

PVH Corp (PVH)

\$33.25 (As of 03/18/20)

Price Target (6-12 Months): **\$28.00**

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: D

Summary

Shares of PVH Corp have declined and underperformed the industry year to date after two rounds of store closure plans announced due to the coronavirus outbreak worldwide. Earlier, it declared store closures in China and its impact on fourth-quarter and fiscal 2019 results. More recently, the company closed its company-operated retail stores across North America and Europe from Mar 17 to Mar 29 as a measure to contain the spread of coronavirus in these countries. Management predicts significant impacts from the virus spread on its results. Additionally, softness at Heritage Brands owing to a challenging retail landscape is likely to persist. Concerns related to tariffs, currency, competitive and promotional environment persist. However, strength in the Tommy Hilfiger and Calvin Klein brands has been catalysts over the years.

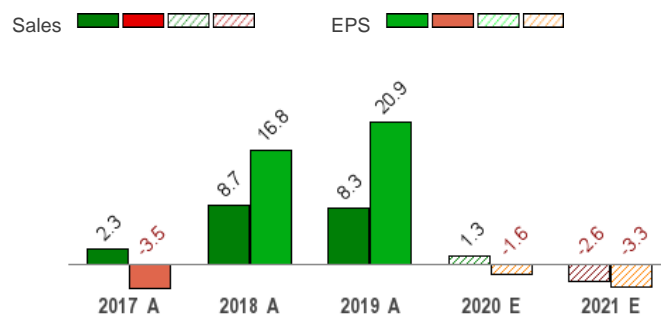
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$134.24 - \$29.41
20 Day Average Volume (sh)	1,478,788
Market Cap	\$2.4 B
YTD Price Change	-68.4%
Beta	1.58
Dividend / Div Yld	\$0.15 / 0.5%
Industry	Textile - Apparel
Zacks Industry Rank	Bottom 12% (222 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	3.3%
Last Sales Surprise	1.7%
EPS F1 Est- 4 week change	-4.0%
Expected Report Date	04/01/2020
Earnings ESP	1.2%
P/E TTM	3.5
P/E F1	3.6
PEG F1	0.3
P/S TTM	0.3

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	2,076 E	2,149 E	2,569 E	2,444 E	9,528 E
2020	2,356 A	2,364 A	2,588 A	2,476 E	9,784 E
2019	2,315 A	2,334 A	2,525 A	2,484 A	9,657 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$1.66 E	\$1.53 E	\$3.21 E	\$1.83 E	\$9.14 E
2020	\$2.46 A	\$2.10 A	\$3.10 A	\$1.80 E	\$9.45 E
2019	\$2.36 A	\$2.18 A	\$3.21 A	\$1.84 A	\$9.60 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 03/18/2020. The reports text is as of 03/19/2020.

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.

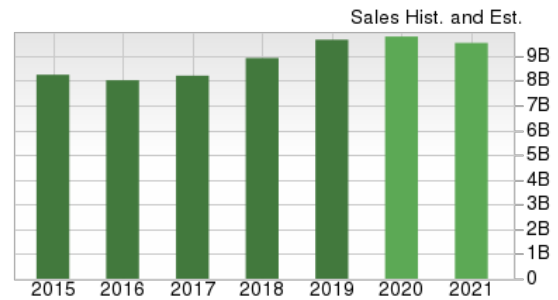
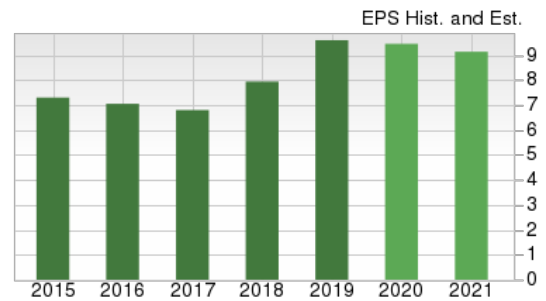
Its licensed brands include Speedo, Kenneth Cole New York, MICHAEL Michael Kors, Kenneth Cole Reaction, Unlisted, a Kenneth Cole Production, Michael Kors Collection, DKNY and Chaps. Furthermore, its brand portfolio comprises other owned, licensed and private label brands.

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

The **Calvin Klein** brand, which contributed 37.8% to the company's total revenues in the third 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 47.5% contribution from this brand in the third quarter of fiscal 2019.

Heritage Brands, which constituted roughly 14.7% of PVH Corp's third-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:

▼ **Dismal Stock Performance:** Shares of PVH Corp slumped around 68.9% year to date, compared with the industry's decline of 48%. The stock has come under pressure after two rounds of store closure plans announced due to the coronavirus outbreak worldwide. Earlier, the company announced store closures in China and its impact on fourth-quarter and fiscal 2019 results. More recently, the company revealed plans to close its company-operated retail stores across North America and Europe from Mar 17 to Mar 29 as a measure to contain the spread of coronavirus in these countries. The company 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.

PVH Corp has been witnessing softness at its Heritage Brands segment for a while now. In fiscal 2019, the brand's revenues are expected to fall 3%, wider than a decline of 1% projected earlier.

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 these 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.

▼ **Soft Heritage Brands Unit:** PVH Corp has been witnessing softness across its Heritage Brands segment for a while now. In third-quarter fiscal 2019, the Heritage Brands segment's revenues slumped 13% year over year to \$375 million. The decline was mainly due to softness across the North America's wholesale business and a 2% fall in comps. Moreover, EBIT margins for the segment were pressurized, declining nearly 180 bps as the wholesale and retail operations witnessed lower gross margin. This can be attributed to the weakness in the overall North America retail environment. Softness at Heritage Brands is expected to continue, evident from the management's projection for the current fiscal year. Brand's revenues are expected to decrease 3% in fiscal 2019, wider than a decline of 1% projected earlier.

▼ **Currency Headwinds:** PVH Corp has been witnessing adverse impacts of foreign currency translations, which continued in third-quarter fiscal 2019. In the reported quarter, the company's earnings per share and operating income included negative impacts of 9 cents and \$8 million, respectively, from unfavorable currency. Management expects foreign currency headwinds to weigh on earnings throughout fiscal 2019 on account of the continued strengthening of the U.S. dollar. Adverse foreign currency rate is now expected to mar earnings per share by nearly 35 cents in fiscal 2019 and nearly 5 cents in the fourth quarter.

▼ **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. Going forward, management has a conservative approach for the holiday season, as it assumes a competitive and promotional macro landscape. It also expects headwinds from surrounding trade and tariffs to continue hurting results. Management expects an adverse impact of roughly 20 cents per share from tariffs in the current fiscal year. Moreover, in Asia, the company has been witnessing volatility in the Greater China region, thanks to the ongoing protest in Hong Kong and U.S.-China trade tensions.

Risks

- **Robust Q3:** PVH Corp continued its positive earnings streak in third-quarter fiscal 2019. The company reported better-than-expected earnings and sales in the fiscal third quarter. While its bottom line outpaced the Zacks Consensus Estimate in the trailing seven quarters, the top line surpassed the same in five of the last seven quarters. Moreover, revenues inched up 3% in the fiscal third quarter, primarily backed by growth at its Tommy Hilfiger and Calvin Klein, somewhat offset by revenue decline at Heritage Brands. Moreover, the company's gross profit rose nearly 3%, with margin increasing 20 basis points (bps). Recently, the company agreed to sell its Speedo North America business licenses to Pentland Group for \$170 million in cash, after working capital adjustments.
 - **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 third-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 8%. Also, the buyout of Tommy Hilfiger retail business in Central and Southeast Asia from the company's prior licensee in that market (the TH CSAP acquisition) aided the brand's performance. Strength in the Tommy Hilfiger brand is expected to continue, as its revenues are expected to increase 4% in fourth-quarter fiscal 2019. For the fiscal year, revenues at Tommy Hilfiger are anticipated to increase roughly 6%, up from 5% growth projected earlier.
 - **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.
 - **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 the first nine months of fiscal 2019, PVH Corp bought back roughly 2.4 million shares for roughly \$223 million, under its \$2-billion buyback authorization extending up to Jun 3, 2023. Since its inception, the company has repurchased nearly 11.4 million shares for \$1.2 billion as part of its commitment under the aforementioned plan. In fiscal 2019, it continues to expect repurchasing shares worth nearly \$300 million.
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Last Earnings Report

PVH Corp Beats Q3 Earnings & Sales, Raises EPS View

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

Furthermore, management raised earnings outlook for the current fiscal year.

Q3 Highlights

PVH Corp's adjusted earnings of \$3.10 per share fell nearly 3.4% year over year but surpassed the Zacks Consensus Estimate of \$3.00. The metric also outshined the company's guided range of \$2.95-\$3.00.

On a GAAP basis, the company delivered earnings of \$2.82 per share, down 10.5% from \$3.15 registered in the year-ago quarter.

However, the reported figure came above the management's guidance of \$2.70-\$2.75. Bottom line, both on adjusted and GAAP basis, included an adverse impact of 9 cents per share from foreign currency translations.

In the fiscal third quarter, revenues inched up 3% to \$2,587.7 million and outpaced the Zacks Consensus Estimate of \$2,581 million. On a constant-currency (cc) basis, revenues improved 4%. This upside was primarily backed by growth at its Tommy Hilfiger and Calvin Klein, somewhat offset by revenue decline at Heritage Brands.

Moreover, the company's total gross profit rose nearly 3% to \$1,406.2 million, with margin increasing 20 basis points to 54.3%.

Further, adjusted EBIT decreased 2.4% to \$282 million, including adverse currency impacts of nearly \$8 million. Adjusted EBIT was hurt by a decline in earnings at the Heritage Brands business and higher corporate expenses, which were more than offset by earnings growth at Calvin Klein.

Segment Analysis

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

Revenues at **Calvin Klein** inched up 1% year over year to \$969 million (up 3% at cc). The segment's International revenues grew 7% to \$514 million (up 10% at cc).

Robust growth in Europe and gains from the Australia acquisition were somewhat offset by softness in Asia. International comparable-store sales (comps) fell 2%.

Furthermore, the segment's North America revenues declined 5% to \$455 million, mainly due to soft wholesale business. In North America, comps dipped 4%, thanks to lower traffic and weak consumer spending trends.

Revenues at the **Tommy Hilfiger** segment improved 10% to \$1.2 billion (up 12% at cc). International revenues at the segment increased 16% to \$821 million (up 20% at cc). The improvement was mainly backed by a stellar performance in Europe and gains from the Australia acquisition as well as comps growth of 8%. Also, the buyout of Tommy Hilfiger retail business in Central and Southeast Asia from the company's prior licensee in that market (the TH CSAP acquisition) aided growth.

However, the segment's North America revenues remained flat at \$423 million, as growth at North America's wholesale business was offset by a 5% comps decline.

The **Heritage Brands** segment's revenues slumped 13% year over year at \$375 million. The decline was mainly owing to softness across the North America's wholesale business and a 2% fall in comps.

Share Repurchases

In the first nine months of fiscal 2019, PVH Corp bought back 2.4 million shares for roughly \$223 million, under its \$2-billion buyback authorization extending up to Jun 3, 2023.

Since its inception, the company repurchased nearly 11.4 million shares for \$1.2 billion as part of its commitment under the aforementioned plan.

FY19 Guidance

PVH Corp updated view for the remainder of fiscal 2019. Further, management expects an adverse impact of roughly 20 cents per share from tariffs in the current fiscal year.

For fiscal 2019, the company still projects revenues to increase about 1% (up 4% at cc).

Brand-wise, revenues at Tommy Hilfiger are anticipated to increase roughly 6% compared with 5% growth projected earlier. Further, revenues are expected to decline 2% and 3% at Calvin Klein and Heritage Brands, respectively. At cc, revenues are likely to grow 9% at Tommy Hilfiger and remain flat at Calvin Klein. Earlier, revenue decline at Heritage Brands was projected to be 1%.

Adjusted net interest expenses are expected to decline to nearly \$107 million, down from \$116 million incurred in fiscal 2018. Further, adjusted effective tax rate is projected in the band of 14-14.5%.

Quarter Ending **10/2019**

Report Date	Nov 25, 2019
Sales Surprise	1.65%
EPS Surprise	3.33%
Quarterly EPS	3.10
Annual EPS (TTM)	9.50

On a GAAP basis, earnings per share is now projected to be \$8.04-\$8.06 compared with \$7.95-\$8.05 projected earlier and \$9.65 earned last fiscal.

Further, adjusted earnings per share are now envisioned in the \$9.43-\$9.45 band for the fiscal year, up from the earlier guided range of \$9.30-\$9.40. It reported adjusted earnings of \$9.60 in fiscal 2018. Both GAAP and non-GAAP earnings projections include negative impacts of roughly 35 cents per share from foreign currency.

Q4 Guidance

For fourth-quarter fiscal 2019, PVH Corp expects total revenues to remain flat year over year (up 2% at cc). Brand-wise, revenues are expected to increase 4% (up 6% at cc) at Tommy Hilfiger and 1% at Heritage Brands. However, Calvin Klein revenues are likely to decline 5% (down 3% at cc).

Further, adjusted net interest expenses are anticipated to decline to roughly \$25 million in the fiscal fourth quarter.

On a GAAP basis, the company envisions earnings per share of \$1.56-\$1.58 compared with \$2.09 in the prior-year quarter. Further, adjusted earnings per share are envisioned in the band of \$1.77-\$1.79, down from \$1.84 earned in the year-ago quarter. Notably, GAAP and adjusted earnings guidance for the fiscal fourth quarter include an anticipated adverse impact of nearly 5 cents from currency.

Recent News

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 68.9% in the year-to-date period and 69.5% for the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Consumer Discretionary sector are down 48% and 36.2%, respectively, in the year-to-date period. Over the past year, the Zacks sub-industry and the sector are down 41.9% and 28.9%, respectively.

The S&P 500 index is down 25.4% in the year-to-date period and 15.9% in the past year.

The stock is currently trading at 3.51X forward 12-month earnings, which compares to 9.69X for the Zacks sub-industry, 13.5X for the Zacks sector and 14.12X for the S&P 500 index.

Over the past five years, the stock has traded as high as 19.72X and as low as 3.51X, with a 5-year median of 13.61X. Our Underperform recommendation indicates that the stock will perform worse than the market. Our \$28 price target reflects 2.96X 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	3.51	9.69	13.5	14.12
	5-Year High	19.72	23.06	23.23	19.34
	5-Year Low	3.51	9.69	13.5	14.12
	5-Year Median	13.61	17.99	19.88	17.42
P/S F12M	Current	0.25	1.27	1.48	2.58
	5-Year High	1.36	2.58	3.19	3.43
	5-Year Low	0.25	1.27	1.48	2.54
	5-Year Median	0.96	2.05	2.53	3
EV/EBITDA TTM	Current	6.1	11.32	8.29	8.87
	5-Year High	18.1	26.49	17.59	12.88
	5-Year Low	6.1	11.32	8.29	8.31
	5-Year Median	11.18	18.02	12.28	10.78

As of 03/18/2020

Industry Analysis Zacks Industry Rank: Bottom 12% (222 out of 253)



Top Peers

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

Industry Comparison Industry: Textile - Apparel				Industry Peers		
	PVH Underperform	X Industry	S&P 500	GIII Outperform	RL Neutral	VFC Underperform
VGM Score	A	-	-	B	B	D
Market Cap	2.43 B	279.42 M	16.02 B	214.85 M	5.43 B	22.62 B
# of Analysts	7	4	13	6	4	9
Dividend Yield	0.45%	0.00%	2.66%	0.00%	3.74%	3.35%
Value Score	B	-	-	A	B	F
Cash/Price	0.15	0.15	0.06	0.08	0.31	0.02
EV/EBITDA	4.98	6.53	10.21	4.10	6.28	13.01
PEG Ratio	0.30	1.06	1.46	0.13	0.81	1.53
Price/Book (P/B)	0.41	0.80	2.18	0.17	1.74	4.95
Price/Cash Flow (P/CF)	2.34	4.16	8.79	1.22	6.62	12.53
P/E (F1)	3.57	7.02	12.92	1.47	9.66	17.51
Price/Sales (P/S)	0.25	0.47	1.74	0.07	0.85	1.84
Earnings Yield	27.49%	14.24%	7.70%	68.22%	10.35%	5.71%
Debt/Equity	0.71	0.65	0.70	0.74	0.65	0.69
Cash Flow (\$/share)	14.22	2.04	7.01	3.70	11.12	4.57
Growth Score	B	-	-	D	A	B
Hist. EPS Growth (3-5 yrs)	7.92%	2.34%	10.85%	3.67%	1.80%	4.12%
Proj. EPS Growth (F1/F0)	-3.37%	0.56%	5.12%	-1.76%	5.95%	-13.43%
Curr. Cash Flow Growth	13.47%	9.47%	6.03%	55.48%	9.60%	51.18%
Hist. Cash Flow Growth (3-5 yrs)	3.78%	4.12%	8.55%	14.76%	-3.42%	4.29%
Current Ratio	1.40	1.74	1.23	2.36	1.94	2.12
Debt/Capital	41.55%	39.71%	42.57%	42.58%	39.49%	40.92%
Net Margin	6.57%	3.58%	11.57%	4.50%	10.40%	10.54%
Return on Equity	12.17%	11.24%	16.74%	12.27%	20.83%	30.78%
Sales/Assets	0.74	1.13	0.54	1.23	0.91	1.14
Proj. Sales Growth (F1/F0)	-2.62%	0.00%	3.22%	4.72%	-0.46%	-15.50%
Momentum Score	D	-	-	A	F	D
Daily Price Chg	-11.17%	-9.03%	-6.77%	-38.53%	0.11%	-5.57%
1 Week Price Chg	-27.23%	-16.08%	-11.01%	-20.94%	-20.89%	-15.10%
4 Week Price Chg	-61.40%	-46.02%	-34.65%	-82.64%	-38.57%	-31.30%
12 Week Price Chg	-68.23%	-46.67%	-32.08%	-86.30%	-37.82%	-42.06%
52 Week Price Chg	-68.95%	-61.73%	-23.52%	-87.20%	-40.05%	-32.53%
20 Day Average Volume	1,478,788	168,528	3,834,688	955,054	1,678,550	3,985,898
(F1) EPS Est 1 week change	-2.52%	0.00%	-0.06%	0.00%	-1.55%	0.00%
(F1) EPS Est 4 week change	-3.98%	-2.62%	-0.74%	-0.49%	-3.85%	-1.14%
(F1) EPS Est 12 week change	-9.43%	-2.58%	-1.38%	-0.13%	-0.94%	-2.58%
(Q1) EPS Est Mthly Chg	-7.80%	-7.80%	-0.85%	7.69%	-43.10%	-8.19%

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	D
VGM Score	A

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

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