP acquisition) aided growth. Notably, revenues at the Tommy Hilfiger segment improved 12% to \$1.3 billion (up 13% at cc).
 - **Healthy Share Buybacks Boost Returns:** PVH Corp remains committed toward enhancing its shareholders' value through share repurchases. Further, the company's ability to generate a strong operating cash flow has helped in the execution of long-term strategies such as global expansion, product enhancement and brand offerings, and building of operational infrastructure. Moreover, PVH Corp's financial strength is evident from its ongoing share repurchase program. In fiscal 2019, the company bought back 3.4 million shares for roughly \$325 million under its \$2-billion buyback authorization, extending up to Jun 3, 2023. Since its inception, the company repurchased nearly 12.4 million shares for \$1.3 billion as part of its commitment under the aforementioned plan.
-

Last Earnings Report

PVH Corp Earnings & Sales Surpass Estimates in Q4

PVH Corp continued with its earnings beat trend, delivering better-than-expected results in fourth-quarter fiscal 2019. Both the top and bottom lines surpassed the Zacks Consensus Estimate and improved year over year.

Going forward, the company expects results for the first quarter and fiscal 2020 to include significant impacts from the coronavirus outbreak. Based on the uncertainties and the unprecedented impacts of the situation on its operations, PVH Corp has withheld its guidance for fiscal 2020.

The company stated that its operations in first-quarter fiscal 2020 will likely be impacted by virus-related concerns, reduced travel, temporary store closures and government-imposed restrictions. The actions have led to a significant reduction in traffic and consumer spending trend as well as a slowdown in sales at its retail stores in nearly all key markets. Additionally, the company's wholesale customers and licensing partners are witnessing similar trends. Further, PVH Corp and its licensing partners are witnessing supply-chain disruptions, which are expected to mount up in the future due to the closure of factories or operations with a limited workforce.

However, the company is confident of navigating the situation on its strong financial position, with over \$1 billion in cash and available borrowings. It ended 2019 with cash of \$503 million and a 7% decline in inventory levels.

Further, the company has undertaken a few steps to maintain financial flexibility during the current turbulent times. It has drawn \$750 million from its more than \$1-billion revolving credit facility to improve cash position, while also maintaining untapped capital through its credit facility. PVH Corp has also temporarily suspended its share repurchase program and dividend payouts beginning the second quarter of fiscal 2020.

The company currently has \$600 million remaining under its current share repurchase authorization, following repurchases worth \$325 million in fiscal 2019 and \$110 million in first-quarter fiscal 2020.

Moreover, PVH Corp is reviewing every opportunity to reduce discretionary operating expenses. It has also lowered its capital expenditure target to \$190 million for fiscal 2020, whereas it incurred \$345 million in fiscal 2019.

Q4 Highlights

PVH Corp's adjusted earnings of \$1.88 per share grew 2.2% year over year and surpassed the Zacks Consensus Estimate of \$1.80. The metric also outshined the company's guidance of \$1.77-\$1.79.

On a GAAP basis, the company delivered a loss per share of 93 cents against earnings per share of \$2.09 registered in the year-ago quarter. The bottom line, both on adjusted and GAAP basis, included an adverse impact of 5 cents per share from foreign currency translations.

In the fiscal fourth quarter, revenues rose 5% to \$2,600.8 million and outpaced the Zacks Consensus Estimate of \$2,481 million. On a constant-currency (cc) basis, revenues improved 6%. The upside was primarily backed by growth at Tommy Hilfiger, offset by revenue declines at Calvin Klein and Heritage Brands.

The company's total gross profit rose 3.1% to \$1,397.9 million, while gross margin contracted 90 basis points to 53.7%. Moreover, adjusted EBIT decreased 22.3% to \$150 million, driven by earnings declines across all businesses. This included the negative impacts of incremental inventory reserves in the fourth quarter of fiscal 2019 in anticipation of lower sales trends due to the COVID-19 outbreak.

Segment Analysis

PVH Corp reports its financial results under three segments — Calvin Klein, Tommy Hilfiger and Heritage Brands.

Revenues at **Calvin Klein** declined 2% year over year to \$936 million (down 1% at cc). The segment's International revenues grew 6% to \$554 million (up 8% at cc). International revenues benefited from growth in Europe and incremental revenues from the acquisition of nearly 78% interest in Gazal Corporation Limited that it did not own previously (referred as Australia acquisition), offset by softness in Asia due to disruptions in Hong Kong. International comparable-store sales (comps) rose 1%. The segment's North America revenues declined 11% to \$382 million mainly due to soft wholesale business. In North America, comps improved 4%.

Revenues at the **Tommy Hilfiger** segment improved 12% to \$1.3 billion (up 13% at cc). International revenues at the segment increased 20% to \$865 million (up 22% at cc). The improvement was mainly backed by a stellar performance in Europe and gains from the aforementioned Australia acquisition as well as comps growth of 10%. Also, the buyout of Tommy Hilfiger retail business in Central and Southeast Asia from the company's prior licensee in the market (the TH CSAP acquisition) aided growth. However, the segment's North America revenues fell 2% to \$440 million as growth at North America's wholesale business was more than offset by a 6% comps decline due to soft traffic and lower consumer spending trends.

The **Heritage Brands** segment's revenues fell 1% year over year at \$359 million. The decline was mainly owing to softness in North America's wholesale business and flat comps.

Quarter Ending 01/2020

Report Date	Apr 01, 2020
Sales Surprise	4.82%
EPS Surprise	4.44%
Quarterly EPS	1.88
Annual EPS (TTM)	9.54

Recent News

PVH Corp on Track to Fortify Financial Position Amid Coronavirus – Apr 7, 2020

With the coronavirus spread growing each day, PVH Corp announced several proactive steps to cut down on expenses and protect its cash position. To this end, management announced the suspension of cash compensation for board members during the crisis period. Further, the company announced a reduction in salary and compensation for other executives and workers. PVH Corp. has also kept all hiring plans on hold and informed that it will not make any merit increments in 2020.

Moreover, PVH Corp. has taken actions that are likely to lead to furloughing or reduced working hours for about 75% of store, warehouse and office associates in North America, wherein the company has most of its workforce. While employees with reduced working hours will be paid accordingly, furloughed workers will not receive any pay.

Apart from this, the company is curtailing capital expenditure, marketing spends and other discretionary expenses. It is also undertaking tough inventory management with an aim to lower working capital. Additionally, to enhance financial flexibility amid the pandemic, PVH Corp. has drawn \$750 million from its revolving credit facility of more than \$1 billion. It has also suspended share buybacks alongside terminating cash dividends from the second quarter of fiscal 2020.

PVH Corp Sells Speedo North America, Adds to Liquidity – Apr 6, 2020

PVH Corp concluded its previously announced divestiture of Speedo North America business licenses to Pentland Group for \$170 million in cash, after working capital adjustments. Notably, the Pentland Group is the parent company of Speedo International Limited, which licensed the Speedo trademark to a subsidiary of PVH Corp for perpetual use in North America and the Caribbean. Per the agreement, the subsidiary will be sold to the Pentland subsidiary.

The deal, which was signed in January 2020, supports PVH Corp's efforts to streamline its Heritage Brands business to adapt to the changing retail environment.

PVH Corp notes that the proceeds from the sale transaction will further boost its balance sheet and liquidity position. The company currently has liquidity of more than \$1.3 billion in cash and available borrowings. This provides ample liquidity in the current tough times when the world is fighting to contain the coronavirus pandemic.

PVH Corp Closes Stores to Contain the Coronavirus Outbreak – Mar 16, 2020

In the wake of the coronavirus outbreak, PVH Corp. announced store closures across North America and Europe as a measure to contain the virus spread. It declared that its company-operated retail stores in North America and Europe will remain closed from Mar 17 to Mar 29. It stated that all employees at the locations will receive full pay and benefits for their scheduled shifts during the temporary lockdown.

However, its offices will remain open, with all associates in North America and Europe working remotely from home, except for a few employees, with critical functions. The company notified that customers can continue to shop at its online sites — Tommy.com, CalvinKlein.com, VanHeusen.com, Izod.com, styleBureau.com and SpeedoUSA.com.

Also, it notes that company-operated stores across the Asia Pacific have resumed operation, although stores in some regions are open for limited hours. While the retail store traffic is picking up in the regions, it remains significantly below the prior-year period figure. Further, the company's offices in Greater China have resumed functionality, while offices in South Korea and Japan are operating for reduced hours. It expects to provide a detailed business update related to the impacts of the COVID-19 outbreak on its fourth-quarter fiscal 2019 earnings call scheduled on Apr 2.

PVH Corp Closes Stores in China Due to Coronavirus Outbreak – Feb 12, 2020

PVH Corp. announced that it has temporarily closed majority of the Tommy Hilfiger and Calvin Klein stores (company-operated and franchise) in China in response to the coronavirus outbreak. Management stated that open stores are operating with reduced hours and witnessing lower-than-expected traffic and sales trends. Given the epidemic outbreak in the country, PVH Corp is prioritizing on health and safety of employees and its partners. Consequently, it expects the affected China operations to have a pronounced impact on overall results.

Notably, the company expects Greater China to contribute nearly 7% of its revenues in 2019 while the Asia Pacific region is likely to make for 16% of its revenues. The company expects the outbreak is likely to result in sourcing difficulties as about 20% of its global sourcing is derived from China. This includes nearly 10% of sourcing inbound to the United States.

The company now expects fourth-quarter and fiscal 2019 earnings per share on a GAAP basis to be lower than its previous guidance. This could be due to actuarial loss recognized on retirement plans, resulting from a decline in discount rate in the latter part of January 2020. Earlier, the company envisioned loss per share of about 20 cents for the fourth quarter and around \$6.32 for fiscal 2019, on a GAAP basis. Adjusted earnings are envisioned to be a minimum of \$1.79 and \$9.45, respectively, for the fourth quarter and fiscal 2019. The company believes that non-GAAP earnings would have been higher than its provided guidance had the coronavirus outbreak not happened during the last two weeks of its fiscal year.

Valuation

PVH Corp shares are down 57.5% in the year-to-date period and nearly 64% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Consumer Discretionary sector are down 37.6% and 20.6%, respectively. Over the past year, the Zacks sub-industry and the sector are down 35.9% and 17.1%, respectively.

The S&P 500 index is down 12.1% in the year-to-date period and 3.7% in the past year.

The stock is currently trading at 10X forward 12-month earnings, which compares to 18.35X for the Zacks sub-industry, 23.64X for the Zacks

sector and 20.18X for the S&P 500 index.

Over the past five years, the stock has traded as high as 19.72X and as low as 3.32X, with a 5-year median of 13.52X. Our Underperform recommendation indicates that the stock will perform worse than the market. Our \$38 price target reflects 8.51X forward 12-month earnings.

The table below shows summary valuation data for PVH

Valuation Multiples - PVH					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	10	18.35	23.64	20.18
	5-Year High	19.72	23.06	23.64	20.18
	5-Year Low	3.32	12.93	16.15	15.19
	5-Year Median	13.52	17.92	19.88	17.44
P/S F12M	Current	0.37	1.73	1.94	3.19
	5-Year High	1.36	2.58	3.19	3.44
	5-Year Low	0.22	1.43	1.67	2.54
	5-Year Median	0.95	2.04	2.52	3.01
EV/EBITDA TTM	Current	7.41	13.21	9.62	10.37
	5-Year High	18.1	26.49	17.6	12.86
	5-Year Low	6.34	11.09	8.26	8.28
	5-Year Median	11.12	17.81	12.24	10.77

As of 05/01/2020

Industry Analysis Zacks Industry Rank: Bottom 8% (232 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
Crocs, Inc. (CROX)	Neutral	3
Guess?, Inc. (GES)	Neutral	3
lululemon athletica inc. (LULU)	Neutral	3
Ralph Lauren Corporation (RL)	Neutral	4
Columbia Sportswear Company (COLM)	Underperform	4
Delta Apparel, Inc. (DLA)	Underperform	NA
G-III Apparel Group, LTD. (GIII)	Underperform	5
V.F. Corporation (VFC)	Underperform	5

Industry Comparison Industry: Textile - Apparel				Industry Peers		
	PVH	X Industry	S&P 500	GIII	RL	VFC
Zacks Recommendation (Long Term)	Underperform	-	-	Underperform	Neutral	Underperform
Zacks Rank (Short Term)	4	-	-	5	4	5
VGM Score	A	-	-	A	A	C
Market Cap	3.17 B	580.85 M	20.61 B	482.49 M	5.39 B	21.88 B
# of Analysts	8	4	14	7	6	11
Dividend Yield	0.34%	0.00%	2.11%	0.00%	3.76%	3.46%
Value Score	B	-	-	A	A	F
Cash/Price	0.17	0.16	0.06	0.46	0.38	0.03
EV/EBITDA	8.12	7.81	11.87	3.74	6.29	13.17
PEG Ratio	1.04	2.33	2.47	0.89	0.65	2.58
Price/Book (P/B)	0.56	0.94	2.67	0.37	1.73	4.79
Price/Cash Flow (P/CF)	3.47	4.74	10.66	2.78	6.63	12.70
P/E (F1)	12.58	16.53	19.01	10.18	12.56	27.03
Price/Sales (P/S)	0.32	0.43	2.10	0.15	0.84	1.78
Earnings Yield	7.75%	5.95%	5.05%	9.85%	7.96%	3.70%
Debt/Equity	0.73	0.65	0.72	0.50	0.65	0.69
Cash Flow (\$/share)	14.19	2.16	7.01	4.08	11.12	4.57
Growth Score	B	-	-	A	A	B
Hist. EPS Growth (3-5 yrs)	8.54%	4.50%	10.88%	6.78%	1.80%	4.12%
Proj. EPS Growth (F1/F0)	-63.69%	-47.09%	-7.32%	-69.06%	-18.97%	-30.05%
Curr. Cash Flow Growth	-3.91%	8.09%	5.92%	6.85%	9.60%	51.18%
Hist. Cash Flow Growth (3-5 yrs)	3.96%	4.10%	8.55%	9.97%	-3.42%	4.29%
Current Ratio	1.44	1.82	1.23	2.23	1.94	2.12
Debt/Capital	42.09%	39.48%	43.84%	33.35%	39.49%	40.92%
Net Margin	4.21%	3.79%	11.08%	4.55%	10.40%	10.54%
Return on Equity	12.14%	12.14%	16.44%	12.74%	20.83%	30.78%
Sales/Assets	0.72	1.13	0.54	1.19	0.91	1.14
Proj. Sales Growth (F1/F0)	-16.60%	-11.37%	-1.42%	-16.40%	-5.31%	-13.03%
Momentum Score	B	-	-	A	D	C
Daily Price Chg	-8.75%	-1.94%	-2.39%	0.71%	-8.88%	-3.62%
1 Week Price Chg	-7.84%	-3.53%	-1.74%	-5.25%	-6.03%	-5.10%
4 Week Price Chg	54.47%	19.05%	17.07%	93.01%	11.84%	18.28%
12 Week Price Chg	-44.61%	-31.07%	-18.53%	-60.41%	-39.24%	-30.90%
52 Week Price Chg	-61.49%	-53.97%	-9.82%	-73.28%	-44.06%	-38.12%
20 Day Average Volume	2,056,184	77,781	2,641,413	1,407,643	1,252,552	2,641,413
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	-8.22%	-7.69%
(F1) EPS Est 4 week change	-40.72%	-29.08%	-6.62%	-2.68%	-17.29%	-29.08%
(F1) EPS Est 12 week change	-65.14%	-47.65%	-13.28%	-67.72%	-30.20%	-44.93%
(Q1) EPS Est Mthly Chg	-127.14%	-73.91%	-11.97%	-9.51%	-86.54%	-224.90%

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	B
Momentum Score	B
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.

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.