

Comcast Corporation (CMCSA)

\$35.14 (As of 05/06/20)

Price Target (6-12 Months): **\$37.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 06/26/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:C

Value: B

Growth: C

Momentum: D

Summary

Comcast's first-quarter 2020 results were driven by Cable's solid performance. The segment benefited from an expanding residential high-speed Internet customer base and a solid business services user base. Moreover, strengthening of the wireless user base boosted results. However, the coronavirus outbreak adversely impacted the theme park, film and Sky businesses. Further, Comcast persistently suffered video subscriber attrition due to cord-cutting. The company's theme parks are expected to remain shut indefinitely. Comcast expects film results to decline substantially in the second and third quarter due to the rescheduling of Fast and Furious 9 as well as Minions 2 releases to 2021. Moreover, the balance sheet remains significantly leveraged, which is a concern. Shares of the company have underperformed the industry year to date.

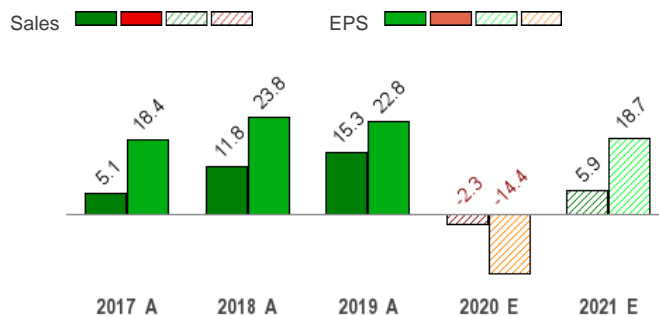
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$47.74 - \$31.71
20 Day Average Volume (sh)	20,797,820
Market Cap	\$160.0 B
YTD Price Change	-21.9%
Beta	0.95
Dividend / Div Yld	\$0.92 / 2.6%
Industry	Cable Television
Zacks Industry Rank	Top 50% (127 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	2.9%
Last Sales Surprise	-0.9%
EPS F1 Est- 4 week change	-10.7%
Expected Report Date	07/23/2020
Earnings ESP	-15.4%

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	27,660 E	27,789 E	28,599 E	29,545 E	112,818 E
2020	26,609 A	24,943 E	26,200 E	28,338 E	106,484 E
2019	26,859 A	26,858 A	26,827 A	28,398 A	108,942 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.76 E	\$0.78 E	\$0.83 E	\$0.83 E	\$3.18 E
2020	\$0.71 A	\$0.60 E	\$0.62 E	\$0.71 E	\$2.68 E
2019	\$0.76 A	\$0.78 A	\$0.79 A	\$0.79 A	\$3.13 A

*Quarterly figures may not add up to annual.

P/E TTM	11.5
P/E F1	13.1
PEG F1	1.1
P/S TTM	1.5

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 05/06/2020. The reports text is as of 05/07/2020.

Overview

Comcast Corporation is a global media and technology company with three primary businesses: Comcast Cable, NBCUniversal and Sky.

The Philadelphia, PA-based company reported revenues of \$108.94 billion in 2019. The company reports in three revenue generating segments:

Cable Communications (53.3% of total revenues): It consists of the operations of Comcast Cable. This segment offers high-speed Internet, video, voice, and security and automation services in the United States individually and as bundled services at a discounted rate over its cable distribution system to residential and business customers.

Cable Communications generates revenues primarily from residential and business customers that subscribe to Comcast's cable services and from the sale of advertising. The company also offers a wireless phone service (Xfinity Mobile brand) as a component of its bundled services, which is reported in Corporate and Other.

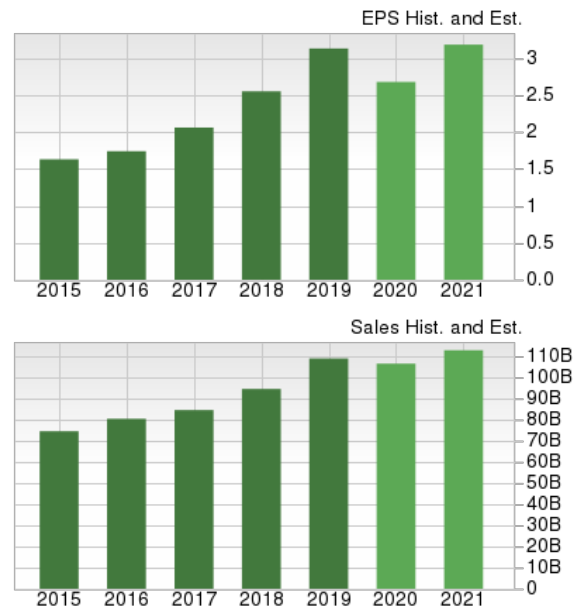
NBC Universal Segment (31.2% of total revenues): This segment comprises four reportable segments – Cable Networks, Broadcast Television, Filmed Entertainment and Theme Parks.

Cable Networks consists primarily of Comcast's national cable networks. Broadcast Television comprises NBC and Telemundo broadcast networks.

Filmed Entertainment consists primarily of the operations of Universal Pictures. Films are also produced under the Illumination, DreamWorks Animation and Focus Features brands.

Comcast has theme parks in Orlando, Florida; Hollywood, California; and Osaka, Japan.

Sky (17.6% of total revenues): Acquired in 2018, Sky includes a direct-to-consumer business that provides video, high-speed Internet, voice and wireless phone services, and a content business. The business, one of Europe's leading entertainment companies, also operates the Sky News broadcast network and Sky Sports networks. Sky has 23.99 million customers.



Reasons To Buy:

- ▲ Comcast offers 1 Gbps high-speed Internet services across its network, which supports high-bandwidth applications, be it gaming and/or Internet TV. Upgrading to DOCSIS 3.1 has enabled the company to compete against AT&T's Fiber-to-the-Home (FTTH) program. Moreover, strong adoption of xFi is a key catalyst. For 2019, Comcast added 1.4 million net broadband customers with increasing ARPU and solid margins. Further, the Flex is allowing broadband customers to enjoy the most popular streaming apps on X1 platform, without requiring a linear content subscription. These factors are expected to boost growth prospects for the Cable Communications segment.
- ▲ Coronavirus has been a tailwind to Comcast's broadband business. The company added 477K high-speed internet customers in the first quarter, up 27% year over year. This marks the company's best quarterly net additions in 12 years and the lowest quarterly churn-out in its history. The momentum continued in the second quarter. Comcast's wireless business also benefited from the addition of 216K lines, bringing total connections to 2.3 million lines at the end of the first quarter.
- ▲ In an attempt to stay competitive, Comcast has ventured into the U.S. wireless industry with the nationwide rollout of its wireless services under the Xfinity Mobile brand. Based on a Mobile Virtual Network Operator (MVNO) agreement with Verizon, Xfinity Mobile uses Verizon's 4G LTE wireless network. Xfinity Mobile is expected to be the nation's first wireless service combining the nation's largest and most reliable 4G LTE network with 19 million Xfinity Wi-Fi hotspots to deliver a great wireless experience, which is cost effective. Comcast claims that customers can save up to 30% on their monthly wireless bills with Xfinity Mobile service.
- ▲ Sky's acquisition helps Comcast to expand in Europe and diversifies its top-line source as the North-American pay-TV market saturates. Sky reaches almost 24 million customers and its streaming service Now TV has almost 2 million users. Notably, Sky added 394K customer relationships in 2019, driven by popular sports and entertainment offerings. Notably, Sky's original content *Chernobyl* has been a major hit and received 10 Emmy awards. The launch of Sky Studio and Comcast's plans to double investment in local regional content in Europe are expected to drive Sky's top line and expand user base in the long haul.
- ▲ Comcast has gained the rights to offer online TV services nationwide from several unnamed cable networks. The cable MSO reportedly got the rights using the 'most favored nation' clauses in its contracts. This allows Comcast to sell its video services for the first time outside its regional territories to new cities like New York and Los Angeles. Moreover, the company is set to launch Peacock, its streaming platform, in July 2020. It is focused on expanding its streaming content portfolio and is pulling in shows like *The Office* from Netflix. Comcast is leveraging Sky's Now TV model to launch the NBC service. Despite stiff competition in the streaming space, Comcast is well poised to grow, owing to its vast library of IP and new productions.

Roll-out of the DOCSIS 3.1 technology and Xfinity Mobile, growing high-speed Internet user base due to coronavirus, launch of Xfinity Flex and upcoming Peacock service are key catalysts.

Reasons To Sell:

- ▼ Coronavirus affected Comcast's top line and profitability. The company closed its theme parks in Orlando, Hollywood and Osaka, Japan due to the coronavirus outbreak. The parks are expected to remain shut for an extended time. Comcast expects to incur an EBITDA loss of nearly \$500 million if the parks remain locked in the second quarter. The company also decided to halt construction of Orlando's fourth gate or Epic Universe.
- ▼ Moreover, film revenues took a hit in the first quarter due to the closure of movie theaters globally amid the coronavirus pandemic. The company expects film revenues and EBITDA to decline substantially in the second and third quarter as the much-anticipated movies, namely the next installment of *Fast and Furious* and *Minions 2* were rescheduled for a 2021 release. Further, postponement of sporting events globally hurt Sky's results. Comcast expects Sky's second and third-quarter EBITDA on a combined basis to decline roughly 60% year over year.
- ▼ The internal dynamics of the U.S. pay-TV industry has been gradually shifting from cable TV operators to large telecom operators and low-cost over-the-top service providers. Online video streaming service providers such as Netflix, Hulu, YouTube etc., have become a severe threat to cable TV operators because of their extremely cheap source of TV programming and solid content. Moreover, the U.S. pay-TV industry is affected by the ongoing massive consolidation between telecom and cable-TV operators. The multi-channel video market in the U.S. is almost saturated. This doesn't bode well for Comcast, as cord cutting and intensifying competition has severely hurt its business.
- ▼ The industry-wide trend of declining profitability of residential video services due to increasing programming costs and retransmission fees has made it difficult for traditional companies like Comcast to survive. Moreover, residential voice services have witnessed significant decline in revenues due to increasing usage of wireless voice services. This also does not bode well for the company.
- ▼ We view Comcast's high-debt level as a potential hazard. The Sky acquisition further elevated its indebtedness, which worsens its risk ratio. As of Mar 31, 2020, consolidated total debt was \$103.58 billion, up from \$102.22 billion as of Dec 31, 2019. In comparison, as of Mar 31, 2020, cash and cash equivalents were \$8.52 billion, up from \$5.50 billion as of Dec 31, 2019. Comcast does not expect to resume share buybacks in 2020 due to the negative impact of coronavirus on NBCUniversal and Sky's EBITDA, which is expected to keep Comcast's leverage ratio (debt-to-EBITDA) under pressure.

Comcast continues to suffer from video and voice customer loss due to cord-cutting and stiff competition from Netflix. Impact of coronavirus on theme parks and film business is a major concern.

Last Earnings Report

Comcast Q1 Earnings Beat Estimates, Revenues Miss

Comcast reported first-quarter 2020 adjusted earnings of 71 cents per share, beating the Zacks Consensus Estimate by 2.9% but decreasing 6.6% year over year.

Consolidated revenues slid 0.9% year over year to \$26.61 billion and also missed the Zacks Consensus Estimate of \$26.84 billion.

Quarter Ending **03/2020**

Report Date	Apr 30, 2020
Sales Surprise	-0.86%
EPS Surprise	2.90%
Quarterly EPS	0.71
Annual EPS (TTM)	3.07

Cable Communication Revenue Details

Revenues climbed 4.5% from the year-ago quarter to \$14.92 billion. Total Customer Relationships increased 371K to 31.9 million.

High-speed Internet revenues grew 9.3% year over year to \$5 billion, primarily driven by increased residential high-speed Internet customers and rate adjustments. Total high-speed Internet customer net additions were 477K.

Business Services revenues were up 8% to \$2.04 billion, driven by customer base expansion and higher average rates.

Wireless revenues jumped 52.1% to \$343 million, supported by an increase in the number of customer lines. Comcast added 216K wireless lines in the reported quarter.

Advertising revenues inched up 0.3% to \$557 million, primarily on solid political advertising revenues, offset by lower advertiser spending due to COVID-19. Excluding political revenues, advertising revenues declined 4.6%.

Voice revenues were \$899 million, down 9.2% year over year due to a declining number of residential voice customers.

Video revenues slipped 0.1% to \$5.63 billion, reflecting a decline in the residential video customer count.

Total video customer net losses were 409K while total voice customer net losses were 89K.

Other revenues increased 7% from the year-ago quarter to \$443 million owing to higher security and automation services revenues as well as from licensing Comcast's X1 and technology platforms.

NBCUniversal Revenues Decrease Y/Y

Revenues declined 7% year over year to \$7.73 billion.

Cable Networks' revenues dipped 0.3% from the year-ago quarter to \$2.89 billion, primarily due to lower advertising revenues (down 2.2%) and distribution revenues (down 1.5%).

The year-over-year fall in advertising revenues reflects audience rating declines and reduced advertiser spending due to postponement of sports events in the wake of the COVID-19 pandemic.

Content licensing & other revenues increased 13% year over year.

Broadcast Television revenues improved 8.8% from the year-ago quarter to \$2.68 billion, courtesy of higher content licensing revenues (up 31.3%) and distribution & other revenues (up 6.9%). Advertising revenues were flat on a year-over-year basis.

Filmed Entertainment revenues decreased 22.5% from the year-ago quarter to \$1.56 billion. Theatrical revenues fell 28.8% from the year-ago quarter. Content licensing revenues dropped 15.4% on a year-over-year basis.

Theme Parks revenues were \$869 million, down 31.9% year over year, primarily due to the closures of Universal Studios Japan in late February and Universal Orlando Resort and Universal Studios Hollywood in mid-March as a result of COVID-19.

Sky Revenue Details

Sky's pro-forma revenues deteriorated 5.8% year over year to \$4.52 billion. At constant currency (cc), revenues softened 3.7%.

Direct-to-consumer revenues were down 4% (down 1.9% at cc) from the year-ago quarter to \$3.68 billion. This decline primarily reflected a decrease in average revenue per customer relationship due to the impact of COVID-19, which resulted in lower sports subscription revenues.

Content revenues fell 12.3% (down 10.5% at cc) to \$325 million. This downside reflects the deferral of wholesale revenues from sports programming due to suspension of sports events following the COVID-19 outbreak.

Advertising revenues deteriorated 13.5% (down 11.6% at cc) from the year-ago quarter to \$513 million, primarily due to overall market weakness, which worsened due to COVID-19 as well as the impact of a change in legislation related to gambling advertisements in the U.K. and Italy.

Pro-forma Total Customer Relationships decreased 65K to 23.9 million in the reported quarter.

Operating Details

Consolidated programming & production costs slipped 3.1% from the year-ago quarter to \$8.30 billion. As a percentage of revenues, programming & production costs shrank 70 basis points (bps) on a year-over-year basis to 31.2%.

Consolidated adjusted EBITDA fell 4.9% from the year-ago quarter to \$8.13 billion.

Segment-wise, Cable Communications' adjusted EBITDA rose 6.1% from the year-ago quarter to \$6.08 billion. Cable Communications operating expenses inched up 3.4% year over year on higher non-programming costs, technical and product support expenses and other expenses including a spike in administrative expenses.

Cable Communications results include a loss of \$59 million from the wireless business compared with a loss of \$103 million in the year-ago quarter.

NBCUniversal's adjusted EBITDA decreased 25.3% from the year-ago quarter to \$1.75 billion, reflecting a decline in Cable Networks (down 1.2%), Filmed Entertainment (down 70.9%) and Theme Parks (down 84.7%)-adjusted EBITDA. Broadcast Television-adjusted EBITDA increased 29.6% year over year.

Sky's adjusted EBITDA declined 16.9% year over year (down 15.3% at cc) to \$551 million. Notably, Sky's operating costs and expenses fell 4.1% (down 1.9% at cc) to \$3.97 billion.

Consolidated operating income declined 6.4% year over year to \$4.85 billion. Moreover, operating margin contracted 110 bps from the year-ago quarter to 18.2%.

Cash Flow & Liquidity

As of Mar 31, 2020, cash and cash equivalents were \$8.52 billion, up from \$5.50 billion as of Dec 31, 2019.

Moreover, as of Mar 31, 2020, consolidated total debt was \$103.58 billion, up from \$102.22 billion as of Dec 31, 2019.

In first-quarter 2020, Comcast generated cash from operations of \$5.82 billion, down 19.5% year over year.

Capital expenditures were down 10.1% to \$1.9 billion. NBCUniversal's capital expenditures decreased 6.9% to \$1.3 billion. Sky reported capital expenditures of \$197 million, down 24.1%. Moreover, Cable Communications' capital expenditures decreased 6.9% to \$1.3 billion.

Free cash flow was \$3.33 billion in the reported quarter, down 27.6% year over year.

Dividends paid out in the first quarter were worth \$977 million.

Recent News

On Apr 14, Comcast announced that NBCUniversal's much-anticipated streaming service Peacock's premium tier will be available for free to Xfinity X1 and Flex customers, effective Apr 15. Comcast will launch Peacock's complete comprehensive range of services across the United States on Jul 15.

On Mar 12, Comcast announced that it is increasing Internet speeds for the Internet Essentials service from 15/2 Mbps to 25/3 Mbps for all new and existing customers. Moreover, upon signing, low-income families living in a Comcast service area will get 60 days of complimentary Internet Essentials service, which is normally available to all qualified low-income households for \$9.95/month.

On Mar 3, Comcast division Sky and Disney announced a new multi-year deal, which will make Disney+ available for purchase in the UK and Ireland on Sky Q. In the coming months, the service will be available on NOW TV.

On Feb 26, Comcast's upcoming free ad-supported streaming service Peacock announced a licensing deal with A+E Networks. This will help Peacock stream hundreds of hours of episodes of hit series from A+E and HISTORY post its launch.

On Feb 25, Comcast announced that it has completed the acquisition of Xumo, an advertising-supported free streaming service, which pulls streams from partners like ABC News, Fox Sports and USA Today and comes pre-installed on smart televisions.

On Feb 11, Comcast announced that Xfinity Mobile will offer Samsung Galaxy S20+ 5G and Galaxy S20 Ultra 5G, set to release on Mar 6. Xfinity Mobile customers can pre-order the phone online or in Xfinity Stores nationwide beginning Feb 21.

On Feb 4, Comcast and Sprint announced that the companies are utilizing the call authentication technology that helps further protect Comcast's Xfinity Voice landline phone customers and Sprint mobile customers from unwanted robocalls.

On Jan 27, Comcast announced the completion of the acquisition of Dublin, Ireland-based Blueface — a global technology provider and leader in unified communications solutions.

Moreover, the company announced plans to open new Xfinity stores in Coon Rapids, Brooklyn Center, Maple Grove, Blaine, Vadnais Heights and West St. Paul by the end of 2020.

Valuation

Comcast shares are down 21.8% in the year-to-date period and 17.4% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Consumer Discretionary sector are down 8.1% and 22.4% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry is up 1.4%, while the sector is down 15.7%.

The S&P 500 index is down 10.9% in the year-to-date period and 0.5% in the past year.

The stock is currently trading at 12.39X forward 12-month earnings, which compares to 19.09X for the Zacks sub-industry, 24.27X for the Zacks sector and 20.63X for the S&P 500 index.

Over the past five years, the stock has traded as high as 20.32X and as low as 10.1X, with a 5-year median of 15.98X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$37 price target reflects 13.01X forward 12-month earnings.

The table below shows summary valuation data for CMCSA

Valuation Multiples - CMCSA					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	12.39	19.09	24.27	20.63
	5-Year High	20.32	29.11	24.27	20.63
	5-Year Low	10.1	15.16	16.15	15.19
	5-Year Median	15.98	21.68	19.88	17.44
P/S F12M	Current	1.49	1.97	1.94	3.23
	5-Year High	2.28	2.59	3.19	3.44
	5-Year Low	1.3	1.61	1.67	2.54
	5-Year Median	1.85	2.04	2.52	3.01
EV/EBITDA TTM	Current	7.35	9.54	9.6	10.51
	5-Year High	17.66	19.25	17.6	12.86
	5-Year Low	6.89	8.27	8.26	8.28
	5-Year Median	8.99	10.42	12.24	10.77

As of 5/06/2020

Industry Analysis Zacks Industry Rank: Top 50% (127 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
Cable One Inc (CABO)	Neutral	3
Charter Communications Inc (CHTR)	Neutral	3
The Walt Disney Company (DIS)	Neutral	5
Discovery Inc (DISCA)	Neutral	4
DISH Network Corporation (DISH)	Neutral	2
Liberty Global PLC (LBTYA)	Neutral	3
Rogers Communication Inc (RCI)	Neutral	4
Shaw Communications Inc (SJR)	Neutral	3

Industry Comparison Industry: Cable Television				Industry Peers		
	CMCSA	X Industry	S&P 500	CABO	CHTR	DISH
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	2
VGM Score	C	-	-	C	C	A
Market Cap	159.99 B	11.50 B	19.11 B	11.02 B	105.82 B	11.98 B
# of Analysts	16	5	14	5	16	8
Dividend Yield	2.62%	0.00%	2.2%	0.47%	0.00%	0.00%
Value Score	B	-	-	F	C	A
Cash/Price	0.05	0.05	0.06	0.01	0.03	0.23
EV/EBITDA	7.45	9.52	11.69	23.93	11.00	8.53
PEG Ratio	1.11	2.57	2.48	NA	1.07	NA
Price/Book (P/B)	1.93	2.00	2.58	13.07	2.88	1.04
Price/Cash Flow (P/CF)	5.85	9.11	10.40	26.61	9.11	5.90
P/E (F1)	13.11	28.77	18.81	47.94	40.73	10.18
Price/Sales (P/S)	1.47	1.85	1.97	9.44	2.29	0.94
Earnings Yield	7.63%	2.45%	4.99%	2.09%	2.45%	9.83%
Debt/Equity	1.28	1.28	0.75	2.03	2.04	1.13
Cash Flow (\$/share)	6.01	2.72	7.01	72.36	55.31	3.88
Growth Score	C	-	-	A	B	C
Hist. EPS Growth (3-5 yrs)	17.32%	6.29%	10.87%	17.23%	120.21%	0.78%
Proj. EPS Growth (F1/F0)	-14.46%	15.38%	-9.86%	20.09%	64.11%	-13.51%
Curr. Cash Flow Growth	21.54%	1.79%	5.88%	12.71%	0.57%	-11.24%
Hist. Cash Flow Growth (3-5 yrs)	11.76%	2.34%	8.55%	7.98%	43.34%	0.07%
Current Ratio	0.87	1.10	1.25	0.96	0.44	0.89
Debt/Capital	56.39%	60.60%	44.23%	67.04%	67.07%	54.06%
Net Margin	10.72%	13.32%	10.87%	15.29%	3.91%	10.93%
Return on Equity	17.56%	3.56%	16.36%	23.84%	4.66%	13.99%
Sales/Assets	0.42	0.35	0.55	0.43	0.32	0.40
Proj. Sales Growth (F1/F0)	-2.26%	0.00%	-2.18%	10.66%	4.21%	-2.87%
Momentum Score	D	-	-	C	F	A
Daily Price Chg	-2.52%	-1.96%	-1.27%	0.30%	-1.85%	-5.80%
1 Week Price Chg	-0.48%	0.05%	0.53%	2.62%	0.21%	2.52%
4 Week Price Chg	-6.74%	7.92%	0.68%	14.30%	8.63%	5.14%
12 Week Price Chg	-23.64%	-16.56%	-22.30%	8.00%	-5.63%	-42.91%
52 Week Price Chg	-17.42%	-21.21%	-11.55%	76.47%	35.36%	-34.44%
20 Day Average Volume	20,797,820	283,992	2,470,143	49,462	1,105,081	2,939,602
(F1) EPS Est 1 week change	-4.25%	-4.25%	0.00%	0.00%	-4.25%	0.07%
(F1) EPS Est 4 week change	-10.71%	-9.58%	-6.52%	-1.70%	-7.39%	-0.79%
(F1) EPS Est 12 week change	-17.24%	-10.10%	-14.84%	-3.09%	-10.10%	4.21%
(Q1) EPS Est Mthly Chg	-17.87%	-10.17%	-12.48%	-2.00%	-7.43%	7.57%

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	C
Momentum Score	D
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.

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.