

V.F. Corporation (VFC)

\$88.38 (As of 04/23/21)

Price Target (6-12 Months): **\$93.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 07/13/20)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:B

Value: C

Growth: B

Momentum: B

Summary

Shares of V.F. Corp have lagged the industry in the past three months, despite better-than-expected earnings in third-quarter fiscal 2021. The company's fiscal third-quarter results continued to reflect significant impacts of the coronavirus pandemic, resulting in sales and earnings declines on a year-over-year basis. Revenues were mainly affected by store closures and lower consumer demand due to COVID-19 and related restrictions. However, it is on track with the 2024 strategy for transitioning to a consumer-minded and retail-centric business. Also, the recently announced transformation plan for its Asia-Pacific operations and the Supreme brand acquisition bode well. Based on anticipated recovery from the COVID-19 disruptions and gains from the recently acquired Supreme brand, the company raised its outlook for fiscal 2021.

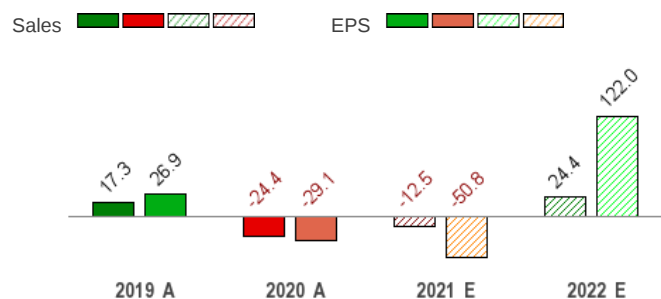
Price, Consensus & Surprise



Data Overview

52-Week High-Low	\$89.68 - \$50.72
20-Day Average Volume (Shares)	2,155,079
Market Cap	\$34.6 B
Year-To-Date Price Change	3.5%
Beta	1.40
Dividend / Dividend Yield	\$1.96 / 2.2%
Industry	Textile - Apparel
Zacks Industry Rank	Top 18% (46 out of 254)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	1.1%
Last Sales Surprise	-1.4%
EPS F1 Estimate 4-Week Change	0.0%
Expected Report Date	05/21/2021
Earnings ESP	2.6%
P/E TTM	78.2
P/E F1	30.2
PEG F1	2.7
P/S TTM	4.0

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	1,890 E	3,317 E	3,473 E	2,706 E	11,408 E
2021	1,076 A	2,608 A	2,972 A	2,512 E	9,168 E
2020	2,271 A	3,393 A	3,385 A	2,102 A	10,474 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	\$0.10 E	\$1.16 E	\$1.22 E	\$0.47 E	\$2.93 E
2021	-\$0.57 A	\$0.67 A	\$0.93 A	\$0.29 E	\$1.32 E
2020	\$0.30 A	\$1.26 A	\$1.23 A	\$0.10 A	\$2.68 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 04/23/2021. The report's text and the analyst-provided price target are as of 04/26/2021.

Overview

Based in Greensboro, NC, V.F. Corporation designs, manufactures and markets branded apparel and related products in the United States and internationally. Its product line consists of denim and casual tops, bottoms, backpacks, book bags, luggage, outdoor gear, skateboard-inspired footwear and apparel, surf-inspired footwear and apparel, women's lingerie, occupational apparel, licensed sports apparel, athletic apparel and fashion sportswear. The company markets its products through specialty stores, department stores, national chains and mass merchants along with licensees and distributors.

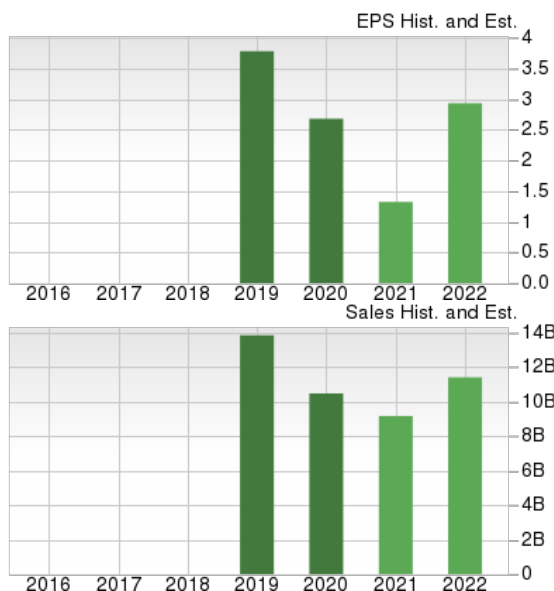
On May 22, 2019, the company completed the spin-off of its Jeans business into an independent, publicly-traded company named as Kontoor Brands. The spin-off included Wrangler, Lee, and Rock & Republic brands, as well as the VF Outlet business.

The company reports operating results under three segments — Active, Outdoor and Work.

Outdoor segment mainly comprises of outdoor apparel, footwear and equipment. The key brands sold under this segment are The North Face, Timberland (excluding Timberland PRO), Smartwool, Icebreaker and Altra.

Active segment offers active apparel, footwear and accessories under brands like Vans, Kipling, Napapijri, JanSport, Reef, Eastpak and Eagle Creek.

Work segment sells work and work-inspired lifestyle apparel and footwear and occupational apparel. The primary brands in this segment include Dickies, Bulwark, Red Kap, Timberland PRO, Wrangler RIGGS, Walls, Terra, Kodiak and Horace Small.



Source: Zacks Investment Research

Reasons To Buy:

▲ **Fiscal 2021 View:** V.F. Corp raised its outlook for fiscal 2021 based on anticipated recovery from the COVID-19 disruptions on its business and gains from the recently acquired street wear brand – Supreme. Management also noted that it is on track to return to growth in fourth-quarter fiscal 2021, with plans to accelerate growth in fiscal 2022. The company remains on track with its business transformation plans. For fiscal 2021, it predicts revenues of \$9.1-\$9.2 billion, suggesting a decline of 12-13% on an adjusted basis. The revised outlook includes \$125 million of revenue contribution from the Supreme brand. Earlier, the company anticipated revenues of \$9 billion, suggesting a decline of 14% on an adjusted basis. It now anticipates adjusted earnings per share of \$1.30, suggesting a 51% year-over-year decline. The revised view accounts for nearly 5 cents earnings contribution from the Supreme brand. Earlier, the company predicted earnings per share of \$1.20, with a 55% year-over-year decline and a 56% decrease in constant currency.

V.F. Corp's digital business benefited from strong performance across almost every brand in the portfolio, including the pure play digital wholesale partners. Digital revenues advanced 53% in Q3.

▲ **China Business Remains Strong:** During third-quarter fiscal 2021, V.F. Corp witnessed strong momentum in China and across its digital platform. The company notes that China has witnessed a spike in consumer spending with positive growth in apparel and footwear categories. Revenues in Greater China improved 18% (up 11% in constant dollars). This includes growth of 22% (up 15% in constant dollars) in Mainland China, led by a 21% growth at Vans. Also, the direct-to-consumer business in Mainland China accelerated to 20% growth, led by 24% growth in digital. The robust China business also resulted in the APAC region returning to growth in the fiscal third quarter. Notably, revenues for the APAC region rose 6% on a reported basis and 1% on a constant-currency basis. Driven by the positives, the company remains confident of continued momentum in China and retained its earlier predicted guidance of 20% growth in the China business for fiscal 2021.

▲ **Digital Growth:** V.F. Corp is on track with the digital and hyper-digital business model transformation. Driven by its investments and the increased consumer shift to digital platforms amid the coronavirus pandemic, the company's global digital revenues advanced 53% (up 49% in constant dollars) in third-quarter fiscal 2021. The digital business benefited from strong performance across almost every brand in the portfolio, including the pure play digital wholesale partners. Notably, the total digital business represented about one-third of total revenue in the quarter. Moreover, digital business in America's witnessed 50% growth while the EMEA region grew more than 80%. Apart from these, buy online, pickup in store and curbside delivery options have been aiding digital sales. Coming to the brands, online sales at The Vans brand surged 48%, led by 58% digital growth in APAC and 21% growth in China. Also, The North Face and Timberland's digital sales grew 61% and more than 100%, respectively. Backed by the strong performance, the company now estimates digital revenue growth of more than 50% for fiscal 2021, on a reported basis. Including its pure-play digital wholesale partners, digital penetration is expected to account for nearly 30% of revenues in fiscal 2021.

▲ **APAC Transformation Plan:** V.F. Corp remains focused on strengthening its business globally, as part of which it is making solid efforts to bolster operations in the Asia Pacific. It recently unveiled a transformation plan for its Asia-Pacific operations. The plan aims at evolving the organizational design and footprint in the region, alongside developing new capacities to speed up brand growth. Notably, V.F. Corp will relocate the hub of its brand operations from Hong Kong to Shanghai as part of this transformation plan. It presently has roughly 900 office and retail workers in Shanghai. This move is likely to help V.F. Corp build stronger ties with consumers in China. Further, the transformation initiative involves the company moving its Asia Product Supply Hub from Hong Kong to Singapore. This is likely to facilitate improved integration in the company's worldwide supply chain, which includes key centers in the Americas and Europe.

Also, the company will establish an additional shared services center for the Asia Pacific region, in Kuala Lumpur, Malaysia. This, in turn, will help V.F. Corp further extend the footing of its back-end operational functions, which support its brands as well as supply chain in the Asia Pacific. Nonetheless, management stated that Hong Kong will continue to serve as a key retail market for the company and its brands. Notably, V.F. Corp will initiate a phased transition to undertake the abovementioned relocations in the next 12-18 months. The first relocation is anticipated in April 2021.

▲ **Supreme Acquisition Bodes Well:** V.F. Corp concluded the acquisition of the privately-owned streetwear brand – Supreme – on December 28, 2020, for \$2.1 billion. The Supreme brand that mostly sells apparel, accessories and footwear through the online platform is now a wholly-owned subsidiary of V.F. Corp. The company is poised to gain from Supreme's strong follower base in the younger generation, even when consumers are moving away from apparel to essential spending. The acquisition is likely to speed up its 2024 strategy. It will also strengthen the company's long-standing partnership with Supreme. Notably, V.F. Corp collaborated with Supreme for its brands such as The North Face, Vans and Timberland on various occasions. The acquisition is estimated to slightly contribute to the company's top and bottom lines in fiscal 2021. The company estimates Supreme to contribute about \$125 million of revenue and 5 cents per share of adjusted earnings to the fourth quarter of fiscal 2021. Additionally, it expects synergies of at least \$500 million in revenues and 20 cents per share in adjusted earnings in fiscal 2022 from this deal.

▲ **Financial Flexibility:** V.F. Corp's long-term debt of \$5,786.6 million increased 1.8% on a sequential basis. Moreover, its debt-to-capitalization ratio of 0.66 remains unchanged on a sequential basis. Moreover, V.F. Corp looks quite comfortable from a liquidity point of view. Notably, it had \$1.9 billion remaining under its revolving credit facility. Additionally, the company returned \$191 million to shareholders through dividend payouts in the fiscal third quarter. As part of its liquidity-preservation actions amid the coronavirus outbreak, it previously suspended its share-repurchase program on a temporary basis. Going ahead, it now expects to generate adjusted free cash flow of \$650 million in fiscal 2021 versus the previously mentioned \$600 million. Further, it is on track with the divestiture of its Occupational Workwear business, which can be additional source of cash.

▲ **2024 Growth Plan & Outlook:** V.F. Corp. is on track with its growth plan for the 2020-2024 period. The 2024 growth strategy primarily focuses on transitioning to a consumer-minded and retail-centric business in a hyper-digital way. The company's efforts will also focus on creating a dynamic and optimum portfolio, directing investments to Asia and uplifting direct channels by prioritizing digital. The strategy targets

generating revenue growth of 7-8% at a five-year CAGR, through 2024. This growth will be primarily driven by its largest brands — The Vans, The North Face, Timberland and Dickies. Further, the company expects revenue growth through the period to be driven by strong contributions from the International and Direct-to-Consumer business platforms. It expects earnings per share growth of 12-14% at a five-year CAGR, from fiscal 2019 levels. In fiscal 2024, the company anticipates gross margin to exceed 55.5%, with an operating margin of more than 15%. Further, the company expects to generate cumulative free cash flows of nearly \$8 billion during the five years. Of this, the company plans to return about \$10 billion to shareholders in the form of dividend payouts and share repurchases. It anticipates delivering top quartile total shareholder return (TSR) performance with annual TSR of 14-16%. to deliver a global cost savings of about \$125 million over three-year period.

Reasons To Sell:

- ▼ **Stock Underperforms, Looks Overvalued:** Shares of V.F. Corp rose 11.6% in the past three months underperforming the industry's growth of 17.2%. Considering price-to-earnings (P/E) ratio, V.F. Corp looks pretty overvalued when compared with the S&P 500. The stock has a trailing 12-month P/E ratio of 78.21x, which is above the median level of 52.27x and at par with the high level, scaled in the past year. On the contrary, the trailing 12-month P/E ratio is 30.59x for the S&P 500. Given these factors, we believe that the stock is quite stretched from the P/E aspect.
- ▼ **Soft Q3 Results:** Although V.F. Corp reported better-than-expected earnings in third-quarter fiscal 2021, the top line missed the Zacks Consensus Estimate. The company's fiscal third-quarter results continued to reflect significant impacts of the coronavirus pandemic, resulting in sales and earnings declines on a year-over-year basis. Notably, third-quarter fiscal 2021 revenues declined 6% year over year on a reported basis and 8% in constant-dollar basis. Revenues were mainly affected by store closures and lower consumer demand due to COVID-19 and related restrictions. Notably, the company witnessed revenue declines across all its segments, except Work segment, during the quarter. Revenues for the Active segment declined 9% (down 11% in constant-currency basis), including a 6% decline (an 8% decline in constant dollars) for the Vans brand. The Outdoor segment's revenue declined 5% (a 7% decline in constant currency), with flat revenues (down 2% in constant currency) for the North Face brand.
- ▼ **Dismal Margins:** V.F. Corp's adjusted earnings per share was primarily hurt by soft sales and decline in margins. Earnings of 93 cents per share declined 19.1% from adjusted earnings of \$1.15 in the year-ago quarter. Adjusted gross margin contracted 150 basis points (bps) year over year to 55.7%, owing to increased promotional activity to clear excess inventory and the timing of foreign-currency transactions. Adjusted operating income was \$458.1 million, down 17.6% from adjusted operating income of \$556.2 million in the year-ago quarter. Meanwhile, the adjusted operating margin of 15.4% contracted 220 bps from 17.6% in the prior-year quarter.
- ▼ **Competitive Pressure:** V.F. Corp faces intense competition from other well-established players in the apparel industry, on the basis of brand recognition, fashion, price, service, store location and quality. Failure to offer high-quality products at a competitive price may hamper V.F. Corp.'s market share and consequently, dent both top-line and bottom-line growth.
- ▼ **International Exposure Poses Currency Risks:** Owing to V.F. Corp's solid international presence (roughly 47% of revenues in fiscal 2020), the company remains exposed to the unfavorable currency fluctuations. The weakening of foreign currencies against the U.S. dollar may require the company to either raise prices or contract profit margins in locations outside the country. We note that, currency headwinds can weigh on the company's revenues in the future.

Higher promotional activity to clear excess inventory and the timing of foreign-currency transactions marred V.F. Corp's gross margin in third-quarter fiscal 2021.

Last Earnings Report

V.F. Corp Reports Soft Q3 Earnings & Sales, Raises View

V.F. Corporation has reported better-than-expected earnings in third-quarter fiscal 2021, while the top line missed the Zacks Consensus Estimate. The company's fiscal third-quarter results continued to reflect significant impacts of the coronavirus pandemic, resulting in sales and earnings declines on a year-over-year basis.

It continued to witness mixed impacts of the COVID-led closures and restrictions. In North America, it had more than 95% of company-owned stores reopened by the start of the fiscal third quarter. However, nearly 15% stores re-closed by the end of the fiscal third quarter. Of these, the majority were Vans stores in California. Meanwhile, other stores operated with reduced capacity. Store re-openings began after the fiscal third quarter, with less than 10% of stores currently closed in North America. In EMEA, nearly 50% of stores re-closed by the end of the fiscal third quarter. Currently, more than 60% of stores are closed in the EMEA region. However, in APAC, including Mainland China, all stores are open.

Nonetheless, it raised its outlook for fiscal 2021 based on encouraging business trends. Moreover, it is particularly gaining from strong business performance in digital and across China.

V.F. Corp's adjusted earnings per share of 93 cents declined 19.1% from adjusted earnings of \$1.15 in the year-ago quarter. However, the bottom line beat the Zacks Consensus Estimate of 92 cents.

Net revenues of \$2,971.5 million declined 6% year over year and missed the Zacks Consensus Estimate of \$3,002 million. Constant-dollar revenues declined 8%. Revenues were mainly affected by store closures and lower consumer demand due to COVID-19 and related restrictions.

Moreover, the company's International revenues were flat on a reported basis (down 4% in constant dollars). Revenues in Europe rose 1% (down 4% in constant dollars) and that in Greater China improved 18% (up 11% in constant dollars). Revenues for Mainland China witnessed 22% growth (up 15% in constant dollars). Revenues at the company's direct-to-consumer business dropped 2% (down 4% in constant dollars) in the fiscal third quarter, while digital revenues advanced 53% (up 49% in constant dollars).

Adjusted gross margin contracted 150 basis points (bps) year over year to 55.7%, owing to increased promotional activity to clear excess inventory and the timing of foreign-currency transactions. Adjusted operating income was \$458.1 million, down 17.6% from adjusted operating income of \$556.2 million in the year-ago quarter. Meanwhile, the adjusted operating margin of 15.4% contracted 220 bps from 17.6% in the prior-year quarter.

Segmental Details

Revenues at the **Active** segment declined 9% to \$1,127.1 million (down 11% in constant-currency basis). This included a 6% decline (an 8% decline in constant dollars) for the Vans brand.

The **Outdoor** segment reported revenues of \$1,571 million, down 5% year over year (a 7% decline in constant currency). This included flat revenues (down 2% in constant currency) for the North Face brand.

Revenues at the **Work** segment improved 8% year over year (up 6% in constant currency) to \$270.2 million. This included 9% growth (up 7% in constant currency) for the Dickies brand.

Other revenues were \$3.2 million compared with \$6.1 million reported in the year-ago quarter.

Financial Details

V.F. Corp ended third-quarter fiscal 2021 with cash and cash equivalents of \$3,254.2 million, long-term debt of \$5,786.6 million, and shareholders' equity of \$3,138.2 million. Inventories were down 14% at the end of the fiscal third quarter. In the reported quarter, the company returned \$191 million to shareholders through dividend payouts. As part of its liquidity-preservation actions amid the coronavirus outbreak, it previously suspended its share-repurchase program on a temporary basis. Currently, it has \$2.8 billion remaining under its current share-repurchase authorization.

Outlook

Management noted that it is on track to return to growth in fourth-quarter fiscal 2021, with plans to accelerate growth in fiscal 2022. The company remains on track with its business transformation plans. Moreover, it stated that the fiscal third-quarter results were ahead of its expectations. Backed by these, the company raised its outlook for fiscal 2021. For fiscal 2021, it predicts revenues of \$9.1-\$9.2 billion, suggesting a decline of 12-13% on an adjusted basis. The revised outlook includes \$125 million of revenue contribution from the Supreme brand. Earlier, the company anticipated revenues of \$9 billion, suggesting a decline of 14% on an adjusted basis.

It now anticipates adjusted earnings per share of \$1.30, suggesting a 51% year-over-year decline. The revised view accounts for nearly 5 cents earnings contribution from the Supreme brand. Earlier, the company predicted earnings per share of \$1.20, with a 55% year-over-year decline and a 56% decrease in constant currency. The company now expects to generate adjusted free cash flow of \$650 million in fiscal 2021 versus the previously mentioned \$600 million.

Quarter Ending 12/2020

Report Date	Jan 27, 2021
Sales Surprise	-1.44%
EPS Surprise	1.09%
Quarterly EPS	0.93
Annual EPS (TTM)	1.13

Recent News

V.F. Corp's New Transformation Plan to Fuel Asia Growth – Jan 11, 2021

V.F. Corporation remains focused on strengthening its business globally, as part of which it is making solid efforts to bolster operations in the Asia Pacific. Moving on such lines, this designer, marketer and distributor of branded lifestyle apparel, footwear and associated items has unveiled a transformation plan for its Asia-Pacific operations. The plan aims at evolving the organizational design and footprint in the region, alongside developing new capacities to speed up brand growth. Notably, V.F. Corp will relocate the hub of its brand operations from Hong Kong to Shanghai as part of this transformation plan. The company presently has roughly 900 office and retail workers in Shanghai. This move is likely to help V.F. Corp build stronger ties with consumers in China.

Further, the transformation initiative involves the company moving its Asia Product Supply Hub from Hong Kong to Singapore. This is likely to facilitate improved integration in the company's worldwide supply chain, which includes key centers in the Americas and Europe. Apart from this, the company will establish an additional shared services center for the Asia Pacific region, in Kuala Lumpur, Malaysia. This, in turn, will help V.F. Corp further extend the footing of its back-end operational functions, which support its brands as well as supply chain in the Asia Pacific. Nonetheless, management stated that Hong Kong will continue to serve as a key retail market for the company and its brands. Markedly, V.F. Corp will initiate a phased transition to undertake the abovementioned relocations in the next 12-18 months. The first relocation is anticipated in April 2021.

Valuation

V.F. Corp shares are up 3.5% in the year-to-date period and nearly 53.1% for the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Consumer Discretionary sector are up 12.7% and 1.2% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and the sector are up 81.1% and 46.8%, respectively.

The S&P 500 index is up 12.2% in the year-to-date period and 48.1% in the past year.

The stock is currently trading at 29.67X forward 12-month earnings, which compares to 29.93X for the Zacks sub-industry, 32.97X for the Zacks sector and 22.99X for the S&P 500 index.

Over the past five years, the stock has traded as high as 59.87X and as low as 12.64X, with a 5-year median of 21.89X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$93 price target reflects 31.22X forward 12-month earnings.

The table below shows summary valuation data for VFC

Valuation Multiples - VFC					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	29.67	29.93	32.97	22.99
	5-Year High	59.87	29.93	35.39	23.83
	5-Year Low	12.64	13.28	16.24	15.3
	5-Year Median	21.89	18.13	20.29	18.01
P/S F12M	Current	3.02	2.98	2.81	4.81
	5-Year High	3.4	2.98	2.93	4.81
	5-Year Low	1.48	1.45	1.72	3.21
	5-Year Median	2.34	2.1	2.51	3.71
EV/EBITDA TTM	Current	23.91	40.42	13.95	18.76
	5-Year High	38.65	40.42	17.97	18.78
	5-Year Low	9.72	10.71	8.32	9.62
	5-Year Median	16.9	18.86	12.31	13.37

As of 04/23/2021

Source: Zacks Investment Research

Industry Analysis Zacks Industry Rank: Top 18% (46 out of 254)



Top Peers

Company (Ticker)	Rec	Rank
Crocs, Inc. (CROX)	Outperform	1
GIII Apparel Group, LTD. (GIII)	Outperform	1
Ralph Lauren Corporation (RL)	Outperform	2
Columbia Sportswear Company (COLM)	Neutral	3
Guess, Inc. (GES)	Neutral	3
Hanesbrands Inc. (HBI)	Neutral	3
lululemon athletica inc. (LULU)	Neutral	3
PVH Corp. (PVH)	Neutral	4

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

Industry Comparison Industry: Textile - Apparel				Industry Peers		
	VFC	X Industry	S&P 500	GES	PVH	RL
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Outperform
Zacks Rank (Short Term)	3	-	-	3	4	2
VGM Score	B	-	-	A	A	C
Market Cap	34.63 B	1.58 B	30.46 B	1.87 B	7.79 B	9.17 B
# of Analysts	9	4	12	3	8	6
Dividend Yield	2.22%	0.00%	1.25%	1.55%	0.00%	0.00%
Value Score	C	-	-	A	A	B
Cash/Price	0.12	0.11	0.06	0.26	0.22	0.31
EV/EBITDA	24.71	11.63	17.18	156.42	50.32	13.07
PEG F1	2.67	2.37	2.41	NA	0.99	2.37
P/B	11.03	3.45	4.13	3.26	1.64	3.41
P/CF	20.44	12.56	17.29	26.08	6.95	11.89
P/E F1	30.34	22.77	22.45	18.27	17.91	19.44
P/S TTM	3.95	1.09	3.40	1.00	1.09	2.09
Earnings Yield	3.32%	4.37%	4.40%	5.48%	5.58%	5.14%
Debt/Equity	1.84	0.56	0.66	0.58	0.74	0.61
Cash Flow (\$/share)	4.32	1.85	6.78	1.11	15.74	10.55
Growth Score	B	-	-	A	B	C
Historical EPS Growth (3-5 Years)	-9.37%	-9.37%	9.39%	-12.24%	-22.47%	-17.92%
Projected EPS Growth (F1/F0)	121.40%	121.25%	16.46%	2,366.71%	410.22%	1,080.47%
Current Cash Flow Growth	-3.63%	-16.36%	0.72%	-61.91%	8.14%	-10.72%
Historical Cash Flow Growth (3-5 Years)	-3.37%	-5.13%	7.37%	-14.25%	5.83%	-4.88%
Current Ratio	2.92	1.69	1.39	1.62	1.53	2.55
Debt/Capital	64.84%	36.48%	41.19%	36.92%	42.60%	37.74%
Net Margin	-1.89%	-1.68%	11.06%	-4.33%	-15.93%	-6.75%
Return on Equity	14.27%	0.47%	15.32%	-0.91%	-3.02%	1.84%
Sales/Assets	0.70	0.83	0.51	0.79	0.55	0.57
Projected Sales Growth (F1/F0)	24.42%	22.90%	7.53%	31.29%	24.52%	29.53%
Momentum Score	B	-	-	B	C	D
Daily Price Change	2.30%	1.13%	1.07%	4.17%	2.27%	1.66%
1-Week Price Change	-0.24%	0.00%	1.43%	2.16%	-3.92%	-2.34%
4-Week Price Change	13.15%	5.10%	5.81%	24.96%	11.39%	6.07%
12-Week Price Change	11.35%	20.78%	14.32%	19.99%	23.35%	21.19%
52-Week Price Change	62.61%	120.37%	60.09%	296.04%	175.67%	81.99%
20-Day Average Volume (Shares)	2,155,079	57,553	1,772,423	793,897	1,143,016	756,385
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	0.00%	0.00%	0.09%	7.21%	-5.85%	0.00%
EPS F1 Estimate 12-Week Change	-0.57%	4.39%	1.97%	7.21%	-8.02%	-0.33%
EPS Q1 Estimate Monthly Change	0.00%	0.00%	0.00%	26.03%	-14.88%	0.00%

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	C
Growth Score	B
Momentum Score	B
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.

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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 medium-term 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 most recent 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.