

Comcast Corporation (CMCSA)

\$43.80 (As of 08/24/20)

Price Target (6-12 Months): **\$46.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 07/14/20)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:A

Value: B

Growth: B

Momentum: C

Summary

Comcast is benefiting from solid high-speed Internet customer wins. Its strategy to provide high-speed Internet at an affordable price plays a pivotal role in providing connectivity and improving customer experience. Moreover, coronavirus-led increased media consumption, work-from-home and online-learning wave bode well for Comcast. Peacock's launch is a key catalyst. However, Comcast persistently suffers video-subscriber attrition due to cord cutting. Theme-park revenues are expected to suffer from lower footfall and indefinite closure of Hollywood park. Further, Sky's third and fourth quarter EBITDA on a combined basis is expected to decline roughly 60% year over year. Weakness in film business is also a headwind. Moreover, a leveraged balance sheet is a concern. Shares have underperformed the industry year to date.

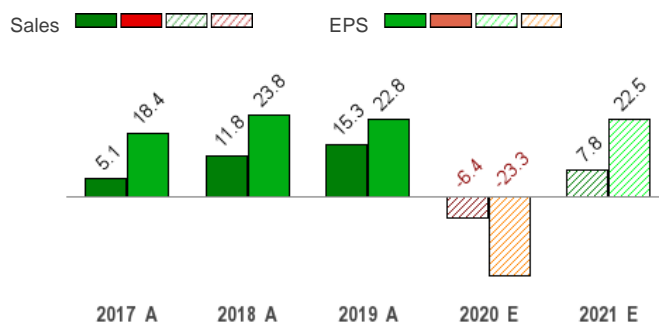
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$47.74 - \$31.71
20 Day Average Volume (sh)	14,652,835
Market Cap	\$200.1 B
YTD Price Change	-2.6%
Beta	0.99
Dividend / Div Yld	\$0.92 / 2.1%
Industry	Cable Television
Zacks Industry Rank	Top 49% (124 out of 252)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	25.5%
Last Sales Surprise	0.2%
EPS F1 Est- 4 week change	0.9%
Expected Report Date	10/22/2020
Earnings ESP	-0.2%
P/E TTM	14.7
P/E F1	18.3
PEG F1	1.6
P/S TTM	1.9

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	27,263 E	26,514 E	27,684 E	28,728 E	109,933 E
2020	26,609 A	23,715 A	24,488 E	27,226 E	102,024 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	\$0.74 E	\$0.73 E	\$0.72 E	\$0.77 E	\$2.94 E
2020	\$0.71 A	\$0.69 A	\$0.47 E	\$0.59 E	\$2.40 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.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 08/24/2020. The reports text is as of 08/25/2020.

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.

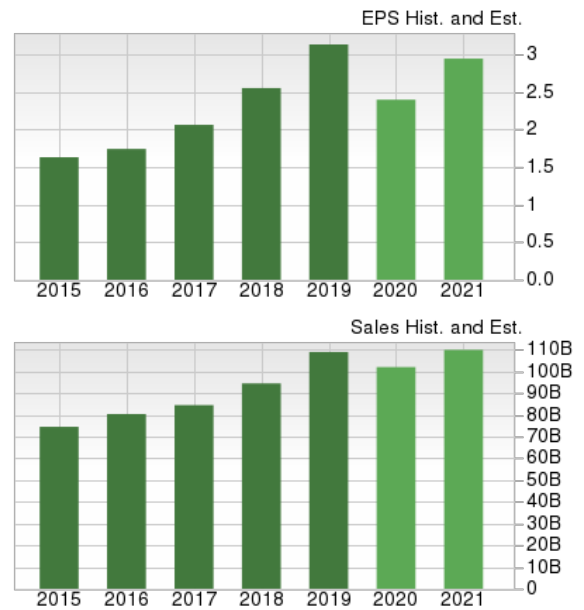
Cable Networks consists primarily of Comcast's national cable networks. Broadcast Television comprises NBC and Telemundo broadcast networks.

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.

Comcast faces significant competition from streaming-service providers including Netflix, Disney+, Apple TV+ and HBO Max. In the theme park segment, the company faces competition from Disney.



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 323K high-speed internet customers in the second quarter. In the six months ended Jun 30, 2020, Comcast's high-speed internet customer base surged 37% year over year to 800K. The momentum is expected to continue in the remainder of 2020. Comcast's wireless business also benefited from the addition of 126K lines, bringing total connections to 2.39 million lines at the end of the second 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 23.7 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 launched Peacock, its streaming platform, on Jul 15, 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.

Growing high-speed Internet user base due to coronavirus, solid demand for Xfinity X1 and Flex services and newly launched Peacock ad-supported streaming service are key catalysts.

Reasons To Sell:

- ▼ Coronavirus affected Comcast's top line and profitability. The company closed its theme parks in Orlando and Japan due to the coronavirus outbreak. Although these parks have reopened, reduced visitor count is expected to hurt the top line. Moreover, the company's Hollywood theme park remains closed. Although the company currently expects Universal Beijing Resort to open in 2021, it has delayed certain construction projects, including the development of the Epic Universe theme park in Orlando.
- ▼ Moreover, film revenues took a hit in the second 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 rest of 2020 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 third and fourth-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. In the six months ended Jun 30, 2020, Comcast lost 887K video customers compared with 345K in the year-ago period.
- ▼ 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 Jun 30, 2020, consolidated total debt was \$104.81 billion, up from \$103.58 billion as of Mar 31, 2020. In comparison, as of Jun 30, 2020, cash and cash equivalents were \$13.94 billion, up from \$8.52 billion as of Mar 31, 2020. 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 Q2 Earnings Beat, Internet User Base Rises

Comcast reported second-quarter 2020 adjusted earnings of 69 cents per share, beating the Zacks Consensus Estimate by 25.5% but decreasing 11.5% year over year.

Consolidated revenues slid 11.7% year over year to \$23.72 billion but beat the Zacks Consensus Estimate of \$23.66 billion.

Cable Communication Revenue Details

Revenues declined 0.2% from the year-ago quarter to \$14.43 billion. Total Customer Relationships increased 217K to 32.1 million.

High-speed Internet revenues grew 7.2% year over year to \$5 billion, primarily driven by increased residential high-speed Internet customers and average rate. Total high-speed Internet customer net additions were 323K.

Cable Communications extended its 60 days of free Internet service offer to eligible new Internet Essentials Customers and free access to public Xfinity WiFi hotspots through year-end.

Business Services revenues were up 3.6% to \$2.04 billion, driven by customer-base expansion and higher average rates.

Wireless revenues jumped 33.9% to \$326 million, supported by an increase in the number of customer lines. Comcast added 126K wireless lines in the reported quarter.

Advertising revenues plunged 29.6% to \$428 million, primarily due to coronavirus-induced lower advertiser spending.

Voice revenues were \$877 million, down 10.7% year over year due to a declining number of residential voice customers.

Video revenues slipped 3.2% to \$5.42 billion, reflecting a decline in the residential video customer count.

Total video customer net losses were 477K while total voice customer net losses were 158K.

Other revenues decreased 11% from the year-ago quarter to \$378 million, owing to lower security and automation services revenues as well as waived late fees.

NBCUniversal Revenues Decrease Y/Y

Revenues declined 25.4% year over year to \$6.12 billion. The company launched its streaming service Peacock free to Xfinity X1 and Flex Customers on Apr 15. The service debuted nationally on Jul 15 and has already gained 10 million sign-ups.

Cable Networks' revenues dipped 14.7% from the year-ago quarter to \$2.52 billion, primarily due to lower advertising revenues (down 27%) and distribution revenues (down 14.8%).

The year-over-year fall in advertising revenues reflects reduced advertiser spending due to postponement of sports events in the wake of the coronavirus pandemic and continued ratings decline.

Content licensing & other revenues increased 23.1% year over year.

Broadcast Television revenues declined 1.6% from the year-ago quarter to \$2.36 billion, courtesy of lower advertising revenues (down 27.9%), partially offset by higher content-licensing revenues (up 58.5%) and distribution & other revenues (up 9.2%).

Filmed Entertainment revenues decreased 18.1% from the year-ago quarter to \$1.19 billion. Theatrical revenues fell 96.8% from the year-ago quarter. However, content-licensing revenues increased 19.5% on a year-over-year basis.

Theme Parks revenues were \$87 million, down 94.1% year over year. Universal Orlando Resort and Universal Studios Japan reopened with limited capacity in June, while Universal Studios Hollywood remains closed.

Sky Revenue Details

Sky's revenues deteriorated 15.5% year over year to \$4.08 billion. At constant currency (cc), revenues softened 12.9%.

Direct-to-consumer revenues were down 9.4% (down 6.7% at cc) from the year-ago quarter to \$3.52 billion. This decline primarily reflected a decrease in average revenue per customer relationship due to the impact of coronavirus, which resulted in lower sports-subscription revenues.

Content revenues fell 37.7% (down 35.7% at cc) to \$234 million. This downside reflects lower revenues from sports programming due to suspension of sports events following the coronavirus outbreak.

Advertising revenues deteriorated 43% (down 41.2% at cc) from the year-ago quarter to \$321 million, primarily due to overall market weakness, which worsened due to coronavirus as well as the negative impact of a change in legislation related to gambling advertisements in the United Kingdom and Italy.

Pro-forma Total Customer Relationships decreased 214K to 23.7 million in the reported quarter. Markedly, Sky retained 99% of total customers and 95% of sports subscribers since the beginning of the coronavirus pandemic. Moreover, Bundesliga returned in May and the Premier League

Quarter Ending 06/2020

Report Date	Jul 30, 2020
Sales Surprise	0.24%
EPS Surprise	25.45%
Quarterly EPS	0.69
Annual EPS (TTM)	2.98

and Serie A in June.

Operating Details

Consolidated programming & production costs slipped 17.4% from the year-ago quarter to \$6.82 billion.

Consolidated adjusted EBITDA fell 9.1% from the year-ago quarter to \$7.93 billion.

Segment wise, Cable Communications' adjusted EBITDA rose 5.5% from the year-ago quarter to \$6.18 billion. Cable Communications operating expenses declined 4% year over year on lower programming (down 5%) and non-programming costs (down 3.4%) expenses.

Cable Communications results include a loss of \$37 million from the wireless business compared with a loss of \$88 million in the year-ago quarter.

NBCUniversal's adjusted EBITDA decreased 29.5% from the year-ago quarter to \$1.64 billion, reflecting a significant decline in Theme Parks (down 167.7%)-adjusted EBITDA partially offset by Cable Networks (up 3.5%), Filmed Entertainment (up 20%) and Broadcast Television-adjusted EBITDA (up 24.8%).

Sky's adjusted EBITDA declined 2.9% year over year (up 0.2% at cc) to \$749 million. Notably, Sky's operating costs and expenses fell 17.9% (down 15.5% at cc) to \$3.33 billion.

Consolidated operating income declined 13.2% year over year to \$4.65 billion.

Cash Flow & Liquidity

As of Jun 30, 2020, cash and cash equivalents were \$13.94 billion, up from \$8.52 billion as of Mar 31, 2020.

Moreover, as of Jun 30, 2020, consolidated total debt was \$104.81 billion, up from \$103.58 billion as of Mar 31, 2020.

In second-quarter 2020, Comcast generated cash from operations of \$8.64 billion, up 22.8% year over year.

Capital expenditures were down 8.3% to \$2.08 billion. NBCUniversal's capital expenditures decreased 20.9% to \$375 million. Moreover, Cable Communications' capital expenditures decreased 8.9% to \$1.5 billion. However, Sky reported capital expenditures of \$215 million, up 22.1%.

Free cash flow was \$5.97 billion in the reported quarter, up 40.5% year over year.

Dividends paid out in the second quarter were worth \$1.1 billion.

Recent News

On Aug 24, Comcast announced a partnership with the City of Sumner, WA. Under the terms of the agreement, Comcast Business will provide increased bandwidth and high-performance connectivity to support the municipality's ongoing remote-work plan.

On Aug 20, Comcast announced a new Xfinity Internet offer for K-12 teachers and administrators as well as university faculty and staff. Per the latest offer, eligible faculty, staff and administrators in the Comcast footprint will receive a Visa prepaid card worth \$150 (about two months of Internet service) when they sign up for an Xfinity package.

On Aug 13, Comcast announced a new program for cities, schools, and nonprofits to connect large numbers of low-income K-12 students to the Internet at home. The company's Internet Essentials Partnership Program offers households low-cost broadband Internet service for \$9.95 per month, the option to purchase a heavily subsidized computer and multiple options for digital-literacy training. Comcast is also giving all Internet Essentials customers its innovative xFi platform, which enables parents to control and manage their children's WiFi-connected devices.

On Aug 5, Comcast announced that Xfinity Mobile will offer the new, highly anticipated Samsung Galaxy Note20 5G and Note20 Ultra 5G devices.

On Aug 4, Comcast Business announced that it is working with Amazon Web to simplify sign-up and billing for Comcast Business customers who wish to add Amazon Chime video conferencing and collaboration capabilities to their communications-services package. Additionally, Comcast Business is offering businesses in the United States an extended free trial of Amazon Chime Pro (till Oct 31, 2020), an enterprise-grade communication service that allows businesses to video conference, chat and collaborate from a single, secure application.

On Jul 30, Comcast announced a quarterly dividend of 23 cents a share, payable Oct 28 to its shareholders of record as of Oct 7, 2020.

On Jul 24, Comcast and Sinclair Broadcast Group announced the multi-year renewal of their content-carriage agreement. The latest agreement includes continued retransmission consent of 78 Sinclair television stations in 51 major markets across Comcast's cable-television footprint, as well as continued distribution of the Tennis Channel, 18 Fox-branded regional sports networks, and YES Network for Xfinity TV customers.

On Jul 15, Comcast division NBCUniversal's ad-supported streaming service Peacock was launched. Peacock offers an ad-supported free tier and an ad-supported premium tier for \$4.99 per month. An ad-free version of the premium tier is also available for \$9.99 per month.

On Jun 22, Comcast announced the availability of Spotify on Xfinity X1 and Flex.

Per a Reuters report on Jun 16, Comcast's Sky announced the launch of its broadband service in Italy.

On May 29, Comcast, Charter Communications and ViacomCBS announced that they entered into a joint venture for Blockgraph, an industry initiative and a software platform designed to create a more secure option to use aggregated and anonymized data and share information.

On May 18, Comcast announced that Xfinity Mobile is launching 5G data plans for both unlimited and by the gig options. Xfinity Mobile's 5G service is now available in 34 major cities across the United States including Atlanta, Boston, Chicago, Denver, Detroit, Houston, Memphis, Miami, Minneapolis, Spokane, St. Paul and Washington, DC.

On May 14, Comcast announced that it has deployed more than one million Xfinity Flex devices.

Valuation

Comcast shares are down 2.6% in the year-to-date period but up 1.1% over the trailing 12-month period. Stocks in the Zacks sub-industry are up 4.4%, while the same in the Zacks Consumer Discretionary sector are down 4.6% in the year-to-date period. Over the past year, the Zacks sub-industry and the sector are up 13.1% and 6.8%, respectively.

The S&P 500 Index is up 5.5% in the year-to-date period and 18.3% in the past year.

The stock is currently trading at 15.93X forward 12-month earnings, which compares to 21.48X for the Zacks sub-industry, 33.88X for the Zacks sector and 22.85X 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 15.47X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$46 price target reflects 16.73X 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	15.93	21.48	33.88	22.85
	5-Year High	20.32	29.11	33.88	22.85
	5-Year Low	10.1	15.32	16.13	15.25
	5-Year Median	15.47	21.45	19.86	17.58
P/S F12M	Current	1.87	2.27	2.4	3.71
	5-Year High	2.28	2.59	2.95	3.71
	5-Year Low	1.3	1.61	1.68	2.53
	5-Year Median	1.83	2.04	2.5	3.05
EV/EBITDA TTM	Current	8.46	10.23	11.09	12.89
	5-Year High	17.66	19.25	17.79	12.89
	5-Year Low	6.9	8.27	8.34	8.25
	5-Year Median	8.91	10.36	12.23	10.91

As of 08/24/2020

Industry Analysis Zacks Industry Rank: Top 49% (124 out of 252)



Top Peers

Company (Ticker)	Rec	Rank
Cable One, Inc. (CABO)	Outperform	3
DISH Network Corporation (DISH)	Outperform	1
Charter Communications, Inc. (CHTR)	Neutral	3
The Walt Disney Company (DIS)	Neutral	3
Discovery, Inc. (DISCA)	Neutral	3
Liberty Global PLC (LBTYA)	Neutral	3
Rogers Communication, Inc. (RCI)	Neutral	4
Shaw Communications Inc. (SJR)	Neutral	2

Industry Comparison Industry: Cable Television				Industry Peers		
	CMCSA	X Industry	S&P 500	CABO	CHTR	DISH
Zacks Recommendation (Long Term)	Neutral	-	-	Outperform	Neutral	Outperform
Zacks Rank (Short Term)	3	-	-	3	3	1
VGM Score	A	-	-	C	A	C
Market Cap	200.08 B	12.15 B	23.81 B	11.09 B	125.51 B	18.17 B
# of Analysts	14	4	14	5	10	4
Dividend Yield	2.10%	0.00%	1.64%	0.54%	0.00%	0.00%
Value Score	B	-	-	D	C	B
Cash/Price	0.07	0.08	0.07	0.06	0.02	0.15
EV/EBITDA	8.46	9.60	13.37	23.05	12.45	10.21
PEG Ratio	1.55	3.16	3.02	NA	1.13	NA
Price/Book (P/B)	2.36	2.35	3.17	7.97	3.45	1.49
Price/Cash Flow (P/CF)	7.29	8.91	12.77	25.45	11.07	8.91
P/E (F1)	18.33	31.52	21.72	40.74	51.25	17.73
Price/Sales (P/S)	1.90	2.01	2.48	8.85	2.69	1.42
Earnings Yield	5.46%	2.45%	4.44%	2.45%	1.95%	5.64%
Debt/Equity	1.25	0.83	0.76	1.28	2.13	0.90
Cash Flow (\$/share)	6.01	2.72	6.93	72.36	55.31	3.88
Growth Score	B	-	-	B	B	D
Hist. EPS Growth (3-5 yrs)	17.39%	4.27%	10.41%	22.47%	115.41%	-2.69%
Proj. EPS Growth (F1/F0)	-23.48%	21.79%	-5.05%	35.17%	58.50%	-25.00%
Curr. Cash Flow Growth	21.54%	-3.39%	5.20%	12.71%	0.57%	-11.24%
Hist. Cash Flow Growth (3-5 yrs)	11.76%	2.34%	8.50%	7.98%	43.34%	0.07%
Current Ratio	0.97	0.98	1.33	3.47	0.52	0.71
Debt/Capital	55.83%	46.84%	44.50%	56.22%	68.09%	48.81%
Net Margin	10.91%	11.89%	10.13%	18.78%	4.85%	9.90%
Return on Equity	16.66%	1.72%	14.66%	24.87%	6.05%	11.14%
Sales/Assets	0.40	0.34	0.51	0.39	0.32	0.39
Proj. Sales Growth (F1/F0)	-6.35%	0.00%	-1.45%	13.58%	4.25%	-2.31%
Momentum Score	C	-	-	B	B	C
Daily Price Chg	1.69%	0.69%	1.32%	0.85%	-0.23%	3.13%
1 Week Price Chg	-1.60%	-1.23%	-1.45%	-2.35%	1.48%	-3.29%
4 Week Price Chg	0.55%	2.84%	3.38%	2.08%	9.40%	3.60%
12 Week Price Chg	9.01%	2.46%	7.69%	-2.21%	13.16%	5.98%
52 Week Price Chg	1.04%	-10.13%	3.85%	45.63%	54.38%	7.19%
20 Day Average Volume	14,652,835	271,607	1,873,293	33,999	833,255	2,949,894
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.94%	0.94%	1.00%	9.76%	9.66%	6.79%
(F1) EPS Est 12 week change	2.04%	2.04%	3.40%	9.76%	8.42%	-0.58%
(Q1) EPS Est Mthly Chg	1.24%	3.82%	0.00%	7.72%	3.82%	12.00%

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	C
VGM Score	A

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

Disclosures

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