

Best Buy Co., Inc.(BBY)

\$87.27 (As of 06/30/20)

Price Target (6-12 Months): **\$92.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 08/21/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:B

Value: B

Growth: B

Momentum: D

Summary

Shares of Best Buy have outpaced the industry in the past three months given the company's sound fundamentals and strategic efforts. The company's focus on developing omni-channel capabilities, supply chain and cost-containment efforts along with strengthening partnerships with vendors bode well. Its 'Building the New Blue' strategy has also been progressing smoothly. It has also been gaining from digital experiences like curbside pickup service. Moreover, the company is making a significant headway into healthcare technology business. Impressively, the company retained its positive earnings and sales surprise trend in first-quarter fiscal 2020. However, the top and the bottom line fell year over year due to coronavirus and the resulting change in operating model. Also, margins remain under pressure during the quarter.

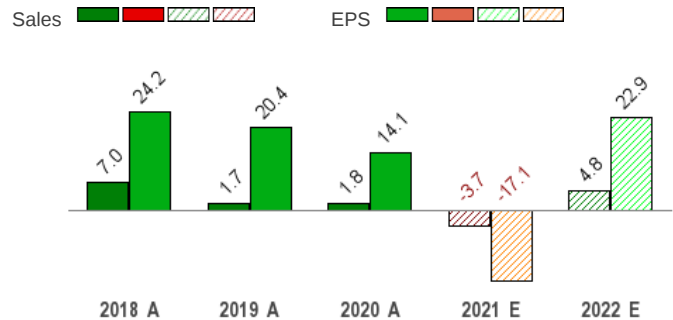
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$91.99 - \$48.11
20 Day Average Volume (sh)	2,943,831
Market Cap	\$22.5 B
YTD Price Change	-0.6%
Beta	1.48
Dividend / Div Yld	\$2.20 / 2.5%
Industry	Retail - Consumer Electronics
Zacks Industry Rank	Top 38% (96 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	63.4%
Last Sales Surprise	5.1%
EPS F1 Est- 4 week change	0.8%
Expected Report Date	09/03/2020
Earnings ESP	44.5%
P/E TTM	15.1
P/E F1	17.4
PEG F1	2.0
P/S TTM	0.5

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	8,926 E	9,504 E	9,865 E	15,540 E	44,030 E
2021	8,562 A	8,997 E	9,331 E	15,176 E	42,010 E
2020	9,142 A	9,536 A	9,764 A	15,196 A	43,638 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	\$0.92 E	\$1.15 E	\$1.18 E	\$3.18 E	\$6.18 E
2021	\$0.67 A	\$0.78 E	\$0.86 E	\$2.74 E	\$5.03 E
2020	\$1.02 A	\$1.08 A	\$1.13 A	\$2.90 A	\$6.07 A

*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 06/30/2020. The reports text is as of 07/01/2020.

Overview

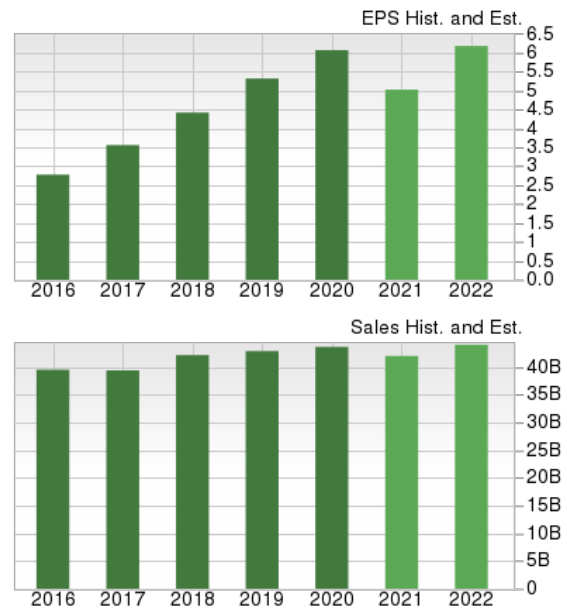
Incorporated in 1966 and headquartered in Richfield, MN, **Best Buy Company Inc. (BBY)** is a multinational specialty retailer of consumer electronics, home office products, entertainment software, communication, food preparation, wellness, health, security, appliances and related services. The company operates in the United States, Canada and Mexico.

Both segments are engaged in the development of merchandise and service offerings, supply chain and procurement, pricing and promotions, online and mobile operations along with marketing and advertisements on omnichannel platforms. Moreover, Best Buy provides its customers with the option to pick a product at its store or to get the product directly delivered to their homes. The delivery of Best Buy's products is fulfilled through its distribution centers or retail stores. Further, the company's ship-from-store facility enables it to expedite the delivery process and improve product availability.

Best Buy operates through two business segments:

Domestic Operations (92.4% of Q121 total revenues): Best Buy's domestic operations comprises all store, call center and online operations, operating under the brand names Best Buy, bestbuy.com, Best Buy Direct, Best Buy Express, Best Buy Mobile, Geek Squad, Magnolia Audio Video and Pacific Sales.

International Operations (7.6% of Q121 total revenues): Best Buy's international operations consist of all store, call center and online operations in Canada under the brand names Best Buy, Best Buy Mobile, bestbuy.ca and Geek Squad. The company also carries out operations in Mexico under the brand names Best Buy, Best Buy Express, bestbuy.com.mx and Geek Squad.



Reasons To Buy:

- ▲ **Solid Surprise Trend & Q1 Highlights:** Shares of Best Buy have increased 65.8%, ahead of the industry's 60% growth in the past three months. This can be attributed to the company's positive surprise trend. The company's first-quarter fiscal 2021 marked the 10th straight quarter of positive earnings surprise. Also, the company's top line surpassed the consensus mark for the third successive time. In the wake of the coronavirus outbreak, the company proactively shifted to a contactless curbside-only operating model for all its domestic stores on a temporary basis. This helped the company retain nearly 80% of last year's sales in the last six weeks of the quarter despite store closures. Furthermore, the company has resumed services like large product delivery, in-home installations and repairs in 96 about 80% of U.S. ZIP codes for new orders. Starting the fiscal second quarter, the company began operating stores, following strict social-distancing practices and use of protective gear. It currently has 700 stores (nearly 70%) operating in this format. Further, the company is evaluating additional changes, including increasing store hours and opening some stores beyond its current appointment-only model.
- Best Buy's extensive investments to upgrade e-commerce operations with special focus on developing omni-channel capabilities and strengthening partnership with vendors are impressive.
- ▲ **Robust Online Division:** Notably, Best Buy is focused on improving the buy online, pickup in store services. Moreover, the company has been innovating digital experiences to resonate well with customer needs online and physical shopping through curbside pickup and the in-store consultation process. Impressively, customer satisfaction scores for curbside pickup remained robust and Best Buy witnessed domestic online growth of 155.4% to \$3.34 billion during the first quarter of fiscal 2021. As a percentage of overall Domestic revenues, online revenues grew to 42.2% compared with 15.4% in the prior-year quarter.
- ▲ **Building the New Blue: Chapter Two:** Notably, under the next phase of its "Building the New Blue" program called "Building the New Blue: Chapter Two", Best Buy's top most priority will be to pursue growth opportunities, better execution in key areas, cost containment, and investing in people and systems. With regard to cost savings and increasing productivity, management targets \$600 million of cost reduction by fiscal 2021. Meanwhile, the company has been progressing well with programs like Total Tech Support, which provides support for fixing computers, laptops, appliances, smart home devices and connected devices. Further, Best Buy expanded its In-Home Advisor program that includes advisors, who guide customers to find out the right technology solutions and provide free in-home consultations.
- Moreover, it is making a significant headway into healthcare technology business by undertaking strategic buyouts in the space. Recently, the company entered into a partnership with Validic, an industry-leading technology platform. Validic collects data from connected devices, processes it and then offers meaningful insights. This partnership will aid the company in bringing innovative monitoring solutions to efficiently control chronic health conditions in the home. Other series of purchases include GreatCall, and Critical Signal Technologies that provides personal emergency response systems and telehealth monitoring services for seniors at home. It has also acquired BioSensics, a provider of wearable sensor technologies for clinical research and medical applications.
- ▲ **Long-Term Goal:** Best Buy is aiming high, banking on plans to exploit areas of potential to the fullest. The key growth initiatives underlined by the company are Best Buy Health and supply-chain transformation. Naturally, it is committed toward strengthening partnerships with vendors, focusing on offering services and solutions to meet varied customer needs, and optimizing costs. These endeavors are expected to lift the company's top line and overall profitability. The company's long-term financial goal is the testimony to the same. Management continues to envision enterprise revenues of approximately \$50 billion with adjusted operating income rate of 5% by fiscal 2025. The consumer electronics retailer also intends to reduce costs by about \$1 billion by the said period.
- ▲ **Debt Analysis:** Best Buy's long-term debt of \$621 million as of May 2, 2020 decreased 50.6% sequentially. In addition, Best Buy had cash and cash equivalents of \$3,919 million as of May 2, which increased 75.8% from the previous quarter and is higher than the company's long-term debt. Moreover, the company's times interest earned ratio stands at 30.9, higher than the industry's ratio of 15.4. The times-interest-earned ratio is very important for some companies, as it measures a company's ability to meet its debt obligations based on its current income. As of May 22, 2020, the company's corporate credit ratings from Standard & Poor's and Moody's Investors Service are BBB (stable outlook) and Baa1 (stable outlook), respectively.
- ▲ **Shareholder-Friendly Moves:** Best Buy undertakes shareholder-friendly moves via dividend payouts and share buybacks to enhance returns. Recently, management announced a quarterly cash dividend of 55 cents per share, which is payable on Jul 2, 2020, to shareholders of record as on Jun 11. We note that Best Buy looks well placed on the dividend-payout front. Notably, the company's current annualized dividend rate of \$2.20 a share reflects a 10% increase from the year-ago period. It has a dividend payout of 38.1%, dividend yield of 2.8% and free cash flow yield of 12.9%. With an annual free cash flow return on investment of 27.1%, ahead of the industry's nearly 17.3%; the dividend payment is likely to be sustainable.

In the fiscal first quarter, the company returned about \$203 million to shareholders via share buybacks of \$62 million and dividend payouts of \$141 million. However, the company suspended all share repurchases on Mar 21 amid the coronavirus crisis. As of May 2, 2020, it had 257,608,566 shares issued and outstanding.

Reasons To Sell:

- ▼ **Top & Bottom Line Fall Y/Y in Q1:** Although Best Buy reported better-than-expected results in the first quarter of fiscal 2021, both the top and the bottom line declined year over year due to coronavirus and the resulting change in operating model. While the bottom line declined 34.3% year over year on lower sales and soft margins, the top line fell 6.3% on soft enterprise comparable sales (comps). Comps were down 5.3% in the fiscal first quarter against a 1.1% rise recorded in the prior-year quarter. Segment-wise, Domestic segment revenues declined 6.7% and International segment revenues dropped 2.1%. While Domestic revenues were hurt by a decline of 5.7% in comps and loss of revenues due to store closures in the past year, International revenues were affected by the unfavorable impact of foreign currency to the tune of approximately 320 bps.
- ▼ **Soft Margins:** Best Buy continued to witness soft margins during the first quarter of fiscal 2021. The company recorded gross profit of \$1,965 million, down 9.4% year over year, with gross margin contracting 70 bps to 23%. Further, adjusted operating income dropped 28.8% to \$250 million, with adjusted operating margin contraction of 90 bps to 2.9%. Moreover, the Domestic segment's gross margin contracted 70 bps year over year to 23% due to higher supply chain costs on increased mix of online revenues. Also, the International segment's gross margin contracted 190 bps to 22.3%, mostly due to lower mix of high-margin services revenues and higher supply chain costs on increased online revenue mix in Canada. During the fourth quarter of fiscal 2020, gross margin contracted 90 bps to 21.3% and adjusted operating margin fell 20 bps to 6.5%.
- ▼ **Stock Appears Overvalued:** Considering Price-to-Earnings (P/E) ratio, Best Buy looks overvalued when compared with the industry. The stock has a trailing 12-month P/E of 15.1x, compared with 13.7x for the industry. We note that the company's trailing 12-month P/E is above the median level of 12.9x but below the high level of 15.34x, scaled over a year.
- ▼ **Competitive Pressure:** We believe that challenging retail landscape, aggressive promotional strategies and waning store traffic might hurt Best Buy's performance. The company faces intense competition from a diverse group of competitors, especially online retailers such as Amazon, Wal-Mart and other consumer electronics retailers, mass merchants, mobile phone service carriers, specialty home office retailers, and numerous direct-to-consumer websites. This may adversely impact its sales.
- ▼ **Macroeconomic Headwinds:** The company's customers are sensitive to macroeconomic factors like interest rate hikes, increase in fuel and energy costs, credit availability, unemployment levels, and high household debt levels, which may negatively impact their discretionary spending, and in turn the company's growth and profitability.

Best Buy continued to report soft gross and operating margins during the first quarter of fiscal 2021. Also, intense competition in the industry remains a concern.

Last Earnings Report

Best Buy Q1 Earnings & Sales Beat Estimates, Down Y/Y

Best Buy reported robust first-quarter fiscal 2021 results, wherein the top and the bottom line surpassed the Zacks Consensus Estimate. Notably, this marked the 10th straight quarter of earnings beat. However, earnings and sales declined year over year due to the impacts of the coronavirus outbreak and the resulting change in operating model.

In the wake of the coronavirus outbreak, the company closed all stores across North America by mid-March. On Mar 22, the company proactively shifted to a contactless curbside-only operating model for all its Domestic stores on a temporary basis. This helped the company to retain nearly 80% of last year's sales in the last six weeks of the quarter, despite store closures. On Apr 27, the company resumed services like large product delivery, in-home installations and repairs in about 80% of U.S. ZIP codes for new orders.

Starting the fiscal second quarter, on May 4, the company began operating stores, following strict social distancing practices and use of protective gear. It currently has 700 stores (nearly 70%) operating in this format. Further, the company is evaluating additional changes, including increasing store hours and opening some stores beyond its current appointment-only model.

Let's Delve Deeper

This consumer electronics retailer's adjusted earnings per share of 67 cents surpassed the Zacks Consensus Estimate of 41 cents. However, the bottom line declined 34.3% year over year.

On a GAAP basis, earnings per share came in at 61 cents, down 37.8% from the year-ago quarter.

The company's Enterprise revenues declined 6.3% year over year to \$8,562 million but beat the consensus mark of \$8,149 million. Enterprise comparable sales were down 5.3% compared with 1.1% growth recorded in the prior-year quarter.

Moreover, the company recorded gross profit of \$1,965 million, down 9.4% year over year. Also, gross margin contracted 70 basis points (bps) to 23%. Further, adjusted operating income dropped 28.8% to \$250 million with adjusted operating margin contraction of 90 bps to 2.9%.

Segment Details

Domestic segment revenues declined 6.7% year over year to \$7,915 million, owing to decline in comparable sales and loss of revenues due to store closures in the past year. The segment's comparable sales declined 5.7% as a result of declines in sales of home theater, mobile phones, digital imaging and services, partly negated by growth in computing and gaming.

Meanwhile, comparable online sales at this division increased 155.4% to \$3.34 billion, mainly owing to higher traffic and conversion rates. As a percentage of overall Domestic revenues, online revenues grew by a substantial 2,680 bps to 42.2% compared with 15.4% recorded in the prior-year quarter.

However, the segment's gross margin contracted 70 bps year over year to 23% due to higher supply chain costs due to higher mix of online revenue.

International segment revenues decreased 2.1% to \$647 million, mainly owing to the unfavorable impact of foreign currency to the tune of approximately 320 bps, offset by revenue gains from new stores opened in Mexico in the past year. Also, the company recorded comparable sales increase of 0.2%. The segment's gross margin contracted 190 bps to 22.3%, mostly due to lower mix of high-margin services revenues and higher supply chain costs due to increased online revenue mix in Canada.

Other Financial Details

Best Buy ended the quarter with cash and cash equivalents of \$3,919 million, long-term debt of \$621 million and total equity of \$3,410 million. In the fiscal first quarter, the company returned about \$203 million to shareholders via share buybacks of \$62 million and dividend payouts of \$141 million.

In addition, the company's board of directors approved a quarterly dividend of 55 cents per share. The dividend will be paid out on Jul 2, to shareholders of record as on Jun 11. However, the company had suspended all share repurchases on Mar 21, as part of its efforts to preserve liquidity amid the coronavirus crisis.

Quarter Ending 04/2020

Report Date	May 21, 2020
Sales Surprise	5.07%
EPS Surprise	63.41%
Quarterly EPS	0.67
Annual EPS (TTM)	5.78

Recent News

Best Buy Announces Quarterly Dividend – May 22, 2020

Best Buy announced a quarterly cash dividend of 55 cents per share, which is payable on Jul 2, 2020, to shareholders of record as on Jun 11. Moreover, the company had 257,608,566 shares issued and outstanding as of May 2.

Best Buy to Furlough 51,000 Staff on Rising Coronavirus Woes – Apr 15, 2020

Best Buy provides more details including furloughing associates, pay cuts and lowering of expenses. Simultaneously, the company has provided sales data. The consumer electronics goods' retailer said that it has decided to temporarily furlough about 51,000 hourly store employees, starting Apr 19. This furlough includes almost the entire part-time staff. Best Buy is also looking to retain its financial strength. In addition, the company's CEO will forego half of base salary while its board members have agreed to waive 50% of the cash retainer fees through at least Sep 1, 2020. The executives reporting directly to CEO will have a 20%-cut in base salary through at least Sep 1.

Coming to Best Buy's top-line performance, we note that its sales for the nine-week period ending Apr 4 fell nearly 5% year over year. However, quarterly sales through Mar 20 surpassed expectations and increased roughly 4%. In the eight-day period ending Mar 20, the company's top line rose 25% due to higher demand for products that people require to work or learn from home. Although the company is still witnessing increased demand for these products as well gaming products, sales tumbled nearly 30% year over year from Mar 21 through Apr 11.

Best Buy Withdraws Guidance Amid Coronavirus Crisis – Mar 21, 2020

Best Buy withdrew its earlier announced guidance for first-quarter and fiscal 2021. Moreover, in order to strengthen its liquidity and financial flexibility during such tough times, the company drew the total amount of \$1.25 billion under its revolving credit facility. This is in addition to cash and cash equivalents of roughly \$2 billion as of Mar 19, 2020. Given the prevalent situation, it wise decision on the part of the company to suspend share buybacks.

Valuation

Best Buy shares are down 0.6% in the year-to-date period but up 21.8% over the trailing 12-month period. Stocks in the Zacks sub-industry are down 16% but the Zacks Retail-Wholesale sector is up 11.7% in the year-to-date period. Over the past year, the Zacks sub-industry and the sector are up 0.3% and 18.7%, respectively.

The S&P 500 index is down 5.2% in the year-to-date period but up 3.3% in the past year.

The stock is currently trading at 15.87X forward 12-month earnings, which compares to 22.47X for the Zacks sub-industry, 32.44X for the Zacks sector and 21.87X for the S&P 500 index.

Over the past five years, the stock has traded as high as 18.14X and as low as 7.95X, with a 5-year median of 12.78X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$92 price target reflects 16.73X forward 12-month earnings.

The table below shows summary valuation data for BBY

Valuation Multiples - BBY					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	15.87	22.47	32.44	21.87
	5-Year High	18.14	22.47	32.44	22.14
	5-Year Low	7.95	8.32	19.06	15.25
	5-Year Median	12.78	11.48	23.38	17.52
P/S F12M	Current	0.52	0.41	1.12	3.42
	5-Year High	0.56	0.41	1.13	3.44
	5-Year Low	0.22	0.21	0.81	2.53
	5-Year Median	0.41	0.31	0.95	3.02
EV/EBITDA TTM	Current	8.48	5.65	17.74	11.31
	5-Year High	9.19	6.06	18.13	12.86
	5-Year Low	3.26	2.73	11.05	8.25
	5-Year Median	6.07	4.23	12.81	10.86

As of 06/30/2020

Industry Analysis Zacks Industry Rank: Top 38% (96 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
Aarons, Inc. (AAN)	Neutral	3
Amazon.com, Inc. (AMZN)	Neutral	2
Conn's, Inc. (CONN)	Neutral	3
Costco Wholesale Corporation (COST)	Neutral	3
GameStop Corp. (GME)	Neutral	3
Systemax Inc. (SYX)	Neutral	3
Target Corporation (TGT)	Neutral	3
Walmart Inc. (WMT)	Neutral	3

Industry Comparison Industry: Retail - Consumer Electronics				Industry Peers		
	BBY	X Industry	S&P 500	AAN	GME	SYX
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	B	-	-	A	F	B
Market Cap	22.47 B	531.23 M	21.75 B	3.05 B	281.05 M	769.64 M
# of Analysts	9	4.5	14	8	5	1
Dividend Yield	2.52%	0.00%	1.93%	0.35%	0.00%	2.73%
Value Score	B	-	-	A	F	A
Cash/Price	0.18	0.28	0.07	0.19	2.02	0.09
EV/EBITDA	7.41	7.41	12.71	1.44	-0.70	10.85
PEG Ratio	1.98	1.99	2.86	1.52	NA	NA
Price/Book (P/B)	6.59	1.19	2.97	2.11	0.64	5.59
Price/Cash Flow (P/CF)	9.26	5.87	11.71	1.29	2.48	14.25
P/E (F1)	17.36	17.36	21.23	15.34	NA	18.67
Price/Sales (P/S)	0.52	0.64	2.30	0.75	0.05	0.82
Earnings Yield	5.76%	-4.19%	4.48%	6.52%	-34.56%	5.36%
Debt/Equity	0.79	0.45	0.76	0.45	1.14	0.41
Cash Flow (\$/share)	9.43	1.75	7.01	35.14	1.75	1.44
Growth Score	B	-	-	A	D	C
Hist. EPS Growth (3-5 yrs)	21.61%	21.61%	10.93%	15.85%	-26.21%	48.35%
Proj. EPS Growth (F1/F0)	-17.21%	-15.39%	-9.77%	-23.94%	-783.64%	-20.86%
Curr. Cash Flow Growth	7.58%	5.05%	5.51%	13.84%	-66.61%	5.05%
Hist. Cash Flow Growth (3-5 yrs)	9.16%	13.36%	8.62%	15.48%	-26.81%	49.91%
Current Ratio	1.02	1.66	1.30	3.05	0.93	1.66
Debt/Capital	44.16%	30.87%	44.41%	30.87%	53.17%	28.98%
Net Margin	3.33%	1.14%	10.62%	-7.55%	-10.83%	4.99%
Return on Equity	45.89%	14.53%	15.75%	14.53%	-14.93%	31.30%
Sales/Assets	2.73	1.67	0.55	1.26	2.08	2.44
Proj. Sales Growth (F1/F0)	-3.73%	-3.73%	-2.43%	2.23%	-11.04%	-5.48%
Momentum Score	D	-	-	B	C	D
Daily Price Chg	1.09%	0.00%	1.41%	-2.37%	-0.91%	0.39%
1 Week Price Chg	4.43%	0.00%	-3.90%	4.87%	-10.86%	-5.73%
4 Week Price Chg	8.37%	8.37%	-1.62%	18.11%	3.83%	-3.11%
12 Week Price Chg	41.33%	27.46%	15.67%	98.43%	32.72%	22.19%
52 Week Price Chg	21.82%	-18.17%	-8.07%	-28.31%	-19.33%	-4.82%
20 Day Average Volume	2,943,831	60,501	2,699,706	984,286	4,765,168	87,502
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.78%	0.00%	0.00%	13.58%	-125.15%	0.00%
(F1) EPS Est 12 week change	-20.47%	-17.37%	-10.28%	-14.28%	-159.31%	25.00%
(Q1) EPS Est Mthly Chg	-3.13%	5.97%	0.00%	65.45%	11.94%	0.00%

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	B
Growth Score	B
Momentum Score	D
VGM Score	B

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

Disclosures

This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock. The EPS and revenue forecasts are the Zacks Consensus estimates, unless indicated otherwise on the reports first page. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment. This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time. ZIR is not a broker-dealer. ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients. Zacks and its staff are not involved in investment banking activities for the stock issuer covered in this report.

ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.

No part of this report can be reprinted, republished or transmitted electronically without the prior written authorization of ZIR.