

Avery Dennison Corp (AVY)

\$182.60 (Stock Price as of 12/12/2025)

Price Target (6-12 Months): **\$196.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 03/25/25)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM: C

Value: C

Growth: C

Momentum: C

Summary

Avery Dennison has been facing the effects of higher raw material costs. This is likely to persist and continue denting the company's performance. Its high debt levels are worrisome. We also do not expect labor and shipping costs to come down due to labor shortages and a surge in fuel costs. The impacts of tariff uncertainties will hurt the company's 2025 top line. Earnings estimates for the current year have undergone negative revisions lately. However, its productivity and cost-saving actions will help somewhat offset these headwinds. Strong demand for consumer-packaged goods and e-commerce trends will support the company's top-line growth. Avery Dennison is implementing long-term restructuring actions to boost its base business development while freeing up resources to invest in high-value categories to improve margins.

Data Overview

52 Week High-Low	\$197.44 - \$156.23
20 Day Average Volume (sh)	750,219
Market Cap	\$14.1 B
YTD Price Change	-2.4%
Beta	1.01
Dividend / Div Yld	\$3.76 / 2.1%
Industry	Containers - Paper and Packaging
Zacks Industry Rank	Bottom 6% (227 out of 243)

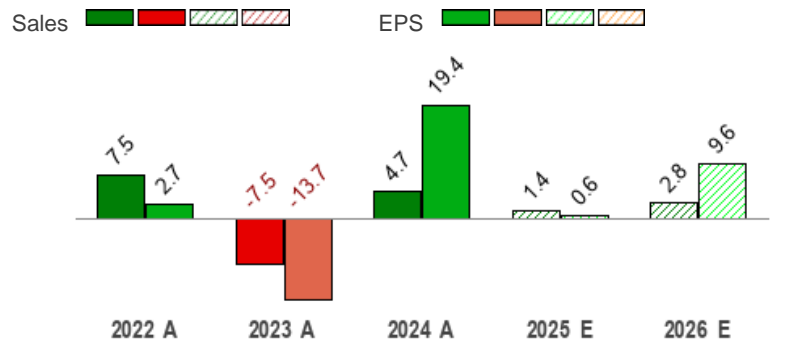
Last EPS Surprise	2.2%
Last Sales Surprise	0.0%
EPS F1 Est- 4 week change	0.0%
Expected Report Date	01/29/2026
Earnings ESP	0.0%

P/E TTM	19.3
P/E F1	19.1
PEG F1	2.6
P/S TTM	1.6

Price, Consensus & Surprise⁽¹⁾



Sales and EPS Growth Rates (Y/Y %)⁽¹⁾



Sales Estimates (millions of \$)⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2026	2,200 E	2,263 E	2,262 E	2,294 E	9,019 E
2025	2,148 A	2,221 A	2,216 A	2,250 E	8,835 E
2024	2,151 A	2,235 A	2,183 A	2,186 A	8,756 A

EPS Estimates⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2026	2.57 E	2.71 E	2.70 E	2.87 E	10.86 E
2025	2.30 A	2.42 A	2.37 A	2.47 E	9.56 E
2024	2.29 A	2.42 A	2.33 A	2.38 A	9.43 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 12/12/2025.

(2) The report's text and the price target are as of 12/15/2025.

Overview

Headquartered in Pasadena, CA, Avery Dennison Corporation produces pressure-sensitive materials, and a variety of tickets, tags, labels and other converted products. Its clientele is spread across the United States, Europe, Asia, Latin America and other regions.

Since the fourth quarter of 2022, Avery Dennison's business units are aligned into two operating segments —

The Materials Group segment (69.5% of 2023 revenues) includes Label and Packaging Materials, Graphics Solutions, and Reflective Solutions. Pressure-sensitive materials include papers, plastic films, metal foils and fabrics, which are coated with internally-developed and purchased adhesives, and then laminated with specially-coated backing papers and films.

Label and packaging materials are sold to label converters for labeling, decorating, and specialty applications in the home and personal care, beer and beverage, durables, pharmaceutical, wine and spirits, and food market segments. The graphics and reflective products include a variety of films and products that are sold to the architectural, commercial sign, digital printing, and other related market segments.

The segment also includes Performance Tapes, Fasteners Solutions and Vancive Medical Technologies from its legacy Industrial and Healthcare Materials business. The segment manufactures and sells Yongle brand tapes for wire harnessing and cable wrapping in automotive, electrical, and general industrial applications as well.

The Vancive-brand products include an array of PSA materials and products to meet the needs of medical device manufacturers, converters, clinicians, and patients for surgical, wound and skin care, ostomy, diagnostic, electromedical and wearable device applications.

Solutions Group (30.5%) includes tickets, tags, and labels for apparel and radio-frequency identification to retailers, brand owners, apparel manufacturers, distributors and industrial customers. This segment was previously the Retail Branding and Information Solutions segment.



As of 12/12/2025



As of 12/12/2025

Reasons To Buy:

- ▲ Avery Dennison focuses on five overarching priorities — driving outsized growth in high-value product categories, growing profitability in base businesses, relentlessly pursuing productivity improvement, disciplined capital-management approach and leading with environmentally and socially responsible practices and solutions. It is executing long-term strategic restructuring initiatives to further enhance the company's growth in the base business, freeing up resources to invest in high-value categories that support margins.
- ▲ Around 40% of the company's revenues stem from the labeling of non-durable consumer goods like food, beverages, home and personal care products. Demand for these products has been strong. In the long term, growing demand from emerging markets on the back of the rising middle class and the consequent surge in demand for packaged goods and shift in labeling technology to pressure-sensitive materials will drive growth for the company. Also, around 15% of the company's revenues are tied to logistics and shipping, which will be sustained by growth in e-commerce activities.
- ▲ After achieving long-term financial growth goals in 2021, which were announced in 2017, the company is progressing toward its 2025 goals. In the past four years, Avery Dennison saw an adjusted EBITDA CAGR of 8% and a sales CAGR of 7%. Avery Dennison is experiencing significant growth in its Food business, with its first bakery rollout progressing well. Along with its strategic restructuring efforts to position the company for long-term growth, Avery Dennison has undertaken several pricing and re-engineering actions to mitigate inflationary cost pressure. It has also announced additional price increases across most of its businesses worldwide. The pricing actions and procurement initiatives will help the company offset tariff cost increases in the upcoming quarters.
- ▲ Strong demand for consumer-packaged goods and e-commerce trends continue to drive the Materials group segment. The segment is well-poised for profitable growth on solid top-line growth and continued margin expansion, volume improvement, growth in the base business and high-value categories led by specialty labels, as well as contributions from productivity initiatives and pricing actions. In the first nine months of 2025, the Materials Group segment gained from productivity improvement and modest volume. The Solutions Group segment in the first nine months of the year was aided by higher volume and benefited from productivity. These factors are likely to continue and boost the company's margins in the upcoming quarters. The company expects adjusted EPS between \$2.35 and \$2.45 for fourth-quarter 2025, indicating a 1% year-over-year increase at the mid-point.
- ▲ The company returned \$670 million in cash to its shareholders through share repurchases and dividend payments in the first nine months of 2025. It repurchased 2.5 million shares throughout the first three quarters. The company's capital allocation priorities support its primary objectives of delivering faster growth in high-value categories with the profitable growth of its base businesses.
- ▲ In October, Avery Dennison completed the acquisition of Meridian Adhesives Group's U.S.-based flooring adhesives business. Meridian's business includes the Taylor Adhesives, Polycorn and Frontier Products brands, which will now become a part of Avery Dennison's Materials Group segment and operate as Taylor Adhesives. This deal was set at \$390 million and will help Avery Dennison expand its Materials Group portfolio.

Avery Dennison will gain on restructuring activities and disciplined capital-allocation strategy. Focus on expanding in high-value product categories and profitability in base business will aid growth.

Reasons To Sell:

- ▼ The company is bearing the brunt of input cost inflation. Particularly, paper and energy costs are likely to be higher in the ongoing quarter. It expects inflation to continue to have an impact on its margins. Strong demand and supply constraints continue to push further raw material, labor and freight cost increases. Avery Dennison has been dealing with supply-chain challenges, which are likely to continue impacting its results. These factors are expected to dent the company's margins.
- ▼ In the third quarter, the company's base apparel has shown sequential improvement, but the sales have remained in the low single digits year over year. This reflects soft retailer and brand demand amid ongoing challenges from tariff policies. The tariff uncertainty is expected to impact margins in the upcoming quarters despite mitigation efforts.
- ▼ Despite the company's efforts to lower debt, its long-term debt stood at \$3.20 billion at the end of the second quarter of 2025, up from \$2.04 billion at the end of the third quarter of 2024. Its net debt to adjusted EBITDA ratio was 2.2.

The company is bearing the brunt of input cost inflation and supply chain issues. Apparel inventory reductions and unfavorable currency translation is also hurting Avery Dennison's results.

Last Earnings Report

Avery Dennison Q3 Earnings Beat Estimates, Revenues Rise Y/Y

Avery Dennison has delivered third-quarter 2025 adjusted earnings of \$2.37 per share, beating the Zacks Consensus Estimate of \$2.32. The bottom line increased 1.7% year over year, driven by productivity gains.

Including one-time items, the company reported earnings per share (EPS) of \$2.13 compared with the year-ago quarter's \$2.25.

FY Quarter Ending **12/31/2024**

Earnings Reporting Date	Oct 22, 2025
Sales Surprise	0.03%
EPS Surprise	2.16%
Quarterly EPS	2.37
Annual EPS (TTM)	9.47

Avery Dennison's Q3 Revenues & Gross Profit Improve Y/Y

Total revenues grew 1.5% year over year to \$2.22 billion and beat the Zacks Consensus Estimate of \$2.21 billion.

The cost of sales grew 1.5% year over year to \$1.58 billion. The gross profit improved 1.3% year over year to \$635 million. The gross margin came in at 28.7%, flat with the year-ago quarter.

Marketing, general and administrative expenses were \$354 million compared with the \$347 million in the year-ago quarter. The adjusted operating profit was around \$281 million compared with the prior-year quarter's \$280 million. The adjusted operating margin was 12.7% compared with the year-ago quarter's 12.8%.

AVY's Q3 Segmental Highlights

Revenues in the Materials Group segment increased 1.2% year over year to \$1.52 billion. On an organic basis, sales dipped 1.9%. The gains from modest volume growth were offset by deflation-related price reductions. The segment's adjusted operating profit grew 3.6% year over year to \$230 million.

Revenues in the Solutions Group were up 2% year over year to \$699.5 million. On an organic basis, sales grew 3.6%. The segment's adjusted operating income decreased 9.9% year over year to \$69.7 million.

Avery Dennison's Cash & Debt Position

The company returned \$670 million in cash to shareholders through share repurchases and dividend payments in the first nine months of 2025. AVY repurchased 2.5 million shares throughout the period.

Avery Dennison ended the quarter with cash and cash equivalents of \$536 million compared with \$213 million at the end of the year-ago quarter. The company's long-term debt was \$3.20 billion at the end of the quarter, up from \$2.04 billion at the end of the third quarter of 2024.

AVY's Guidance for Q4

The company expects adjusted EPS between \$2.35 and \$2.45 for the fourth quarter of 2025.

Valuation

Avery Dennison's shares are up 4.7% in the trailing six-month period and down 3.4% over the trailing 12-month period. Over the past six months, stocks in the Zacks Office Supplies industry and the Zacks Industrial Products are down 19.5% and up 7.9%, respectively. Over the past year, the Zacks sub-industry and sector are down 29.6% and up 3.6%, respectively.

The S&P 500 index is up 16.3% in the trailing six-months period and up 15.7% in the past year.

The stock is currently trading at 17.58X forward 12-month earnings, which compares with 13.72X for the Zacks sub-industry, 20.96X for the Zacks sector and 23.35X for the S&P 500 index.

Over the past five years, the stock has traded as high as 26.31X and as low as 15.06X, with a 5-year median of 19.35X.

Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$192 price target reflects 18.48X forward 12-month earnings.

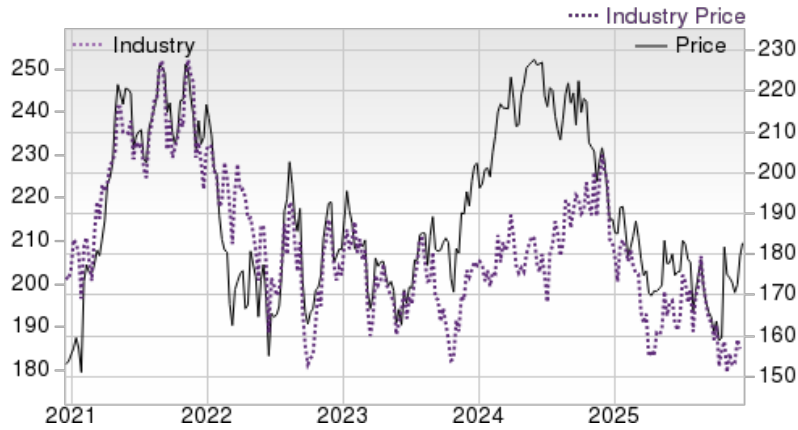
The table below shows summary valuation data for AVY.

Valuation Multiples - AVY					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	17.58	13.72	20.96	23.35
	5-Year High	26.31	18.81	23.01	23.78
	5-Year Low	15.06	11.69	1.32	15.73
	5-Year Median	19.35	14.84	18.22	21.22
P/S F12M	Current	1.54	2.16	4.24	5.27
	5-Year High	2.37	3.44	4.24	5.51
	5-Year Low	1.29	2.02	2.33	3.83
	5-Year Median	1.65	2.66	3.18	5.05
EV/EBITDA TTM	Current	22.26	22.26	26.72	18.58
	5-Year High	17.87	28.33	28.59	22.41
	5-Year Low	10.29	17.44	14.14	13.88
	5-Year Median	13.41	21.29	18.26	17.97

As of 12/12/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Bottom 6% (227 out of 243)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
Acco Brands Corporat...(ACCO)	Neutral	4
Ball Corporation (BALL)	Neutral	4
Crown Holdings, Inc. (CCK)	Neutral	2
Sealed Air Corporati...(SEE)	Neutral	3
Xerox Holdings Corpo...(XRX)	Neutral	4
Graphic Packaging Ho...(GPK)	Underperform	4
Packaging Corporatio...(PKG)	Underperform	4
Silgan Holdings Inc. (SLGN)	Underperform	5

Industry Comparison⁽¹⁾ Industry: Containers - Paper And Packaging

	AVY	X Industry	S&P 500	ACCO	PKG	XRX
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Underperform	Neutral
Zacks Rank (Short Term)	3	-	-	4	4	4
VGM Score	C	-	-	A	C	C
Market Cap	14.11 B	5.39 B	39.38 B	341.62 M	18.45 B	334.18 M
# of Analysts	5	4.5	22	3	4	2
Dividend Yield	2.06%	2.44%	1.41%	7.92%	2.44%	3.83%
Value Score	C	-	-	A	C	A
Cash/Price	0.04	0.04	0.04	0.24	0.04	1.43
EV/EBITDA	12.14	10.52	14.60	26.62	13.28	-4.37
PEG Ratio	2.61	1.57	2.23	0.45	1.50	NA
Price/Book (P/B)	6.38	1.62	3.35	0.53	3.88	0.89
Price/Cash Flow (P/CF)	13.67	9.59	15.20	2.01	13.72	0.79
P/E (F1)	19.10	15.35	19.78	4.49	20.65	NA
Price/Sales (P/S)	1.61	1.09	3.06	0.22	2.10	0.05
Earnings Yield	5.20%	5.86%	4.99%	22.16%	4.84%	-13.41%
Debt/Equity	1.45	1.00	0.57	1.30	0.84	10.95
Cash Flow (\$/share)	13.36	4.80	8.99	1.89	14.95	3.29
Growth Score	C	-	-	B	B	F
Hist. EPS Growth (3-5 yrs)	2.45%	4.02%	8.16%	-1.42%	5.58%	-5.54%
Proj. EPS Growth (F1/F0)	1.38%	7.78%	8.57%	-17.65%	9.85%	NA
Curr. Cash Flow Growth	14.24%	2.92%	6.75%	-5.20%	2.92%	-23.98%
Hist. Cash Flow Growth (3-5 yrs)	7.72%	4.69%	7.43%	-2.14%	3.39%	-19.95%
Current Ratio	1.26	1.35	1.19	1.68	3.16	1.10
Debt/Capital	59.16%	51.10%	38.01%	56.54%	45.51%	87.43%
Net Margin	7.93%	6.67%	12.78%	2.63%	10.18%	-14.79%
Return on Equity	33.67%	18.98%	17.00%	12.96%	19.72%	-0.55%
Sales/Assets	1.03	0.75	0.53	0.68	0.93	0.74
Proj. Sales Growth (F1/F0)	0.90%	3.76%	5.77%	-8.30%	8.30%	13.70%
Momentum Score	C	-	-	C	D	D
Daily Price Chg	0.52%	0.49%	-1.07%	-0.79%	-0.11%	0.00%
1 Week Price Chg	1.82%	2.15%	-0.63%	5.57%	3.32%	-2.97%
4 Week Price Chg	5.60%	3.86%	1.39%	10.82%	3.98%	-5.09%
12 Week Price Chg	11.08%	-1.63%	2.45%	-7.56%	-2.94%	-36.34%
52 Week Price Chg	-6.43%	-13.87%	12.83%	-35.65%	-13.87%	-70.27%
20 Day Average Volume	750,219	456,972	2,728,366	817,601	732,855	3,180,141
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.00%	-0.06%	0.00%	0.00%	0.00%	-18.64%
(F1) EPS Est 12 week change	-0.06%	-1.94%	0.69%	-1.56%	-2.60%	-75.00%
(Q1) EPS Est Mthly Chg	0.00%	-0.27%	0.00%	0.00%	-0.83%	-47.27%

Analyst Earnings Model⁽²⁾

Avery Dennison Corporation (AVY)

In \$MM, except per share data

	2022A	2023A	2024A	2025E					2026E					2027E
	FY	FY	FY	1QA	2QA	3QA	4QE	FY	1QE	2QE	3QE	4QE	FY	FY
FY Ends December 31st	Dec-22	Dec-23	Dec-24	31-Mar-25	30-Jun-25	30-Sep-25	31-Dec-25	Dec-25	31-Mar-26	30-Jun-26	30-Sep-26	31-Dec-26	Dec-26	Dec-27
Income Statement														
Net Sales	\$9,039.3	\$8,364.3	\$8,755.7	\$2,148.3	\$2,220.5	\$2,215.5	\$2,295.0	\$8,879.3	\$2,224.8	\$2,289.0	\$2,276.3	\$2,335.5	\$9,125.6	\$9,509.3
Organic	9.5%	(7.7%)	4.5%	2.3%	(1.0%)	(0.2%)	0.1%	0.3%	2.4%	2.0%	1.6%	1.5%	1.9%	4.2%
FX	(5.6%)	(0.6%)	(0.4%)	(2.5%)	0.3%	1.7%	2.0%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Extra Week Impact	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Acquisitions/Divestitures	3.6%	0.8%	0.6%	0.0%	0.0%	0.0%	0.9%	0.2%	1.2%	1.1%	1.1%	0.2%	0.9%	0.0%
Cost of Products Sold	\$6,635.1	\$6,086.8	\$6,225.0	\$1,526.8	\$1,581.4	\$1,580.5	\$1,644.1	\$6,332.8	\$1,585.5	\$1,622.1	\$1,616.8	\$1,656.3	\$6,480.8	\$6,739.6
Gross Profit	\$2,404.2	\$2,277.5	\$2,530.7	\$621.5	\$639.1	\$635.0	\$650.9	\$2,546.5	\$639.3	\$666.9	\$659.5	\$679.2	\$2,644.8	\$2,769.7
Marketing, General and Administrative Expense	\$1,330.8	\$1,313.7	\$1,415.3	\$347.0	\$352.4	\$353.9	\$365.3	\$1,418.6	\$351.0	\$361.3	\$362.2	\$367.8	\$1,442.4	\$1,497.0
Other Expense (Income), Net	(\$0.6)	\$180.9	\$71.6	\$19.9	\$0.5	\$16.7	\$21.0	\$58.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Depreciation & Amortization	\$290.7	\$298.4	\$312.2	\$77.9	\$80.8	\$84.0	\$86.3	\$329.0	\$80.2	\$82.4	\$81.7	\$87.3	\$331.5	\$337.8
Adjusted EBITDA	\$1,364.1	\$1,262.2	\$1,434.3	\$352.4	\$367.5	\$365.1	\$371.9	\$1,456.9	\$368.4	\$387.9	\$379.0	\$398.7	\$1,534.0	\$1,610.4
Operating Income, Adjusted	\$1,073.4	\$963.8	\$1,122.1	\$274.5	\$286.7	\$281.1	\$285.6	\$1,127.9	\$288.2	\$305.6	\$297.3	\$311.4	\$1,202.5	\$1,272.6
Restructuring Charges	\$7.7	\$79.4	\$41.9	\$4.9	\$8.0	\$9.8	\$21.0	\$43.7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Operating Income, GAAP	\$1,074.0	\$782.9	\$1,043.8	\$254.6	\$286.2	\$264.4	\$264.6	\$1,069.8	\$288.2	\$305.6	\$297.3	\$311.4	\$1,202.5	\$1,272.6
Interest Expense	\$84.1	\$119.0	\$117.0	\$30.9	\$34.0	\$33.3	\$37.2	\$135.4	\$33.9	\$35.4	\$35.2	\$36.4	\$140.9	\$147.3
Other Non-Operating Expense (Income), Net, Adjusted	(\$9.4)	(\$18.9)	(\$22.1)	(\$3.2)	(\$3.3)	(\$3.6)	(\$3.0)	(\$13.1)	(\$3.3)	(\$3.4)	(\$3.4)	(\$3.4)	(\$13.6)	(\$14.1)
Other Non-Operating Expense (Income), Net, GAAP	(\$9.4)	(\$30.8)	(\$26.7)	(\$3.3)	(\$3.3)	(\$3.7)	(\$3.0)	(\$13.3)	(\$3.3)	(\$3.4)	(\$3.4)	(\$3.4)	(\$13.6)	(\$14.1)
Pre-Tax Income, Adjusted	\$998.7	\$863.7	\$1,027.2	\$246.8	\$256.0	\$251.4	\$251.4	\$1,005.6	\$257.7	\$273.6	\$265.4	\$278.4	\$1,075.1	\$1,139.4
Pre-Tax Income, GAAP	\$999.3	\$694.7	\$953.5	\$227.0	\$255.5	\$234.8	\$230.4	\$947.7	\$257.7	\$273.6	\$265.4	\$278.4	\$1,075.1	\$1,139.4
Income Tax, Adjusted	\$246.3	\$222.8	\$266.3	\$64.2	\$66.5	\$66.6	\$65.4	\$262.7	\$67.0	\$71.1	\$69.0	\$72.4	\$279.5	\$296.2
Income Tax, GAAP	\$242.2	\$191.7	\$248.6	\$60.7	\$66.5	\$68.5	\$59.9	\$255.6	\$67.0	\$71.1	\$69.0	\$72.4	\$279.5	\$296.2
Tax Rate, Adjusted	24.7%	25.8%	25.9%	26.0%	26.0%	26.5%	26.0%	26.1%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%
Tax Rate, GAAP	24.2%	27.6%	26.1%	26.7%	26.0%	29.2%	26.0%	27.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%
Equity Method Investment Net Losses	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Net Income, Adjusted	\$752.4	\$640.9	\$760.9	\$182.6	\$189.5	\$184.8	\$186.1	\$743.0	\$190.7	\$202.5	\$196.4	\$206.0	\$795.6	\$843.2
Net Income, GAAP	\$757.1	\$603.0	\$704.9	\$166.3	\$189.0	\$166.3	\$170.5	\$692.1	\$190.7	\$202.5	\$196.4	\$206.0	\$795.6	\$843.2
Diluted Shares Outstanding	82.2	81.1	80.7	79.4	78.3	78.0	77.7	78.3	77.2	76.7	76.3	75.8	76.5	74.9
Diluted EPS, Adjusted	\$9.15	\$7.90	\$9.43	\$2.30	\$2.42	\$2.37	\$2.40	\$9.49	\$2.47	\$2.64	\$2.57	\$2.72	\$10.40	\$11.26
Diluted EPS, GAAP	\$9.21	\$6.20	\$8.73	\$2.09	\$2.41	\$2.13	\$2.20	\$8.83	\$2.47	\$2.64	\$2.57	\$2.72	\$10.40	\$11.26
Dividend per Share	\$2.93	\$3.18	\$3.45	\$0.88	\$0.94	\$0.94	\$0.94	\$3.70	\$0.94	\$1.01	\$1.01	\$1.01	\$3.96	\$4.23

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	C
Growth Score	C
Momentum Score	C
VGM Score	C

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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