J. M. Smucker(SJM)

$128.57 (As of 06/24/21)

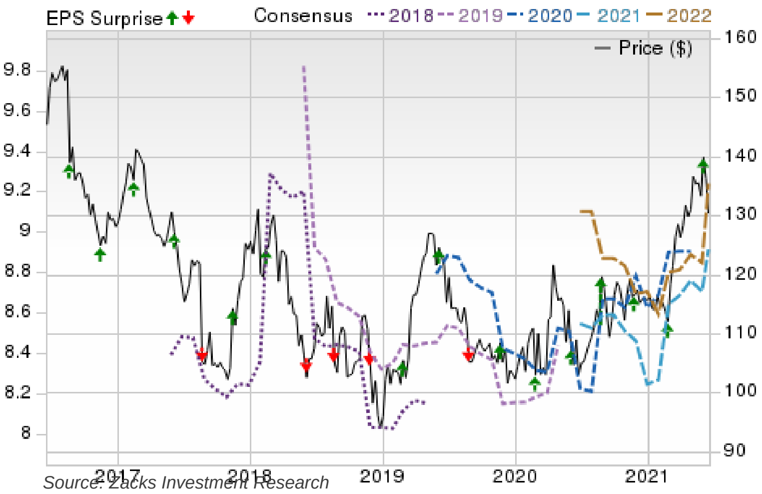
Price Target (6-12 Months): **$136.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 06/07/20) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM:B
	Value: A | Growth: D | Momentum: A	

Summary

The J. M. Smucker has outpaced the industry in the past six months. Although the company's top line fell year over year in the fourth quarter of fiscal 2021, it benefited from improved net price realization. Apart from these, the Away From Home division saw a rebound. In fact, fiscal 2022 net sales are expected to grow on a comparable basis — backed by higher net pricing, revival in away-from-home channels and continued sales growth in Smucker's Uncrustables brand. Moreover, focus on core strategies bodes well. However, The J. M. Smucker's earnings and sales declined in the fourth quarter. Sales were negatively impacted by divestitures and the lapping of the year-ago period's solid demand, which together with high costs hurt the bottom line. Management expects soft sales and high input costs to dent fiscal 2022 earnings.

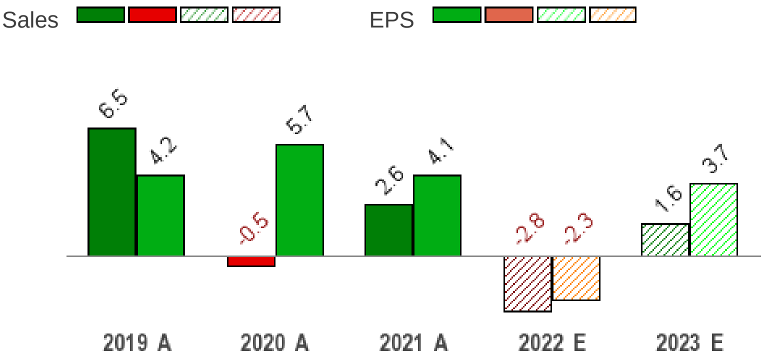
Price, Consensus & Surprise



Data Overview

52-Week High-Low	**$140.65 - $101.89**
20-Day Average Volume (Shares)	**821,803**
Market Cap	**$13.9 B**
Year-To-Date Price Change	**11.2%**
Beta	**0.32**
Dividend / Dividend Yield	**$3.60 / 2.8%**
Industry	**Food - Miscellaneous**
Zacks Industry Rank	**Bottom 29% (180 out of 252)**
Last EPS Surprise	**12.5%**
Last Sales Surprise	**2.5%**
EPS F1 Estimate 4-Week Change	**1.8%**
Expected Report Date	**08/24/2021**
Earnings ESP	**0.0%**
P/E TTM	**14.1**
P/E F1	**14.4**
PEG F1	**3.6**
P/S TTM	**1.7**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2023	1,893 E	1,974 E	2,035 E	2,039 E	7,898 E
2022	1,796 E	1,959 E	2,017 E	2,015 E	7,776 E
2021	1,972 A	2,034 A	2,077 A	1,920 A	8,003 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2023	$2.04 E	$2.42 E	$2.55 E	$2.40 E	$9.24 E
2022	$1.87 E	$2.30 E	$2.40 E	$2.28 E	$8.91 E
2021	$2.37 A	$2.39 A	$2.45 A	$1.89 A	$9.12 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 06/24/2021. The report's text and the analyst-provided price target are as of 06/25/2021.

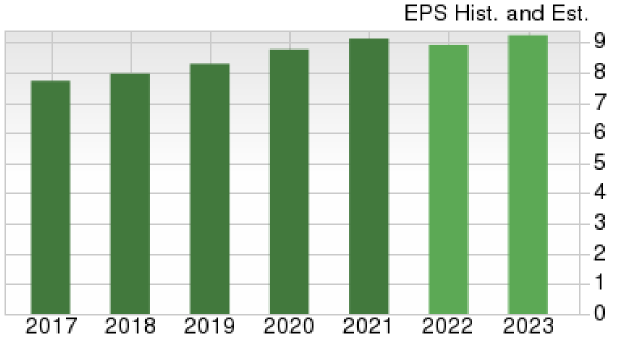
Overview

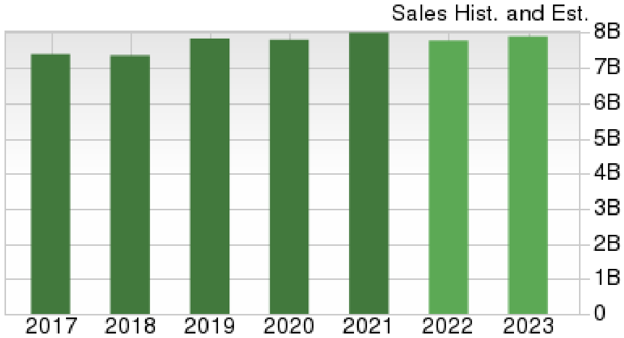
Headquartered in Orrville, OH, the J.M. Smucker Company is a leading marketer and manufacturer of consumer food and beverage products and pet food and pet snacks in North America. Although majority of the company's operations are concentrated in the United States, it also operates on an international basis.

The company boasts a strong portfolio of iconic food and beverages. It mainly caters in the areas of coffee, pet food, peanut butter, fruit spreads, baking products, ready-to-spread frostings, frozen sandwiches, flour, juices and beverages as well as portion control products.

In consumer foods and beverages, some of the renowned brands include Smucker's, Folgers, Jif, Dunkin' Donuts, Crisco, Pillsbury, R.W. Knudsen Family, Hungry Jack, Café Bustelo, Martha White, truRoots, Sahale Snacks, Robin Hood, and Bick's. In pet food and pet snacks, its brands include Meow Mix, Milk-Bone, Kibbles 'n Bits and 9Lives. We note that the acquisitions of Big Heart Pet Brands (in March 2015) and Ainsworth Pet Nutrition, LLC (in May 2018) have strengthened the company's portfolio.

The company's operations are dependent on the effective sourcing of raw materials, which are largely agriculture-based. Some of the primary input materials are green coffee, peanuts, oils and fats, protein meals, sweeteners, grains and fruits among others.





Products of the company are sold to customers through direct sales, brokers to food retailers and wholesalers. Moreover, it also sells products through club stores, pet specialty stores, discount stores, drug stores, natural foods stores, military commissaries, mass merchandisers, online retailers as well as foodservice distributors and operators.

The company has four reportable segments including: U.S. Retail Coffee Market (29.7% of FY21 sales), U.S. Retail Consumer Foods (22.9% of FY21 sales), U.S. Retail Pet Foods (35.6% of FY21 sales) as well as International and Away From Home (11.8% of FY21 sales).

Source: Zacks Investment Research

Reasons To Buy:

Smucker gains from the popularity of its brands and augments its portfolio through product launches and acquisitions. It is also on track with savings initiatives.

- **Pricing & Away from Home Channel Revival:** Shares of The J. M. Smucker have rallied 10.5% in the past six months compared with the industry's growth of 5.6%. Although The J. M. Smucker's top line declined year over year in the fourth quarter of fiscal 2021, the company benefited from improved net price realization. During the quarter, the company saw favorable net price realization to the tune of 1 percentage point mostly driven by the U.S. Retail Consumer Foods and U.S. Retail Pet Food units. Apart from this, the Away From Home division saw a rebound, with sales rising 7%.

  While net sales are expected to decline 2-3% in fiscal 2022, on a comparable basis, they are expected to grow about 2% (at the mid-point of the net sales view). This upside is likely to be backed by higher net pricing in several categories, revival in away from home channels as well as continued sales growth in Smucker's Uncrustables brand.

- **Strategic Partnerships & Acquisitions:** The company has been committed to its core strategy, which includes driving commercial excellence, simplifying cost structure; unleashing organization to win and reshaping portfolio. With regard to reshaping the portfolio, the company recently concluded the divestiture of Natural Balance premium pet food business to Nexus Capital Management LP. Also, Smucker sold its Crisco oils and shortening business to B&G Foods on Dec 2. Earlier, Smucker had divested its U.S. canned milk and U.S. baking businesses. Such moves will help the company focus its resources and portfolio on pet food, snacking and coffee categories.

  Also, The J. M. Smucker actively pursues strategic acquisitions both in the U.S. as well as overseas. We note that the company's acquisition of Ainsworth (completed in May 2018) has been aiding performance in the U.S. Retail Pet Foods category. Other noteworthy acquisitions of the company include; Big Heart Pet Brand (pet food maker), Sahale Snacks (branded nut and fruit snacks maker), Enray Inc. (manufacturer of organic, gluten-free ancient grain products) and coffee brands and business operations of Rowland Coffee, among others. These acquisitions have added iconic brands to the company's portfolio and strengthened its presence in the United States. Additionally, The J. M. Smucker has formed key partnerships with quite a few coffee companies. In this regard, the company's latest alliance with JDE Peet's is noteworthy. Further, Smucker's agreement with Keurig Green Mountain (KGM) and Dunkin' Brands Group, Inc, to manufacture and sell the K-Cup category of products, has been yielding positive results since fiscal 2016. In the fourth quarter of fiscal 2021, sales of K-Cup jumped 14%, forming more than 30% of the U.S. Retail Coffee segment sales. Notably, the company's U.S. Retail Coffee segment net sales increased $1.5 million to reach $583.1 million in the fourth quarter. Favorable volume/mix in the Dunkin' and Cafe Bustelo brands were upsides.

- **Digital Platform to Boost Sales:** Growing trend of online customers prompted The J. M. Smucker to take notice of its e-commerce channel to boost sales. In fact, e-commerce is a fast-growing retail channel of the company. On its fourth-quarter fiscal 2021 earnings call, management said that e-commerce sales formed 12% of the company's U.S. sales. Management expects witnessing continued strength in the e-commerce channel in the forthcoming periods as consumers adapt to online shopping amid the pandemic.

- **Financial Profile:** The J. M. Smucker's long-term debt as of the end of the fourth quarter of fiscal 2021 (Apr 30, 2021) declined 10.2% sequentially to $3,516.8 million. Further, free cash flow amounted to $183 million for the fourth quarter and $1.26 billion for fiscal 2021. Free cash flow is expected to be roughly $900 billion in fiscal 2022. Moreover, the company made debt repayments of $84 million in the fourth quarter and $866 million in fiscal 2021. As of the end of fiscal 2021, the company's leverage ratio stood at 2.6 times.

  Apart from these, The J. M. Smucker repurchased 1.5 million shares worth $174 million in the fourth quarter. In fiscal 2021, the company bought back 5.8 million shares for $678 million. Additionally, The J. M. Smucker has been committed to dividend payments. The company recently declared a dividend of 90 cents per share, which was paid on Jun 1, 2021. Notably, Smucker has a dividend payout of 39.6%, dividend yield of 2.8% and free cash flow yield of almost 9%. With an annual free cash flow return on investment of 10.2%, the dividend payment is likely to be sustainable. Management expects to maintain a solid balance sheet as well as leverage ratio, which will facilitate a balanced capital deployment model.

- **Strong Brands & Innovation Boosting Portfolio:** The J. M. Smucker offers moderately priced, exclusive quality products and has a strong brand portfolio with popular brands like Smucker's, Nature's Recipe, Dunkin' Donuts, 1850 coffee, Uncrustables, Jif and Meow Mix among others. The company is accelerating marketing support for growth of its brands.

Reasons To Sell:

> Lower sales, together with escalated costs weighed on The J.M. Smucker's bottom line in fourth-quarter fiscal 2021. Management expects the pandemic to continue affecting its results in fiscal 2022.

- **Q4 Earnings & Sales Decline:** The J. M. Smucker saw year-over-year declines in the top and bottom lines when it posted fourth-quarter fiscal 2021 results. Sales were hurt by weakness in U.S. Retail Pet Foods, U.S. Retail Consumer Foods and International and Away From Home segments. Lower sales, together with escalated costs weighed on the bottom line. Adjusted earnings of $1.89 per share fell 26% year over year.

  Net sales amounted to $1,920.2 million, which declined 8% year over year. Excluding non-comparable sales of the divested Crisco and Natural Balance businesses along with removing the impact of favorable currency movements, net sales fell 3%. The downside can be attributed to the lapping of consumer stock-up purchasing amid the pandemic in the year-ago quarter. This weighed on the company's retail business, which was somewhat made up by escalated at-home consumption trend. Further, the International and Away From Home segment saw lower sales owing to Crisco's divestiture as well as declines in the International operating division. This was partly made up by 7% sales growth in the Away From Home division.

- **Soft Guidance:** Management expects the pandemic to continue impacting its results in fiscal 2022. Apart from this, volatile consumer behavior, retailer inventory levels, any manufacturing or supply-chain hurdles, and macroeconomic factors can affect The J. M. Smucker's performance this year. For fiscal 2022, The J. M. Smucker expects a net sales decline of 2-3% year over year. The projection includes the impact of $355.6 million associated with Crisco and Natural Balance divestitures. Management expects to see softness in at-home consumption trends, whereas away from home channels are likely to rebound.

  Adjusted earnings per share for fiscal 2022 are anticipated in the range of $8.70-$9.10 reflecting lower net sales. At the mid-point of the guided range, the bottom line is likely to dip 2% decline from the year-ago period. Notably, adjusted earnings per share came in at $9.12 per share in fiscal 2021. Incidentally, management expects the bottom line to be hurt by increased commodity, ingredient and packaging costs, as well as input cost recovery timing. The company expects earnings to decline in the first half of fiscal 2022, especially in the first quarter, where it expects the metric to slump 20%. This can be accountable to input cost increases and shifts in the timing of marketing costs.

- **Cost & Margin Concerns:** The J. M. Smucker's adjusted gross profit declined 10% to $727 million in the fourth quarter of fiscal 2021 due to adverse volume mix and escalated costs. Further, adjusted gross margin declined to 37.9% from 38.5% reported in the year-ago quarter. Further, SG&A costs rose on account of higher marketing investments and incentive compensation. Management stated that it saw additional marketing investments of $40 million in the fourth quarter. Consequently, adjusted operating income declined 28% to $311.6 million accountable to reduced gross profit and increased SG&A costs. Adjusted operating margin came in at 16.2%, down from 20.6% reported in the year-ago quarter. Apart from this, we note that the company's selling, distribution and administrative (SD&A) expenses have been increasing year over year for a while. In the fiscal fourth quarter, SD&A increased to $411.1 million from $373.4 million posted in the prior-year quarter.

  For fiscal 2022, management expects gross profit margin to be 37-37.5%, reflecting a year-over-year decrease of 85 bps decline (at mid-point of the guidance range). This can be accountable to escalated costs, which are expected for the full year – including increased cost of commodities, ingredients, as well as packaging. These are likely to be somewhat compensated by improved pricing, productivity savings and gains from divestitures.

- **Currency Volatility:** The J. M. Smucker is exposed to unfavorable foreign currency translations owing to the company's significant exposure to international markets. The weakening of foreign currencies against the U.S. dollar may compel the company to either raise prices or lower profit margins in locations outside the country. Therefore, volatility in exchange rates poses formidable risks for the periods ahead.

- **Intense Competition:** The J. M. Smucker operates in the highly competitive food industry. The company competes with other major players on grounds of pricing, product innovation, brand recognition and loyalty, product quality, effectiveness of marketing and promotional activity and responsiveness to consumers' changing preferences. Such competitive pressures may compel the company to lower prices, which is a threat to its profits.

Last Earnings Report

The J.M. Smucker Q4 Earnings Top Estimates, Sales Down

Quarter Ending	04/2021
Report Date	Jun 03, 2021
Sales Surprise	2.47%
EPS Surprise	12.50%
Quarterly EPS	1.89
Annual EPS (TTM)	9.10

The J. M. Smucker posted results for fourth-quarter fiscal 2021. Adjusted earnings of $1.89 per share fell 26% year over year. Nevertheless, the metric surpassed the Zacks Consensus Estimate of $1.68.

Net sales amounted to $1,920.2 million, which beat the consensus mark of $1,874 million. However, the top line declined 8% year over year. Excluding non-comparable sales of the divested Crisco and Natural Balance businesses along with removing the impact of favorable currency movements, net sales fell 3%. The downside can be attributed to lapping of consumer stock-up purchasing amid the pandemic in the year-ago quarter. This was somewhat offset by escalated at-home consumption trend. Notably, decline in comparable net sales was mainly caused by a 4 percentage point decline in volume/mix in the company's U.S. Retail Pet Food segment and International operating unit. Nevertheless, favorable net price realization to the tune of 1 percentage point mostly driven by the U.S. Retail Consumer Foods and U.S. Retail Pet Food units offered some respite.

Adjusted gross profit declined 10% to $727 million. Further, adjusted gross profit margin declined to 37.9% from 38.5% reported in the year-ago quarter. Adjusted operating income declined 28% to $311.6 million. Adjusted operating margin came in at 16.2%, down from 20.6% reported in the year-ago quarter. Notably, total selling, distribution and administrative expenses increased to $411.1 million from $373.4 million posted in the prior-year quarter.

U.S. Retail Pet Foods: Segment sales fell 12% to $674.6 million. Excluding non-comparable net sales associated with the Natural Balance business divestiture, the metric declined 6%. Further, volume/mix declined net sales by 6 percentage points mainly due to softness in the Rachael Ray Nutrish, Kibbles 'n Bits, Nature's Recipe and Meow Mix brands. Nonetheless, net price realization increased net sales by 1 percentage point. Segment profit slumped 32% to $101.7 million due to unfavorable volume/mix, higher investments in marketing and increased expenses. This was somewhat countered by improved pricing.

U.S. Retail Coffee: Net sales rose $1.5 million to $583.1 million. Notably, both volume/mix and net price realization remained neutral. Well, favorable volume/mix in the Dunkin' and Cafe Bustelo brands were offset by softness in the Folgers brand.Segment profit fell 9% to $173.7 million, mainly due to higher marketing investments.

U.S. Retail Consumer Foods: Sales in the segment fell 13% to $419.8 million. Excluding the impact of the divested Crisco business, net sales inched up 1%. Net price realization contributed 4 percentage points to sales stemming mainly from impacts of a peanut butter list price increase carried out in the second quarter. That being said, volume/mix declined net sales by 3 percentage points thanks to soft demand for Smucker's fruit spreads and Jif peanut butter. These were somewhat countered by growth in Smucker's Uncrustables frozen sandwiches. Segment profit slumped 29% to $94.8 million mainly due to higher marketing investments and costs among other reasons.

International and Away From Home: Net sales decreased 7% to $242.7 million. Excluding the impact of the Crisco divestment, net sales fell 5% mainly due to 15% decline in the company's International operating division. This was partly made up by 7% sales growth in Away From Home division. Combined volume/mix for businesses decreased net sales by 9 percentage points while net price realization was neutral. Further, foreign currency movements were favorable by 3 percentage points. Segment profit declined 30% to 29.2 million due to adverse volume/mix.

Guidance

The J. M. Smucker expects net sales decline of 2-3% year over year. The projection included impact of $355.6 million associated with Crisco and Natural Balance divestiture. On a comparable basis, net sales are anticipated to increase nearly 2% at the mid-point of the net sales guidance range. This takes into account improved net pricing in various categories and persistent double-digit net sales growth in the Smucker's Uncrustables brand coupled with rebound in away from home channels. These are likely to be somewhat offset by softness in at-home consumption trends.

Adjusted earnings per share for fiscal 2022 are anticipated in the range of $8.70-$9.10 reflecting lower net sales. Notably, adjusted earnings per share came in at $9.12 per share in fiscal 2021. Adjusted gross margin is anticipated to be nearly 37-37.5%, while SD&A costs are projected to fall nearly 4%. Management expects the pandemic to continue impacting its results in fiscal 2022. Apart from this, volatile consumer behavior, retailer inventory levels, any manufacturing or supply-chain hurdles, and macroeconomic factors can affect The J. M. Smucker's performance this year.

Recent News

The J. M. Smucker Announces Dividend - Apr 17, 2021

The J. M. Smucker announced a dividend of 90 cents per share, payable on Jun 1, 2021, to stockholders of record as on May 14.

The J.M. Smucker's Deal With JDE Peet's to Aid Growth - Mar 24, 2021

The J. M. Smucker Company unveiled an alliance with JDE Peet's, per which the latter will offer support to the former's Away From Home liquid coffee business. This is likely to come on the back of foodservice equipment innovation, product development and production.

Incidentally, JDE Peet's liquid coffee system provides big quantities of premium coffee in a hygienic way, which makes it an apt option for hospitals, hotels, conference centers, universities, hotels and other out-of-home customers. Certainly, this alliance is likely to strengthen The J.M. Smucker's Away From Home liquid coffee business. Through this deal, The J. M. Smucker can pursue opportunities in the liquid coffee category more efficiently, which in turn will strengthen its existing customer solutions and boost category growth.In connection with this, The J.M. Smucker also announced intentions to pursue and conclude the divestiture of its production facility in Suffolk, Virginia, in the spring of calendar 2022. Management stated that this alliance will not have any impact on The J.M. Smucker's retail coffee business.

Valuation

The J.M. Smucker's shares are up 11.2% in the year-to-date period and 24.8% over the trailing 12-month period. Stocks in the Zacks sub-industry are up 5.7% in the year-to-date period, while the Zacks Consumer Staples sector gained 4.7%. Over the past year, the Zacks sub-industry is up 23.5%, while the sector gained 25.1%.

The S&P 500 index is up 11.2% in the year-to-date period and 43.3% in the past year.

The stock is currently trading at 14.35X forward 12-month earnings, which compares to 19.04X for the Zacks sub-industry, 20.28X for the Zacks sector and 21.66X for the S&P 500 index.

Over the past five years, the stock has traded as high as 19.89X and as low as 10.88X, with a 5-year median of 13.62X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $136 price target reflects 15.18X forward 12-month earnings.

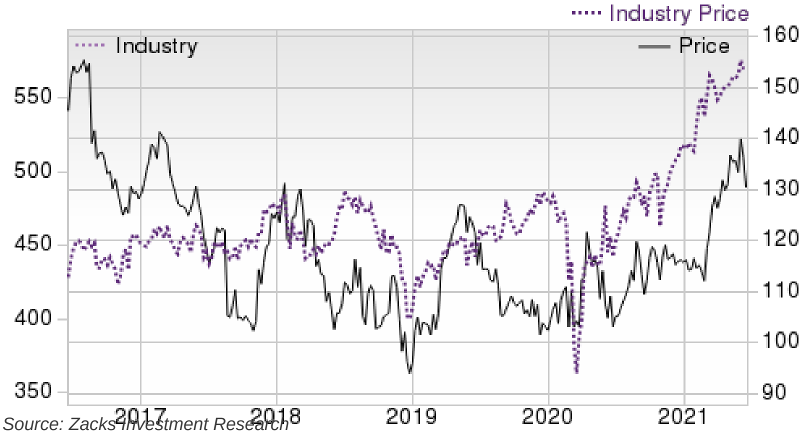
The table below shows summary valuation data for SJM

Valuation Multiples - SJM

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	14.35	19.04	20.28	21.66
	5-Year High	19.89	22.92	22.4	23.83
	5-Year Low	10.88	14.67	16.52	15.31
	5-Year Median	13.62	18.34	19.51	18.05
P/S F12M	Current	1.79	1.7	10.16	4.71
	5-Year High	2.35	2.02	11.95	4.74
	5-Year Low	1.35	1.35	8.58	3.21
	5-Year Median	1.72	1.66	10.32	3.72
EV/EBITDA F12M	Current	11.07	12.78	36.13	15.51
	5-Year High	13.56	13.77	38.68	16.53
	5-Year Low	9.13	10.5	26.62	10.79
	5-Year Median	10.83	12.7	34.99	13.6

As of 06/24/2021 *Source: Zacks Investment Research*

Industry Analysis **Zacks Industry Rank:** Bottom 29% (180 out of 252)



Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
B&G Foods, Inc. **(BGS)**	Neutral	3
BRF S.A. **(BRFS)**	Neutral	3
CONAGRA BRANDS **(CAG)**	Neutral	3
General Mills, Inc. **(GIS)**	Neutral	3
Hormel Foods Corporation **(HRL)**	Neutral	3
Ingredion Incorporated **(INGR)**	Neutral	3
Post Holdings, Inc. **(POST)**	Neutral	4
Campbell Soup Company **(CPB)**	Underperform	5

The positions listed should not be deemed a recommendation to buy, hold or sell.

Industry Comparison Industry: Food - Miscellaneous

	SJM	X Industry	S&P 500	BGS	CAG	GIS
				Industry Peers		
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	B	-	-	D	B	C
Market Cap	13.93 B	4.58 B	29.99 B	2.15 B	17.00 B	36.08 B
# of Analysts	7	3	12	3	8	8
Dividend Yield	2.80%	0.00%	1.35%	5.74%	3.11%	3.45%
Value Score	A	-	-	A	A	A
Cash/Price	0.02	0.05	0.06	0.02	0.00	0.08
EV/EBITDA	9.50	13.54	17.12	12.33	13.65	11.77
PEG F1	3.59	3.20	2.06	NA	1.93	2.16
P/B	1.73	3.29	4.11	2.55	2.04	3.93
P/CF	9.54	12.88	17.50	9.41	11.47	12.88
P/E F1	14.48	21.29	21.14	15.34	13.49	16.20
P/S TTM	1.74	1.45	3.40	1.06	1.45	1.94
Earnings Yield	6.93%	3.98%	4.66%	6.52%	7.43%	6.17%
Debt/Equity	0.43	0.44	0.66	2.77	0.99	1.06
Cash Flow ($/share)	13.48	2.52	6.86	3.52	3.09	4.59
Growth Score	D	-	-	F	C	D
Historical EPS Growth (3-5 Years)	5.76%	2.14%	9.59%	-0.47%	3.17%	6.31%
Projected EPS Growth (F1/F0)	-2.27%	3.61%	21.79%	-4.42%	-0.10%	-1.58%
Current Cash Flow Growth	2.21%	4.01%	1.02%	25.59%	22.57%	9.11%
Historical Cash Flow Growth (3-5 Years)	3.98%	5.21%	7.28%	13.65%	4.34%	3.48%
Current Ratio	0.68	1.74	1.39	3.51	0.80	0.69
Debt/Capital	30.21%	32.68%	41.51%	73.49%	49.84%	51.53%
Net Margin	10.95%	5.55%	12.06%	6.46%	10.15%	13.68%
Return on Equity	12.35%	12.26%	16.59%	18.10%	16.95%	27.90%
Sales/Assets	0.48	0.96	0.51	0.58	0.53	0.59
Projected Sales Growth (F1/F0)	-2.83%	1.84%	9.56%	4.44%	-2.04%	-1.26%
Momentum Score	A	-	-	F	D	F
Daily Price Change	-0.38%	0.43%	0.58%	0.64%	0.43%	-0.10%
1-Week Price Change	-4.36%	-3.67%	1.06%	0.42%	-4.42%	-4.41%
4-Week Price Change	-2.98%	-1.81%	1.56%	10.80%	-6.59%	-5.03%
12-Week Price Change	1.84%	0.52%	6.14%	9.41%	-5.01%	-2.91%
52-Week Price Change	21.59%	31.08%	38.35%	34.46%	5.14%	-1.96%
20-Day Average Volume (Shares)	821,803	172,389	1,811,241	1,614,896	2,918,206	3,498,811
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.00%	0.00%	-0.10%
EPS F1 Estimate 4-Week Change	1.78%	0.00%	0.01%	-2.37%	0.00%	-0.10%
EPS F1 Estimate 12-Week Change	2.63%	0.34%	3.54%	-3.57%	0.34%	-0.51%

EPS Q1 Estimate Monthly Change	-0.96%	0.00%	0.00%	-3.62%	-0.34%	-2.00%

Source: Zacks Investment Research

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 maintain a 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	A
Growth Score	D
Momentum Score	A
VGM Score	B

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

Disclosures

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Additional Disclosure

This material represents an assessment of the market and economic environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. Forward-looking statements are subject to certain risks and uncertainties. Any statements that refer to expectations, projections or characterizations of future events or circumstances, including any underlying assumptions, are forwardlooking statements. Actual results, performance, or achievements may differ materially from those expressed or implied.

Returns quoted represent past performance which is no guarantee of future results. Investment returns and principal value will fluctuate so that when shares are redeemed, they may be worth more or less than their original cost. Current performance may be higher or lower than the performance shown.

Investing involves risk; principal loss is possible. There is no guarantee that companies that can issue dividends will declare, continue to pay or increase dividends.

Glossary of Terms and Definitions

52-Week High-Low: The range of the highest and lowest prices at which a stock has traded during the past year. This range is determined based on the stock's daily closing price which may differ from the intra-day high or low. Many investors use it as a technical indicator to determine a stock's current value and future price movement. The idea here is that if price breaks out from the 52-week range, in either direction, the momentum may continue in the same direction.

20-Day Average Volume (Shares): The average number of shares of a company traded in a day over the last 20 days. It is a direct indication of a security's overall liquidity. The higher the average daily trading volume, the easier it is to enter or exit the stock at a desired price with more buyers and sellers being available.

Daily Price Change: This is the percentage difference between a trading day's closing price and the prior trading day's closing price. This item is updated at 9 p.m. EST each day.

1-Week Price Change: This is the percentage change in a stock's closing price over the last 5 trading days. This change reflects the collective buying and selling sentiment over the 1-week period.

A strong weekly price increase for the stock, especially when accompanied by increased volume, is an indication of it gaining momentum.

4-Week Price Change: This is the percentage change in a stock's closing price over the last 20 trading days or past 4 weeks. This is a mediumterm price change metric and an indication of the stock gaining momentum.

12-Week Price Change: This is the percentage change of a stock's closing price over the last 60 trading days or past 12 weeks. Similar to 4-week price change, this is a medium-term price change metric. It shows whether a stock has been enjoying strong investor demand, or if it has been in consolidation, or distress over this period.

52-Week Price Change: This is the percentage change in a stock's closing price over the last 260 trading days or past 52 weeks. This long-term price change metric is a good reference point for investors. Some investors seek stocks with the best percentage price change over the last 52 weeks, expecting the momentum to continue.

Market Cap: The number of outstanding common shares of a company times its latest price per share. This figure represents a company's size, which indicates various characteristics, including price stability and risk, in which investors could be interested.

Year-To-Date Price Change: Change in a stock's daily closing price in the period of time beginning the first day of the current calendar year through to the previous trading day.

# of Analysts: Number of EPS estimates used in calculating the current-quarter consensus. These estimates come from the brokerage analysts tracking this stock. However, the number of such analysts tracking this stock may not match the number of estimates, as all brokerage analysts may not come up with an estimate or provide it to us.

Beta: A measure of risk commonly used to compare the volatility of a stock to the overall market. The S&P 500 Index is the base for calculating beta and carries a value of 1. A stock with beta below 1 is less risky than the market as a whole. And a stock with beta above 1 is riskier.

Dividend: The portion of earnings a company is expected to distribute to its common shareholders in the next 12 months for each share they own. Dividends are usually paid quarterly. Dividend payments reflect positively on a company and help maintain investors' trust. Investors typically find dividend-paying stocks appealing because the dividend adds to any market price appreciation to result in higher return on investment (ROI). Moreover, a steady or increasing dividend payment provides investors a cushion in a down market.

Dividend Yield: The ratio of a company's annual dividend to its share price. The annual dividend used in the ratio is calculated based on the mostrecent dividend paid by the company. Dividend yield is an estimate of the dividend-only return from a stock in the next 12 months. Since dividend itself doesn't change frequently, dividend yield usually changes with a stock's price movement. As a result, often an unusually high dividend yield is a result of weak stock price.

S&P 500 Index: The Standard & Poor's 500 (S&P 500) Index is an unmanaged group of securities considered to be representative of the stock market in general. It is a market-capitalization-weighted index of stocks of the 500 largest U.S. companies. Each stock's weight in the index is proportionate to its market value.

Industry: One of the 250+ groups that Zacks classifies all stocks into based on the nature of business. These groups are termed as expanded (aka "X") industries and map to their respective (economic) sectors; Zacks has 16 sectors.

Zacks Industry Rank: The Zacks Industry Rank is determined by calculating the average Zacks Rank for all stocks in the industry and then assigning an ordinal rank to it. For example, an industry with an average Zacks Rank of 1.6 is better than an industry with an average Zacks Rank of 2.3. So, the industry with the better average Zacks Rank would get a better Zacks Industry Rank. If an industry has the best average Zacks Rank, it would be considered the top industry (1 out of 250+), which would place it at the top 1% of Zacks-ranked industries. Studies have shown that roughly half of a stock's price movement can be attributed to the industry group it belongs to. In fact, the top 50% of Zacks-ranked industries outperforms the bottom 50% by a factor of more than 2 to 1.

Last EPS Surprise: The percentage deviation of a company's last reported earnings per share from the Zacks Consensus Estimate. Companies with a positive earnings surprise are more likely to surprise again in the future (or miss again if they recently missed).

Last Sales Surprise: The percentage deviation of a company's last reported sales from the Zacks Consensus Estimate.

Expected Report Date: This is an estimated date of a company's next earnings release. The information originated or gathered by Zacks Investment Research from its information providers or publicly available sources is the basis of this estimate.

Earnings ESP: The Zacks Earnings ESP compares the Most Accurate Estimate to the Zacks Consensus Estimate for the yet-to-be reported quarter. The Most Accurate Estimate is the most recent version of the Zacks Consensus EPS Estimate. The idea here is that analysts revising their estimates closer to an earnings release have the latest information, which could potentially be more accurate than what they and others contributing to the consensus had predicted earlier. Thus, a positive or negative Earnings ESP reading theoretically indicates the likely deviation of the actual earnings from the consensus estimate. However, the model's predictive power is significant for positive ESP readings only. A positive Earnings ESP is a strong predictor of an earnings beat, particularly when combined with a Zacks Rank #1 (Strong Buy), #2 (Buy) or #3 (Hold). Our research shows that stocks with this combination produce a positive surprise nearly 70% of the time.

Periods:

TTM: Trailing 12 months. Using TTM figures is an effective way of analyzing the most-recent financial data in an annualized format that helps neutralize the effects of seasonality and other quarter-to-quarter variation.

F1: Current fiscal year. This period is used to analyze the estimates for the ongoing full fiscal year.

F2: Next fiscal year. This period is used to analyze the estimates for the next full fiscal year.

F12M: Forward 12 months. Using F12M figures is an effective way of analyzing the near-term (the following four unreported quarters) estimates in an annualized manner. Instead of typically representing estimates for the full fiscal year, which may not represent the nitty-gritty of each quarter, F12M figures suggest an all-inclusive annualized estimate for the following four quarters. The annualization helps neutralize the potential effects of seasonality and other quarter-to-quarter variations.

P/E Ratio: The price-to-earnings ratio measures a company's current market price per share relative to its earnings per share (EPS). Usually, the trailing-12-month (TTM) EPS, current-fiscal-year (F1) EPS estimate, or forward-12-month (F12M) EPS estimate is used as the denominator. In essence, this ratio shows what the market is willing to pay today for each dollar of EPS. In other words, this ratio gives a sense of what the relative value of the company is at the already reported level of earnings or at a future level of earnings.

It is one of the most widely-used multiples for determining the value of a company and helps comparing its valuation with that of a competitor, the industry group or a benchmark.

PEG Ratio: The price/earnings to growth ratio is a stock's P/E ratio using current fiscal year (F1) EPS estimate divided by its expected EPS growth rate over the coming 3 to 5 years. This ratio essentially determines a stock's value by factoring in the company's expected earnings growth and is thus believed to provide a more complete picture than just the P/E ratio, particularly for faster-growing companies.

P/S Ratio: The price-to-sales ratio is calculated as a company's current price per share divided by trailing 12 months (TTM) sales or revenues per share. This ratio shows what the market is willing to pay today for each dollar of TTM sales per share. The P/S ratio is at times the only valuation metric when the company has yet to become profitable.

Cash/Price Ratio: The cash-to-price ratio or Cash Yield is calculated as cash and marketable securities per share divided by the company's current share price. Like the earnings yield, which shows the anticipated yield (or return) on a stock from earnings for each dollar invested, the cash yield does the same, with cash being the source of return instead of earnings. For example, a cash/price ratio of 0.08 suggests a return of 8% or 8 cents for every $1 investment.

EV/EBITDA Ratio: The EV/EBITDA ratio, also known as Enterprise Multiple, is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by EBITDA (earnings before interest, taxes, depreciation and amortization). Usually, trailing-12-month (TTM) or forward-12-month (F12M) EBITDA is used as the denominator.

EV/Sales Ratio: The enterprise value-to-sales ratio is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by annual sales. It is an expansion of the P/S valuation, which uses market value instead of enterprise value. The EV/Sales ratio is perceived as more accurate than P/S, in part, because the market capitalization does not take a company's debt into account when valuing it.

EV/CF Ratio: The enterprise value-to-cash flow ratio is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by the trailing-12-month (TTM) operating cash flow. It's a measure of how long it would take to buy the entire business if you were able to use all the company's operating cash flow.

The EV/CF ratio is perceived as more accurate than the P/CF ratio, in part, because the market price does not take a company's debt into account when valuing it.

EV/FCF Ratio: The enterprise value-to-free cash flow metric compares a company's enterprise value to its trailing-12-month (TTM) free cash flow (FCF). This metric is very similar to the EV/CF ratio, but is considered a more exact measure owing to the fact that it uses free cash flow, which subtracts capital expenditures (CAPEX) from a company's total operating cash flow, thereby reflecting the actual cash flow available for funding growth activities and payments to shareholders.

P/EBITDA Ratio: The P/EBITDA ratio is calculated as a company's per share market value divided by EBITDA (earnings before interest, taxes, depreciation, and amortization). This metric is very similar to the EV/EBITDA ratio, but is considered a little less exact measure as it uses market price, which does not take a company's debt into account. However, since EBITDA is often considered a proxy for cash income, the metric is used as a measure of what the market is willing to pay today for each dollar of the company's cash profitability in the trailing 12 months (TTM) or forward 12 months (F12M).

P/B Ratio: The price-to-book ratio is calculated as a company's current price per share divided by its book value (total assets – liabilities – preferred stocks) per share. In short, the book value is how much a company is worth. In other words, it reflects the total value of a company's assets that its common shareholders would receive if it were to be liquidated. So, the P/B ratio indicates whether you're paying higher or lower than what would remain if the company went bankrupt immediately. Investors typically use this metric to determine how a company's stock price stacks up to its intrinsic value.

P/TB Ratio: The price-to-tangible-book value ratio is calculated as a the per share market value of a company divided by the value of its tangible assets (total assets – liabilities – preferred stocks – intangible assets) per share. Tangible book value is the same thing as book value except it excludes the value of intangible assets to get a step closer to the baseline value of the company.

P/CF Ratio: The price-to-cash flow ratio measures a company's per share market price relative to its trailing-12-month (TTM) operating cash flow per share. This metric is used to determine whether a company is undervalued or overvalued relative to another stock, industry or sector. And like the P/E ratio, a lower number is typically considered better from the value perspective.

One of the reasons why P/CF ratio is often preferred over P/E ratio is the fact that operating cash flow adds back non-cash expenses such as depreciation and amortization to net income. This feature helps valuing stocks that have positive cash flow but are not profitable because of large noncash charges.

P/FCF Ratio: The price-to-free cash flow ratio is an extension of P/CF ratio, which uses trailing-12-month (TTM) free cash flow per share instead of operating cash flow per share. This metric is considered a more exact measure than P/CF ratio, as free cash flow subtracts capital expenditures (CAPEX) from a company's total operating cash flow, thereby reflecting the actual cash flow available for funding activities that generate additional revenues.

Earnings Yield: The earnings yield is calculated as current fiscal year (F1) EPS estimate divided by the company's current share price. The ratio, which is the inverse of the P/E ratio, measures the anticipated yield (or return) from earnings for each dollar invested in a stock today.

For example, earnings yield for a stock, which is trading at $35 and expected to earn $3 per share in the current fiscal year (F1), would be 0.0857 (3/35 = 0.0857) or 8.57%. In other words, for $1 invested in the stock today, the yield from earnings is anticipated to be 8.57 cents.

Investors most commonly compare the earnings yield of a stock to that of a broad market index (such as the S&P 500) and prevailing interest rates, such as the current 10-year Treasury yield. Since bonds and stocks compete for investors' dollars, stock investors typically demand a higher yield for the extra risk they assume compared to investors of U.S. Treasury-backed securities that offer virtually risk-free returns. This additional return is referred to as the risk premium.

Debt/Equity Ratio: The debt-to-equity ratio is calculated as a company's total liabilities divided by its shareholder equity. This metric is used to gauge a company's financial leverage. In other words, it is a measure of the degree to which a company is financing its operations through debt versus its own funds. The higher the ratio, the higher the risk for shareholders.

However, this ratio is difficult to compare across industry groups where ideal amounts of debt vary. Some businesses are more capital intensive than others and typically require higher debt to finance their operations. So, a company's debt-to-equity ratio should be compared with other companies in the same industry.

Cash Flow ($/share): Cash flow per share is calculated as operating cash flow (after-tax earnings + depreciation + other non-cash charges) divided by common shares outstanding. It is used by many investors as a measure of a company's financial strength. Since cash flow per share takes into consideration a company's ability to generate cash by adding back non-cash expenses, it is regarded by some as a more accurate measure of a company's financial situation than earnings per share, which could be artificially deflated.

Current Ratio: The current ratio or liquidity ratio is a company's current assets divided by its current liabilities. It measures a company's ability to pay short-term obligations. A current ratio that is in line with the industry average or slightly higher is generally considered acceptable. A current ratio that is lower than the industry average would indicate a higher risk of distress or default. A higher number is usually better. However, a very high current ratio compared to the industry average could be an indication of inefficient use of assets by management.

Debt/Capital Ratio: Debt-to-capital ratio is a company's total debt (interest-bearing debt + both short- and long-term liabilities) divided its total capital (interest-bearing debt + shareholders' equity). It is a measure of a company's financial leverage. All else being equal, the higher the debt-to-capital ratio, the riskier the stock.

However, this ratio can vary widely from industry to industry, the ideal amount of required debt being different. Some businesses are more capital intensive than others and typically require higher debt to finance their operations. So, a company's debt-to-capital ratio should be compared with the same for its industry.

Net Margin: Net margin is calculated as net income divided by sales. It shows how much of each dollar in sales generated by a company translates into profit. For example, if a company's net margin is 15%, its net income is 15 cents for every $1 of sales it makes.

A change in margin can reflect either a change in business conditions, or a company's cost controls, or both. If a company's expenses are growing faster than sales, its net margin will decline. However, different net margin rates are considered good for different industries, so it's better to compare net margin rates of companies in the same industry group.

Return on Equity: Return on equity (ROE) is calculated as trailing-12-month net income divided by trailing-12-month average shareholder equity (including reinvested earnings). This metric is considered a measure of how effectively management is using a company's assets to generate profits. For example, if a company's ROE is 10%, it creates 10 cents profits for every $1 shareholder equity, which is basically the company's assets minus debt. A company's ROE deemed good or bad depends on what's normal for its peers or industry group.

Sales/Assets Ratio: The sales-to-assets ratio or asset utilization ratio or asset turnover ratio is calculated as a company's annual sales divided by average assets (average of assets at the beginning of the year and at the year's end). This metric helps investors understand how effectively a company is using its assets to generate sales. For example, a sales-to-assets ratio of 2.5 indicates that the company generated $2.50 in sales for every $1 of assets on its books.

The higher the sales-to-assets ratio, the better the company is performing. However, similar to many other ratios, the asset turnover ratio tends to be higher for companies in certain industries/sectors than in others. So, a company's sales-to-assets ratio should be compared with the same for its industry/sector.

Historical EPS Growth (3-5 Years): This is the average annual (trailing-12-month) EPS growth rate over the last 3-5 years. This metric helps investors see how a company's EPS has grown from a long-term perspective.

Note: There are many factors that can influence short-term numbers — a recession will reduce this number, while a recovery will inflate it. The longterm perspective helps smooth out short-term events.

Projected EPS Growth (F1/F0): This is the estimated EPS growth rate for the current financial year. It is calculated as the consensus estimate for the current fiscal year (F1) divided by the reported EPS for the last completed fiscal year (F0).

Current Cash Flow Growth: It measures the latest year-over-year change in operating cash flow. Cash flow growth tells an investor how quickly a company is generating inflows of cash from operations. A positive change in the cash flow is desired and shows that more 'cash' is coming in than going out.

Historical Cash Flow Growth (3-5 Years): This is the annualized change in cash flow over the last 3-5 years. The change in a longer period helps put the current reading into proper perspective. By looking at the rate, rather than the actual dollar value, the comparison across the industry and peers becomes easier.

Projected Sales Growth (F1/F0): This metric looks at the estimated sales growth for the current year. It is calculated as sales estimate for the current fiscal year (F1) divided by the reported sales for the last completed fiscal year (F0).

Like EPS growth, a higher rate is better for sales growth. A look at a company's projected sales growth instantly tells you what the outlook is for their products and services. However, different sales growth rates are considered good for different industries, so it's better to compare sales growth rates of companies in the same industry group.

EPS F1 Estimate 1-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past week. The change in a company's consensus EPS estimate (or earnings estimate revision) has proven to be strongly correlated with the near-term price movement of its shares. It is an integral part of the Zacks Rank.

If a stock's consensus EPS estimate is $1.10 now versus $1.00 a week ago, that will be reflected as a 10% upward revision. If, on the other hand, it went from $1.00 to 90 cents, that would be a 10% downward revision.

EPS F1 Estimate 4-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past four weeks.

A stock's earnings estimate revision in a 1-week period is important. But it's more meaningful to look at the longer-term revision. And, of course, the 4-week change helps put the 1-week change into proper perspective.

EPS F1 Estimate 12-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past 12 weeks.

This metric essentially shows how the consensus EPS estimate has changed over a period longer than 1 week or 4 weeks.

EPS Q1 Estimate Monthly Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal quarter over the past four weeks.

While the revision in consensus EPS estimate for the current fiscal year is strongly correlated with the near-term price movement of its shares, the estimate revision for the current fiscal quarter is an important metric as well, especially over the short term, and particularly as a stock approaches its earnings date. If a stock's Q1 EPS estimate decreases ahead of its earnings release, it's usually a negative sign, whereas an increase is a positive sign.