

Molson Coors Beverage(TAP)

\$36.57 (As of 08/07/20)

Price Target (6-12 Months): **\$39.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 09/30/19)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:A

Value: A

Growth: B

Momentum: C

Summary

Molson Coors delivered bottom line beat for the fourth straight quarter in second-quarter 2020, despite the impacts of the coronavirus outbreak. Moreover, sales beat the Zacks Consensus Estimate, after reporting negative surprises in the past three quarters. Also, adjusted earnings improved year over year driven by favorable net pricing, cost savings, and lower MG&A expenses. In the short term, it plans to use savings from the revitalization plan to preserve its liquidity position. However, shares of Molson Coors lagged the industry year to date owing to closure of the on-premise channel across major markets, which impacted sales growth in the second quarter. Additionally, it expects uncertainty to prevail in the quarters ahead regarding the return of its business to normalcy, which should impact results in the third quarter and 2020.

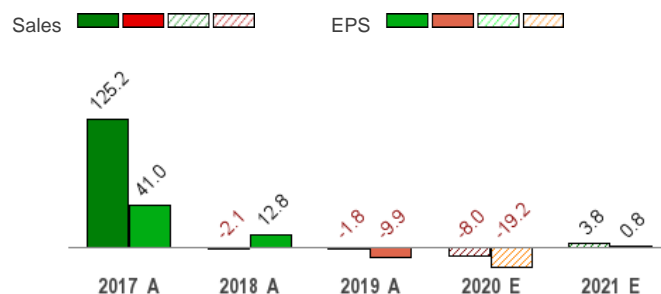
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$61.94 - \$33.18
20 Day Average Volume (sh)	2,019,248
Market Cap	\$8.1 B
YTD Price Change	-30.9%
Beta	0.87
Dividend / Div Yld	\$0.00 / 0.0%
Industry	Beverages - Alcohol
Zacks Industry Rank	Top 40% (101 out of 252)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	138.5%
Last Sales Surprise	2.7%
EPS F1 Est- 4 week change	26.5%
Expected Report Date	NA
Earnings ESP	0.0%
P/E TTM	8.5
P/E F1	10.0
PEG F1	2.2
P/S TTM	0.7

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	2,205 E	2,709 E	2,692 E	2,485 E	10,096 E
2020	2,103 A	2,503 A	2,652 E	2,452 E	9,730 E
2019	2,303 A	2,948 A	2,842 A	2,486 A	10,579 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.33 E	\$1.17 E	\$1.23 E	\$0.82 E	\$3.70 E
2020	\$0.35 A	\$1.55 A	\$1.04 E	\$0.68 E	\$3.67 E
2019	\$0.52 A	\$1.52 A	\$1.48 A	\$1.02 A	\$4.54 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 08/07/2020. The reports text is as of 08/10/2020.

Overview

Molson Coors Beverage Company, previously known as Molson Coors Brewing Company, was formed by the merger of Molson Inc. and Adolph Coors Co. in February 2005. This global manufacturer and seller of beer and other beverage products has an impressive diverse portfolio of owned and partner brands.

These brands include global priority brands such as Blue Moon, Miller Lite, CoorsBanquet, Coors Light, Miller Genuine Draft and Staropramen; as well as regional champion brands like Carling, Molson Canadian. The company also boasts some other major country-specific brands, along with craft and specialty beers, namely, Creemore Springs, Henry's Hard, Cobra, Doom Bar and Leinenkugel's.

Molson Coors crafts high-quality, innovative products with an aim of delighting the world's beer drinkers, thus targeting to become the first choice for its consumers. The company's brands are designed to resonate well with consumer tastes and preferences, styles and prices. Its largest markets are the United States, Canada and Europe.

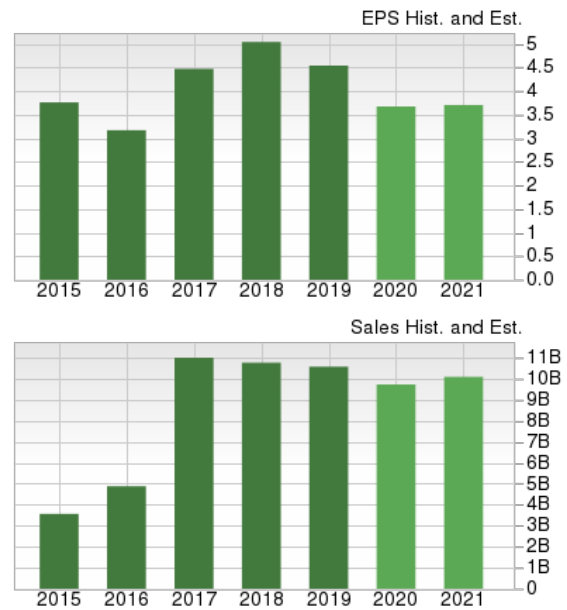
Impressively, Molson Coors remains well on track with its First Choice plan. This strategy aims at solidifying and preimmunizing portfolio, enhancing customer relations and generating significant profits from international businesses via enhanced capability, productivity and continued cost savings.

Furthermore, Molson Coors operates through MillerCoors LLC (U.S. segment), operating in the United States ("U.S."); Molson Coors Canada (Canada segment), operating in Canada; Molson Coors Europe (Europe segment), operating in Bulgaria, Croatia, Czech Republic, Hungary, Montenegro, the Republic of Ireland, Romania, Serbia, the United Kingdom and other European countries; and Molson Coors International (International segment), operating in various other countries.

Segment Performance

North America: The North America business unit includes operations in the United States, Canada and corporate center. The segment contributed nearly 89% to its net sales in first-quarter 2020.

Europe: The Europe unit operates as a stand-alone segment, including Africa and the Asia Pacific regions. The segment contributed nearly 16% to the company's net sales in first-quarter 2020.



Reasons To Buy:

▲ **Solid Q2 Earnings Performance:** Molson Coors delivered bottom line beat for the fourth straight quarter in second-quarter 2020, despite the impacts of the coronavirus outbreak on its on-premise business. Moreover, the top line beat the Zacks Consensus Estimate in the second quarter, after reporting negative surprises in the past three quarters. Also, adjusted earnings improved year over year, while sales declined. Despite the impacts of the coronavirus outbreak on top-line growth, the company's earnings benefited from favorable net pricing, cost savings, and lower marketing, general and administrative (MG&A) expenses. Underlying EBITDA rose 2.4% year over year, with a 2.2% growth in constant currency.

Despite the impacts of the coronavirus outbreak, Molson Coors' Q2 earnings benefited from favorable net pricing, cost savings, and lower marketing, general and administrative (MG&A) expenses.

▲ **Lower Costs Aid:** Although the impacts of the pandemic were visible on top line growth, Molson Coors' diligent cost-containment efforts led to improved bottom line results in the second quarter. Notably, reported cost of goods sold (COGS) per hectoliter declined 5.4% driven by gains from unrealized mark-to-market commodity positions, cost savings and a favorable resolution of our property tax appeal for our Golden, Colorado brewery, partially offset by volume deleverage. Additionally, marketing, general & administrative (MG&A) expenses declined 31.9% on a reported basis and 30.8% on an underlying basis, in constant currency. This deleverage was aided by the company's efforts to prioritize, shift and significantly reduce marketing spend by shifting to media platforms with greater audiences in the current situation. Further, the company suspended on-premise activation spending and eliminated expenses in areas that are significantly impacted, like sports and in-market activations. Moreover, the company also adjusted timing of spend on brands and packs that witnessed constrained supplies. Collectively, these actions along with contributions from cost-savings related to the revitalization plan led to a decline in marketing spending on a year over year basis, which also aided the earnings performance.

▲ **Focus on Premiumization & Innovation:** Molson Coors is one of the largest brewers in the world and boasts a strong portfolio of well-established brands. The company's focus on premiumization and cost savings has been aiding its bottom line performance. In fact, it remains committed to growing its market share through innovation and premiumization. With a view to accelerate portfolio premiumization, the company has made significant additions to its above-premium brands portfolio in the past few years. Consequently, nearly 30% and 20% of the company's portfolio in Europe and Canada, respectively, is now in above-premium brands. Further, the company is now focused on increasing investments in the above-premium category in the United States. Going forward, the company is encouraged by its innovation pipeline and launch of various innovative brands across regions. Molson Coors remains on track to witness continued segment share gains in premium brands; increased volumes in above-premium brands and bring stability to its below-premium brands' volumes and market share. Additionally, the company's innovation plans are focused on introducing new flavors and variations for its customers. The company remains optimistic about the recently launched brands, including Vizzy Hard Seltzer, Blue Moon LightSky, Saint Archer Gold and Movo canned wine spritzers.

▲ **Revitalization Plan:** Molson Coors is on track with its revitalization plan focused on achieving sustainable top-line growth by improving efficiency and unlocking resources to reinvest in business opportunities. The company intends to invest in iconic brands and growth opportunities in the above-premium beer space; expand in adjacencies and beyond beer, without hampering the support for its existing large brands; and creating digital competencies for commercial functions, supply-chain-related system capabilities and employees. To facilitate these investments, it plans to generate savings of nearly \$150 million by simplifying structure. The company made significant progress against its revitalization plan before the impact of coronavirus pandemic became widespread in North America and Europe. The company has been successful in generating the expected revitalization plan savings. In the short term, it plans to use these savings to preserve cash and liquidity position, given the uncertainty in the economy due to the coronavirus.

▲ **Cost Savings and Restructuring Initiatives:** Molson Coors has undertaken restructuring initiatives to reduce overhead costs and boost profitability. The initiatives included closure of underperforming breweries, improving efficiencies in finance, administration and human resources and reducing labor and general overhead costs. In addition, the company has been focusing on initiatives to improve its supply-chain network and build on efficiencies across the business to generate additional resources to invest in brand building and innovation. In 2020, the company remains committed to delivering more cost savings under its next-generation cost-saving program. It expects the current program to generate cost savings of \$600 million over the three years ending 2022. These cost savings include \$150 million related to the revitalization plan. Further, it expects to incur one-time costs of \$120-\$180 million for generating savings from the revitalization plan.

▲ **Financial Flexibility:** Molson Coors is committed to maintaining its balance sheet strength, by efficiently deleveraging debt levels and investing in its business using cash flows and cost savings. The company's long term debt of \$8,073.7 million as of Jun 30, 2020, reflected a marginal increase of 0.5% sequentially. Its debt-to-capitalization ratio of 0.40 represents a sequential improvement from 0.42 as of Mar 31, 2020. Moreover, the company is taking proactive measures to ensure continuity of business and adequate liquidity, amid the coronavirus crisis. To preserve liquidity and cash position, it renegotiated the bank covenants to ease potential short-term liquidity constraints and suspended dividend payable for the rest of 2020. Notably, the company has amended its existing \$1.5 billion revolving credit facility agreement and repaid \$1 billion that was outstanding on the credit facility. As a result, it had no outstanding borrowings on its credit facility as of the end of the second quarter. Further, it had \$200 million of commercial paper outstanding as of Jun 30, 2020, resulting in \$1.3 billion of available capacity under the credit facility. In May 2020, it added £300 million of incremental borrowing capacity through a commercial paper facility for the U.K. business. Backed by these actions, Moody's affirmed the credit rating and retained a stable outlook for the company.

Additionally, the company is implementing cost-cutting measures to maintain financial stability, including reducing discretionary spend and marketing investments as well as capital expenditures by \$200 million.

Reasons To Sell:

- ▼ **Soft On-Premise Business Hurt Sales Growth:** Although Molson Coors' top line beat estimates in second-quarter 2020, it declined year over year. The year-over-year decline was mainly caused by unfavorable global mix and a decline in financial volume due to closure of on-premise channel across the major markets on impacts of the coronavirus pandemic. This was partly offset by higher net pricing in the United States and Canada. On a constant-currency basis, net sales fell 14.3%. North America net sales declined 8.3% on a reported basis and 7.9% in constant currency, driven by a decline in financial and brand volume, offset by higher net sales per hectoliter (brand volume basis). Net sales in Europe declined 44.6% on a reported basis and 42.4% in constant currency. The decline was attributed to lower volume and drop in net sales per hectoliter due to the closure of on-premise channel. While the company has been witnessing unprecedented strength of demand in the off-premise channel, this growth has not fully offset the on-premise losses. Despite all efforts, the company expects these disproportionate trends in on-premise and off-premise to continue hurting sales in the quarters ahead. Shares of Molson Coors have witnessed a decline of 30.8% year to date, wider than the industry's 24.6% fall.
- ▼ **Decline in Worldwide Volume:** Molson Coors' worldwide brand volume declined 11.6% to 21.5 million hectoliters and financial volume declined 12.5% to 22.6 million hectoliters. The declines in the worldwide brand and financial volumes were mainly attributed to the impacts of the pandemic and the related closure of on-premise outlets in both North America and Europe. Moreover, market share declined partly due to the prioritization of some key brands and packaging to meet the off-premise demand. Additionally, unfavorable shipment timing in the United States due to aluminum can supply and other packaging material constraints, and lower contract brewing volume hurt financial volume. Particularly, in Europe, volumes were impacted by adverse geographic mix mainly related to its high-margin U.K. business that has greater exposure to the on-premise channel, which remained closed until early July, while the other European markets started to re-open gradually by the end of May and early June.
- ▼ **Supply Chain Constraints:** Apart from the impacts on on-premise, Molson Coors witnessed shifts in demand to the off-premise and certain package types during the second quarter. This strained the supply chain and package availability, particularly hurting the aluminum can demand and other packaging materials. This led the company to strategically prioritize certain brands and package types to adjust to these changing consumer dynamics. Eventually, this weighed on the company's top and bottom line performance in the second quarter. Moreover, the company expects the industry-wide supply constraints for cans to remain a headwind in the third quarter.
- ▼ **Uncertain View:** While Molson Coors began witnessing positive trends in the on-premise channel in some markets in June, its U.K. business remained affected until early July. Consequently, the recovery at the company's on-premise channel has been slow, remains uncertain and has not returned to pre-pandemic levels. Additionally, the company expects uncertainty to prevail in the quarters ahead regarding the return of its business to normalcy, with growing risk of a return of shutdowns in certain markets. As a result, it continues to expect significant COVID-19 related adverse impacts on top and bottom lines for the third quarter as well as 2020 and beyond. Moreover, it predicts marketing expenses in North America to increase in the second half of 2020 to support availability of core brands, as well as continued investments for the growth of Vizzy and Blue Moon LightSky as well as the launch of Coors Seltzer in August. Consequently, marketing spend in the third and fourth quarter of 2020 is likely to increase year over year.

Unfavorable global mix and decline in financial volume due to on-premise channels closure across major markets due to the coronavirus pandemic, hurt top line growth in second-quarter 2020.

Last Earnings Report

Molson Coors Q2 Earnings & Sales Beat

Molson Coors has reported second-quarter 2020 results, wherein earnings and sales beat estimates. Moreover, adjusted earnings improved year over year, while sales declined.

While the company began witnessing positive trends in the on-premise channel in some markets in June, its U.K. business remained affected until early July. Further, it expects uncertainty to prevail in the quarters ahead regarding the return of its business to normalcy. It continues to expect significant adverse impacts on top and bottom lines for the third quarter as well as 2020 and beyond.

Molson Coors' underlying adjusted earnings of \$1.55 per share was up 2% year over year and beat the Zacks Consensus Estimate of 65 cents. Despite the impacts of the coronavirus outbreak on top-line growth, the company's earnings benefited from favorable net pricing, cost savings, and lower marketing, general and administrative (MG&A) expenses.

Underlying EBITDA rose 2.4% to \$692.3 million year over year. Further, underlying EBITDA improved 2.2% year over year in constant currency.

Net sales declined 15.1% to \$2,503.4 million but surpassed the Zacks Consensus Estimate of \$2,438 million. The year-over-year decline was mainly caused by unfavorable global mix and a decline in financial volume due to closure of on-premise channel across the major markets on impacts of the coronavirus pandemic. This was partly offset by higher net pricing in the United States and Canada. On a constant-currency basis, net sales fell 14.3%. Notably, net sales per hectoliter inched up 0.3% on a brand volume basis.

However, Molson Coors' worldwide brand volume declined 11.6% to 21.5 million hectoliters and financial volume declined 12.5% to 22.6 million hectoliters. The declines in the worldwide brand and financial volumes were mainly attributed to the impacts of the pandemic and the related closure of on-premise outlets. Moreover, market share declined partly due to the prioritization of some key brands and packaging to meet the off-premise demand. Additionally, unfavorable shipment timing in the United States due to aluminum can supply and other packaging material constraints, and lower contract brewing volume hurt financial volume.

Segmental Details

The company operates through the following geographical segments.

North America: Molson Coors' North America net sales declined 8.3% to \$2,002.2 million on a reported basis and 7.9% in constant currency, driven by a decline in financial and brand volume, offset by higher net sales per hectoliter (brand volume basis). North America brand volume declined 7.8%, while financial volume fell 8.3%. Financial volume decline was attributed to lower brand volume, a decline in contract brewing and unfavorable shipment timing in the United States due to aluminum can supply and other packaging material constraints.

The segment's brand volume was hurt by the closure of on-premise outlets and market share declines. In the United States, brand volumes fell 5.2%, while domestic shipment was down 6.5%. In Canada and Latin America, brand volume declined 9.8% and 48.1%, respectively, in the quarter.

Meanwhile, net sales per hectoliter rose 0.9% on favorable geographic and package mix as well as higher net pricing in the United States and Canada, offset by negative brand and channel mix due to the shift of volume from on-premise to off-premise. Underlying EBITDA increased 13.8% on a reported and constant-currency basis to \$651.8 million.

Europe: The segment's net sales on a reported basis declined 44.6% to \$307.1 million and 42.4% in constant currency. The net sales decline was attributed to lower volume and drop in net sales per hectoliter due to the closure of on-premise channel. Net sales per hectoliter (brand volume basis) for the segment were down 12.7%, resulting from an unfavorable channel and geographic mix as well as unfavorable net pricing.

The adverse mix mainly related to its high-margin U.K. business that has greater exposure to the on-premise channel, which remained closed until early July, while the other European markets started to re-open gradually by the end of May and early June. The segment's financial volume fell 24.8% and brand volumes were down 21.4%. The segment reported underlying EBITDA of \$31 million, reflecting a decline of 67.3% on a reported basis and 66.9% in constant currency.

Other Financial Updates

Molson Coors ended the second quarter with cash and cash equivalents of \$780.8 million, and total debt of \$8,686.7 million. This resulted in net debt of \$7,905.9 million at the end of the quarter.

The company had cash flow from operating activities of \$1,059.9 million at the end of the second quarter, with an underlying free cash flow of \$796.4 million.

Quarter Ending 06/2020

Report Date	Jul 30, 2020
Sales Surprise	2.67%
EPS Surprise	138.46%
Quarterly EPS	1.55
Annual EPS (TTM)	4.40

Valuation

Molson Coors shares are down 30.8% in the year-to-date period and nearly 28.3% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Consumer Staples sector are down 24.6% and 7.8%, respectively, in the year-to-date period. Over the past year, the Zacks sub-industry and the sector are down 27.7% and 4.9%, respectively.

The S&P 500 index is up 3.9% in the year-to-date period and 16.4% in the past year.

The stock is currently trading at 10.09X forward 12-month earnings, which compares to 24.98X for the Zacks sub-industry, 19.98X for the Zacks sector and 22.77X for the S&P 500 index.

Over the past five years, the stock has traded as high as 28.49X and as low as 8.9X, with a 5-year median of 14.13X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$39 price target reflects 10.56X forward 12-month earnings.

The table below shows summary valuation data for TAP

Valuation Multiples - TAP					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	10.09	24.98	19.98	22.77
	5-Year High	28.49	27.52	22.37	22.77
	5-Year Low	8.9	18.8	16.63	15.25
	5-Year Median	14.13	23.33	19.58	17.58
P/S F12M	Current	0.81	16	9.44	3.66
	5-Year High	5.69	20.67	11.15	3.66
	5-Year Low	0.71	13.04	8.1	2.53
	5-Year Median	1.53	17.27	9.89	3.05
EV/EBITDA TTM	Current	6.44	41.53	37.16	12.62
	5-Year High	18.8	55.56	45.91	12.84
	5-Year Low	6.09	29.05	28	8.24
	5-Year Median	11.4	44.61	39.09	10.9

As of 08/07/2020

Industry Analysis Zacks Industry Rank: Top 40% (101 out of 252)



Top Peers

Company (Ticker)	Rec	Rank
AnheuserBusch InBev SANV (BUD)	Outperform	2
The Boston Beer Company, Inc. (SAM)	Outperform	1
BrownForman Corporation (BF.B)	Neutral	3
Craft Brew Alliance, Inc. (BREW)	Neutral	2
Carlsberg AS (CABGY)	Neutral	3
Heineken NV (HEINY)	Neutral	3
Constellation Brands Inc (STZ)	Neutral	3
Diageo plc (DEO)	Underperform	5

Industry Comparison Industry: Beverages - Alcohol				Industry Peers		
	TAP	X Industry	S&P 500	BUD	CABGY	HEINY
Zacks Recommendation (Long Term)	Neutral	-	-	Outperform	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	2	3	3
VGM Score	A	-	-	C	B	C
Market Cap	8.07 B	10.70 B	23.30 B	109.41 B	21.49 B	51.92 B
# of Analysts	6	1.5	14	2	2	2
Dividend Yield	0.00%	0.00%	1.76%	1.54%	1.41%	2.03%
Value Score	A	-	-	B	C	C
Cash/Price	0.10	0.04	0.07	0.00	0.04	0.04
EV/EBITDA	9.41	9.71	13.32	9.56	10.02	10.03
PEG Ratio	2.29	3.67	2.94	NA	NA	NA
Price/Book (P/B)	0.61	2.75	3.19	1.60	3.11	2.68
Price/Cash Flow (P/CF)	4.34	15.52	12.51	8.59	13.39	10.42
P/E (F1)	10.25	27.22	22.02	25.00	26.52	35.91
Price/Sales (P/S)	0.66	1.97	2.53	2.29	NA	NA
Earnings Yield	9.85%	3.18%	4.37%	4.00%	3.79%	2.77%
Debt/Equity	0.61	0.45	0.77	1.55	0.45	0.77
Cash Flow (\$/share)	8.59	1.53	6.94	6.32	2.17	4.32
Growth Score	B	-	-	F	B	B
Hist. EPS Growth (3-5 yrs)	7.18%	7.36%	10.46%	-7.49%	NA	NA
Proj. EPS Growth (F1/F0)	-19.09%	-5.79%	-6.80%	90.35%	-10.25%	760.53%
Curr. Cash Flow Growth	-5.29%	-2.83%	5.39%	11.61%	7.49%	2.45%
Hist. Cash Flow Growth (3-5 yrs)	11.28%	3.18%	8.55%	0.84%	0.41%	5.02%
Current Ratio	0.67	1.49	1.33	1.17	0.54	0.68
Debt/Capital	37.83%	31.20%	44.50%	60.81%	31.20%	43.57%
Net Margin	-1.33%	2.55%	10.13%	2.55%	NA	NA
Return on Equity	7.18%	9.22%	14.39%	9.03%	NA	NA
Sales/Assets	0.42	0.51	0.51	0.41	NA	NA
Proj. Sales Growth (F1/F0)	-8.03%	0.00%	-1.51%	-15.47%	-9.27%	-11.94%
Momentum Score	C	-	-	B	C	F
Daily Price Chg	1.91%	0.00%	0.90%	-1.13%	-0.72%	-1.08%
1 Week Price Chg	2.82%	0.12%	0.14%	-0.18%	0.08%	0.75%
4 Week Price Chg	12.09%	0.00%	8.95%	6.37%	9.79%	-4.17%
12 Week Price Chg	2.70%	10.59%	18.90%	37.30%	23.26%	15.15%
52 Week Price Chg	-29.31%	-5.21%	1.18%	-44.92%	-0.70%	-15.90%
20 Day Average Volume	2,019,248	26,984	2,057,775	1,948,254	94,308	43,779
(F1) EPS Est 1 week change	20.49%	0.00%	0.00%	6.63%	0.00%	-17.71%
(F1) EPS Est 4 week change	26.54%	0.00%	1.36%	22.95%	0.00%	-17.71%
(F1) EPS Est 12 week change	22.33%	4.22%	1.57%	26.53%	2.82%	-24.85%
(Q1) EPS Est Mthly Chg	-16.13%	0.00%	0.54%	41.51%	NA	NA

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	A
Growth Score	B
Momentum Score	C
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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