

PVH Corp (PVH)

\$51.26 (As of 07/16/20)

Price Target (6-12 Months): **\$44.00**

Long Term: 6-12 Months

Zacks Recommendation: Underperform

(Since: 07/07/20)

Prior Recommendation: Neutral

Short Term: 1-3 Months

Zacks Rank: (1-5)
5-Strong Sell

Zacks Style Scores:

VGM:F

Value: F

Growth: D

Momentum: C

Summary

Shares of PVH Corp has lagged the industry in the past three months. The company reported lower-than-expected first-quarter fiscal 2020 results. Further, both top and bottom lines declined year over year. Results were affected by temporary closure of its global stores fleet for about six weeks since the onset of the coronavirus pandemic. Going ahead, management predicts the pandemic will weigh on its second quarter and fiscal 2020 results. Consequently, the company refrained from providing fiscal 2020 guidance. Apart from these, its Heritage Brands segment continues to be drab. Moreover, softness in margins remain a concern. However, its attempt to reopen stores in phased manner appears encouraging. Also, it witnessed impressive e-commerce sales during first-quarter fiscal 2020 as store remained closed on account of COVID-19.

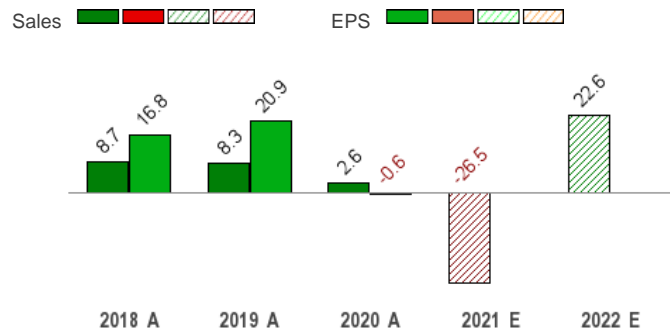
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$108.06 - \$28.40
20 Day Average Volume (sh)	1,669,382
Market Cap	\$3.6 B
YTD Price Change	-51.3%
Beta	2.06
Dividend / Div Yld	\$0.15 / 0.3%
Industry	Textile - Apparel
Zacks Industry Rank	Bottom 10% (227 out of 251)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-67.4%
Last Sales Surprise	-0.7%
EPS F1 Est- 4 week change	-23.4%
Expected Report Date	08/26/2020
Earnings ESP	-20.0%

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	2,178 E	2,173 E	2,435 E	2,505 E	8,926 E
2021	1,344 A	1,241 E	2,288 E	2,450 E	7,283 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	\$0.37 E	\$0.93 E	\$2.57 E	\$1.42 E	\$5.75 E
2021	-\$3.03 A	-\$2.78 E	\$1.66 E	\$1.09 E	-\$2.99 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	12.7
P/E F1	NA
PEG F1	NA
P/S TTM	0.4

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 07/16/2020. The reports text is as of 07/17/2020.

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.

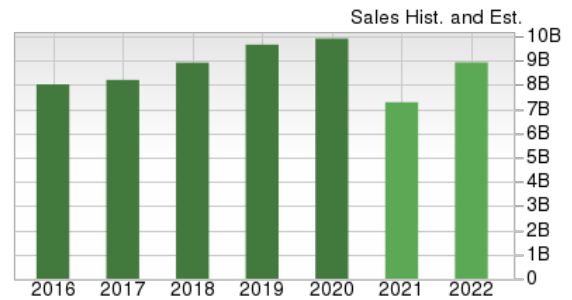
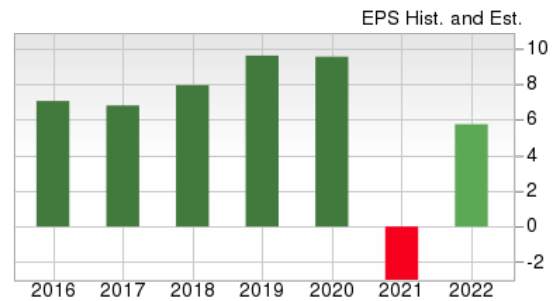
Its licensed brands include Speedo, Kenneth Cole New York, MICHAEL Michael Kors, Kenneth Cole Reaction, Unlisted, a Kenneth Cole Production, Michael Kors Collection, DKNY and Chaps. Furthermore, its brand portfolio comprises other owned, licensed and private label brands.

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

The **Calvin Klein** brand, which contributed 35.5% to the company's total revenues in first-quarter fiscal 2020, 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 48.1% contribution from this brand in the fiscal first quarter.

Heritage Brands, which constituted roughly 16.4% of PVH Corp's first-quarter 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:

▼ **Soft Q1 Results:** Shares of PVH Corp increased 25.4% in the past three months compared with the industry's rally of 28%. The company posted dismal results for first-quarter fiscal 2020, wherein both top and bottom lines declined year over year. Results were affected by temporary store closures globally for about six weeks since the onset of the coronavirus. Notably, revenues declined 43% and 42% on a reported and constant currency basis, respectively, during the fiscal first quarter. Sluggish performance in all its segments hurt the top line. Further, revenues at its retail stores declined roughly 50-65% year over year due to temporary store closures and soft traffic before that. Moreover, wholesale revenues fell 41% as store closures led to a significant reduction in shipments. Meanwhile, store closures led the company's digital sales to rise 47% year over year with solid growth in all regions. Notably, sturdy demand for Tommy Hilfiger and Calvin Klein brands across all regions led to a double-digit to triple-digit rise in digital sales.

PVH Corp's Q1 results were affected by temporary store closures of the global fleet for about six weeks since the onset of the coronavirus. It refrained from providing fiscal 2020 guidance.

Going ahead, management predicts the ongoing pandemic to weigh on the second quarter and fiscal 2020 results. It also anticipates second-quarter revenues to witness a more pronounced impact of the pandemic on a sequential basis. As a result, the company refrained from providing fiscal 2020 guidance.

▼ **Streamline North America Business, Exit Heritage Brands:** PVH Corp. has increased its focus on streamlining the North American business owing to the tough retail environment. The company has decided to exit its Heritage Brands Retail unit by closing 162 stores. Notably, the unit accounted for 2.6% of its total revenues in 2019. This will lower the company's headcount by 12% across all three brands — Calvin Klein, Tommy Hilfiger and Heritage Brands. The aforementioned store closures are likely to take place by mid-2021. Also, the store closures are expected to incur roughly \$80 million of pre-tax costs, out of which nearly \$10 million is projected to be non-cash.

Notably, Heritage Brands Retail business, with a product portfolio of Van Heusen, Izod, Arrow, Warner's, Olga and Geoffrey Beene, has failed to generate profits for a while now. In first-quarter fiscal 2020, the Heritage Brands segment's revenues fell 47% year over year, primarily owing to a rise in accounts receivable write-offs and inventory reserves, and deleveraging of expenses.

▼ **Weak Margins A Concern:** PVH Corp has been witnessing dismal margins for the past few quarters, which was aggravated by the coronavirus pandemic. Notably, total gross profit decreased nearly 49% to \$665.9 million, while gross margin contracted 550 basis points to 49.5%. Adjusted loss before interest and taxes was \$247 million against earnings before interest and taxes of \$267 million in the prior-year quarter. The downside can be attributable to a dismal top-line performance stemming from COVID-19 impacts and adverse impacts of accounts receivable write-offs and inventory reserves to the tune of \$97 million. Going ahead, any further decline in margins may hurt the company's bottom line in the near term.

▼ **Macroeconomic Headwinds May Dampen Performance:** Consumer confidence and spending behavior may dampen due to macroeconomic factors including an increase in fuel and energy costs, credit availability, high unemployment levels, and high household debt levels, which can negatively affect the disposable income of consumers. Additionally, management assumes a competitive and promotional macro landscape.

Risks

- **Store Reopening Efforts Bode Well:** With almost all stores closed since Mar 17, PVH Corp is now gearing up to reopen stores in a phased manner, with a market-by-market approach with adherence to the government guidelines. In this regard, the company has reopened roughly 180 company-operated stores across all brands in North America, 350 in Europe, 1,000 in Asia, 75 in Australia and four in Brazil as on May 19. Going ahead, management expects more than 85% of stores to reopen globally by mid-June.
- **Efficient Brand Management Approach:** PVH Corp's diversified brand portfolio allows it to stay ahead of its peers to generate above-average industry growth and sustain its position in the current challenging environment. The company's approach to brand management facilitates each of its brands to develop further through effective marketing strategies, financial control and operating leverage. Based on the strength of many of its brands, particularly Tommy Hilfiger, coupled with opportunities with regard to distribution, we believe that the company is poised for long-term growth. Going forward, management remains confident about the underlying power of Calvin Klein and Tommy Hilfiger brands, which position the company's business to succeed amid the ever-changing consumer landscape.
- **Solid E-Commerce Sales Reflects Strength:** PVH Corp has been witnessing impressive performance in digital platform as its global store fleet remained closed amid the COVID-19 pandemic and customers shifted to online purchases. E-commerce sales improved 40% year over year during first-quarter fiscal 2020 driven by robust growth in all regions. Calvin's online sales in North America generated a quarterly profit for the first time in its history. Further, it gained customer attention in Southeast Asia from the partnership with Tmall, which featured virtual exhibit for CK One product drop and CK One Tmall Club Day. Similarly, the company rolled out e-commerce collaboration with Zalando in Europe in June.

Apart from these, all new product launches and collaborations were redirected to e-commerce platform. It also hosted a shoppable livestream event across North America and Europe at the Tommy Hilfiger website. Additionally, it has launched Calvin Klein Pride campaign - #PROUDINMYCALVINS. Moreover, Van Heusen and IZOD unveiled the new Heritage Brands corporate-responsibility platform on their websites. Moreover, the company expects overall digital penetration to increase throughout 2020.

- **Financial Flexibility:** PVH Corp's ended first-quarter fiscal 2020 with total debt of \$2,854.2 million which reflects nearly 6% rise on a sequential basis. Also, its debt-to-capitalization ratio of 0.51 represents a significant sequential increase from 0.44 as of May 3, 2020. However, the debt-to-capitalization ratio compares favorably with the industry's ratio of 0.61. Moreover, the company had cash balance of approximately \$800 million along with a revolving credit facility of \$1 billion as of the end of the fiscal first quarter. This provides the company with the financial flexibility to drive growth. Additionally, management suspended share repurchases and cash dividends to preserve cash amid the pandemic. Prior to this, it repurchased roughly \$110 million and paid out dividends of 37.5 cents on Mar 31. Capital expenditure was lowered to nearly \$190 million for fiscal 2020 from \$345 million in fiscal 2019. Apart from these, it has entered 364 day revolving credit facility of \$275 million. Also, PVH Corp boasts a liquidity of \$1.8 billion as on May 3, 2020, which will help it stay afloat during this crisis.
-

Last Earnings Report

PVH Corp's Q1 Loss Wider Than Expected, Sales Down Y/Y

PVH Corp posted dismal results for first-quarter fiscal 2020, wherein both top and bottom lines declined year over year. Results were affected by temporary store closures for about six weeks since the onset of the coronavirus. Going ahead, management predicts the ongoing pandemic to weigh on the second quarter and fiscal 2020 results. It also expects second-quarter revenues to witness a more pronounced impact of the pandemic on a sequential basis. As a result, the company refrained from providing fiscal 2020 guidance.

Quarter Ending **04/2020**

Report Date	Jun 11, 2020
Sales Surprise	-0.72%
EPS Surprise	-67.40%
Quarterly EPS	-3.03
Annual EPS (TTM)	4.05

Although PVH Corp. has reopened a few stores, revenues for those stores are currently down roughly 25% year over year on a global basis. It expects more than 85% of stores to reopen globally by mid-June. Nevertheless, the digital business continued to witness strong momentum.

Q1 Highlights

PVH Corp. reported an adjusted loss of \$3.03 per share against adjusted earnings of \$2.46 in the year-ago quarter. The figure was also wider than the Zacks Consensus Estimate of a loss of \$1.81.

On a GAAP basis, the company delivered a loss per share of \$15.37 against earnings of \$1.08 registered in the year-ago quarter.

In the fiscal first quarter, revenues declined 43% to \$1,344 million and missed the Zacks Consensus Estimate of \$1,354 million. On a constant-currency (cc) basis, revenues plunged 42%. Sluggish performance in all its segments hurt the top line.

Also, revenues at its retail stores declined roughly 50-65% year over year due to temporary store closures and soft traffic before that. Moreover, wholesale revenues fell 41% as store closures led to a significant reduction in shipments. Meanwhile, store closures led the company's digital sales to rise 47% year over year with solid growth in all regions. Notably, sturdy demand for Tommy Hilfiger and Calvin Klein brands across all regions led to a double-digit to triple-digit rise in digital sales.

The company's total gross profit decreased nearly 49% to \$665.9 million, while gross margin contracted 550 basis points to 49.5%. However, adjusted SG&A expenses fell 11.4% to \$917.3 million in the quarter under review.

Adjusted loss before interest and taxes was \$247 million against earnings before interest and taxes of \$267 million in the last year quarter. The downside can be attributable to a dismal top-line performance stemming from COVID-19 impacts, and adverse impacts of accounts receivable write-offs and inventory reserves to the tune of \$97 million.

Segment Analysis

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

Revenues at **Calvin Klein** plunged 46% (down 45% at cc) year over year with Calvin Klein North America and International declining 54% and 40%, respectively.

Revenues at the **Tommy Hilfiger** segment declined 39% (down 37% at cc) year over year in the reported quarter. Further, Tommy Hilfiger North America and International fell 51% and 32%, respectively.

The **Heritage Brands** segment's revenues fell 47% year over year during the quarter under review.

Financial Details & Other Information

PVH Corp. ended the fiscal first quarter with cash of approximately \$800 million. Also, it boasts a revolving credit facility of \$1 billion. During the quarter, management suspended share repurchases and cash dividends due to COVID-19 impacts. Prior to this, it repurchased roughly \$110 million and paid out dividends of 37.5 cents on Mar 31. Capital expenditure was lowered to nearly \$190 million for fiscal 2020 from \$345 million in fiscal 2019.

In April, management concluded the sale of the Speedo North America business to Pentland Group PLC, the parent company of the Speedo brand, in a deal worth \$169 million.

Recent News

PVH Corp to Exit Heritage Brands, Cut Jobs in North America – Jul 14, 2020

In the face of a tough retail environment, thanks to the coronavirus pandemic, PVH Corp. has increased its focus on streamlining the North American business. The company has decided to exit its Heritage Brands Retail unit by closing 162 stores. Notably, the unit accounted for 2.6% of its total revenues in 2019. This will lower the company's headcount by 12% across all three brands — Calvin Klein, Tommy Hilfiger and Heritage Brands. The aforementioned store closures are likely to take place by mid-2021. Also, the store closures are expected to incur roughly \$80 million of pre-tax costs, out of which nearly \$10 million is projected to be non-cash. However, these structural changes are anticipated to generate cost savings of \$80 million annually. Sources believe that the move came after the sudden softness in the apparel industry, with consumers sticking to budget buys amid these trying times. Industry experts have welcomed this step as the Heritage Brands Retail business, with a strong product portfolio of Van Heusen, Izod, Arrow, Warner's, Olga and Geoffrey Beene, has failed to generate profits.

PVH Corp Completes Senior Notes Offering – Jul 10, 2020

PVH Corp. has completed its previously rolled out offering of \$500 million worth senior notes due 2025. The senior notes are priced at 99.625% of the aggregate principal amount with a coupon of 4 5/8%. The company plans to use the net proceeds from the offering for general corporate purposes, including the repayment of outstanding debt.

PVH Corp Outlines Global Stores Re-Opening Plan – May 19, 2020

PVH Corp has put forth a phased plan to re-open its Tommy Hilfiger and Calvin Klein in the United States and across the world, in its continued effort to navigate the coronavirus crisis. The company is preparing for store re-opening in various countries based on local infection rate trends, staff preparedness and training, and the availability of protective gear and cleaning equipment for employees. The stores will be re-opened keeping the safety and health of employees, consumers and communities in mind. Currently, the company has about 180 company-operated stores open in North America, 350 in Europe, 1,000 in Asia, 75 in Australia and four in Brazil. Further, the company expects to continue phased re-opening of stores across these regions over the next several weeks depending on the local restrictions on retail operations and more. Further, the company is keen on expanding digital connections with consumers, hosting a shoppable livestream event across North America and Europe on May 26 at the Tommy Hilfiger website. Additionally, it has launched Calvin Klein Pride campaign - #PROUDINMYCALVINS. Moreover, Van Heusen and IZOD unveiled the new Heritage Brands corporate-responsibility platform on their websites. In all, the company is witnessing robust online sales growth, which is higher than the rate achieved in 2019. Moreover, the company expects overall digital penetration to increase throughout 2020.

Valuation

PVH Corp shares are down 51.3% in the year-to-date period and nearly 41.6% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Consumer Discretionary sector are down 20.4% and 7%, respectively. Over the past year, the Zacks sub-industry and the sector are down 15.7% and 2.3%, respectively.

The S&P 500 index is up 0.3% in the year-to-date period and 8.5% in the past year.

The stock is currently trading at 48.75X forward 12-month earnings, which compares to 28.81X for the Zacks sub-industry, 35.18X for the Zacks sector and 22.89X for the S&P 500 index.

Over the past five years, the stock has traded as high as 124.5X and as low as 3.32X, with a 5-year median of 13.35X. Our Underperform recommendation indicates that the stock will perform worse than the market. Our \$44 price target reflects 41.85X 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	48.75	28.81	35.18	22.89
	5-Year High	124.5	28.81	35.18	22.89
	5-Year Low	3.32	13.32	16.21	15.25
	5-Year Median	13.35	17.99	19.92	17.52
P/S F12M	Current	0.45	2.27	2.32	3.58
	5-Year High	1.36	2.58	3.2	3.58
	5-Year Low	0.22	1.43	1.67	2.53
	5-Year Median	0.94	2.04	2.49	3.02
EV/EBITDA TTM	Current	5.68	18.43	10.51	11.99
	5-Year High	18.1	25.31	17.63	12.86
	5-Year Low	5.06	11.3	8.26	8.25
	5-Year Median	11.01	17.57	12.21	10.87

As of 07/16/2020

Industry Analysis Zacks Industry Rank: Bottom 10% (227 out of 251)



Top Peers

Company (Ticker)	Rec	Rank
Crocs, Inc. (CROX)	Outperform	2
Columbia Sportswear Company (COLM)	Neutral	3
Guess, Inc. (GES)	Neutral	3
GIII Apparel Group, LTD. (GIII)	Neutral	3
Gildan Activewear, Inc. (GIL)	Neutral	4
lululemon athletica inc. (LULU)	Neutral	3
V.F. Corporation (VFC)	Neutral	5
Ralph Lauren Corporation (RL)	Underperform	5

Industry Comparison Industry: Textile - Apparel				Industry Peers		
	PVH	X Industry	S&P 500	GIII	RL	VFC
Zacks Recommendation (Long Term)	Underperform	-	-	Neutral	Underperform	Neutral
Zacks Rank (Short Term)	5	-	-	3	5	5
VGM Score	F	-	-	F	F	D
Market Cap	3.64 B	723.07 M	22.43 B	605.47 M	5.42 B	24.28 B
# of Analysts	8	4	14	7	6	9
Dividend Yield	0.29%	0.00%	1.82%	0.00%	3.69%	3.08%
Value Score	F	-	-	C	C	D
Cash/Price	0.25	0.24	0.07	1.19	0.42	0.06
EV/EBITDA	8.10	8.10	13.00	4.23	8.59	17.94
PEG Ratio	NA	4.76	2.97	15.13	2.67	4.76
Price/Book (P/B)	0.81	1.56	3.13	0.49	2.04	7.33
Price/Cash Flow (P/CF)	3.61	6.58	12.13	3.09	7.07	14.41
P/E (F1)	NA	40.52	21.97	135.69	26.52	55.48
Price/Sales (P/S)	0.41	0.58	2.38	0.21	0.88	2.18
Earnings Yield	-5.83%	1.98%	4.35%	0.71%	3.77%	1.80%
Debt/Equity	0.96	0.77	0.75	0.91	0.73	1.08
Cash Flow (\$/share)	14.19	2.39	6.94	4.08	10.55	4.32
Growth Score	D	-	-	F	F	C
Hist. EPS Growth (3-5 yrs)	3.81%	0.90%	10.85%	7.78%	2.77%	3.16%
Proj. EPS Growth (F1/F0)	-131.33%	-70.56%	-9.37%	-97.09%	-57.11%	-58.09%
Curr. Cash Flow Growth	-3.91%	9.79%	5.51%	6.85%	-10.72%	-3.63%
Hist. Cash Flow Growth (3-5 yrs)	3.96%	4.03%	8.55%	9.97%	-4.88%	-3.37%
Current Ratio	1.37	1.70	1.30	3.97	1.61	1.66
Debt/Capital	49.05%	48.32%	44.33%	47.60%	42.18%	51.94%
Net Margin	-8.56%	2.23%	10.59%	3.15%	6.24%	6.09%
Return on Equity	5.56%	7.92%	15.74%	8.68%	17.25%	27.75%
Sales/Assets	0.66	1.02	0.54	1.07	0.84	1.02
Proj. Sales Growth (F1/F0)	-26.50%	-11.96%	-2.44%	-29.29%	-17.55%	-21.79%
Momentum Score	C	-	-	D	D	C
Daily Price Chg	0.95%	0.00%	-0.06%	2.86%	0.55%	-0.54%
1 Week Price Chg	-6.51%	-3.29%	-0.41%	-16.77%	-2.50%	-1.36%
4 Week Price Chg	3.10%	0.00%	1.63%	-8.36%	0.89%	-1.86%
12 Week Price Chg	29.12%	18.60%	15.55%	48.24%	8.19%	14.66%
52 Week Price Chg	-41.66%	-36.99%	-4.26%	-52.67%	-31.80%	-28.50%
20 Day Average Volume	1,669,382	118,460	2,236,294	1,277,963	985,956	2,618,633
(F1) EPS Est 1 week change	0.38%	0.00%	0.00%	0.00%	-0.18%	0.00%
(F1) EPS Est 4 week change	-23.38%	0.00%	0.01%	4.84%	-0.18%	0.00%
(F1) EPS Est 12 week change	-186.29%	-54.02%	-5.24%	-90.59%	-57.88%	-54.02%
(Q1) EPS Est Mthly Chg	1.41%	0.00%	0.00%	0.68%	0.00%	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	F
Growth Score	D
Momentum Score	C
VGM Score	F

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.