

Capri Holdings (CPRI)

\$36.34 (As of 01/13/20)

Price Target (6-12 Months): **\$38.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 11/06/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:B

Value: A

Growth: D

Momentum: B

Summary

Shares of Capri Holdings have increased and outpaced the industry in the past three months. The company's constant effort to expand product offerings and contain costs along with focus on e-commerce platform and accretive buyouts bode well. Notably, the company retained fiscal 2020 view following second-quarter results, wherein both revenues and earnings per share fell short of the Zacks Consensus Estimate. While the top line sustained year-over-year improvement, bottom line continued to struggle. Management now envisions mid-single digit growth in third-quarter revenues with earnings likely to decline year over year. However, for the final quarter, Capri Holdings projects earnings per share to double from prior-year period on account of 500 basis points expansion in operating margin benefiting from higher margin across all brands.

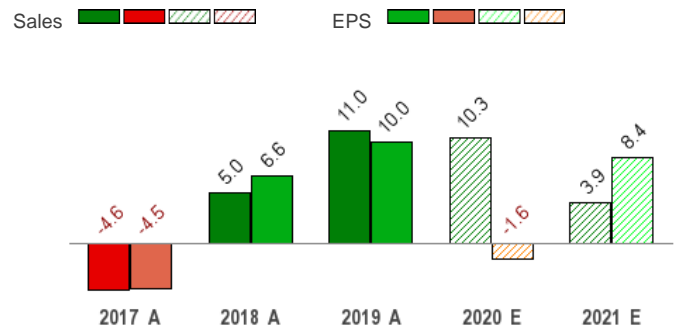
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$50.00 - \$25.25
20 Day Average Volume (sh)	1,731,653
Market Cap	\$5.5 B
YTD Price Change	-4.7%
Beta	0.88
Dividend / Div Yld	\$0.00 / 0.0%
Industry	Retail - Apparel and Shoes
Zacks Industry Rank	Top 24% (60 out of 254)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-7.2%
Last Sales Surprise	-0.3%
EPS F1 Est- 4 week change	0.0%
Expected Report Date	02/05/2020
Earnings ESP	0.0%
P/E TTM	8.1
P/E F1	7.4
PEG F1	1.1
P/S TTM	1.0

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	1,402 E	1,492 E	1,637 E	1,487 E	6,004 E
2020	1,346 A	1,442 A	1,532 E	1,461 E	5,776 E
2019	1,203 A	1,254 A	1,438 A	1,344 A	5,238 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$1.10 E	\$1.28 E	\$1.64 E	\$1.31 E	\$5.30 E
2020	\$0.95 A	\$1.16 A	\$1.61 E	\$1.20 E	\$4.89 E
2019	\$1.32 A	\$1.27 A	\$1.76 A	\$0.63 A	\$4.97 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 01/13/2020. The reports text is as of 01/14/2020.

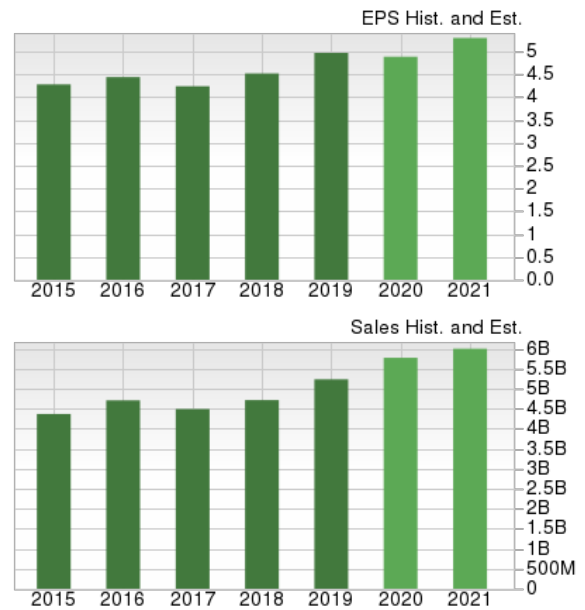
Overview

Capri Holdings Limited is a global fashion luxury company comprising iconic brands and provides women's and men's accessories, footwear and ready-to-wear, as well as wearable technology, watches, jewelry, eyewear and a full line of fragrance products. The company's brand includes:

Versace (3% of total revenue in Fiscal 2019) is one of the leading international fashion design houses and offers ready-to-wear, accessories, footwear and home furnishings. Product categories, such as Versace Jeans, eyewear, fragrances, jewelry and watches are produced under product licensing agreements. As of March 30, 2019, the company operated 188 Versace retail stores.

Jimmy Choo (11% of total revenue in Fiscal 2019) is a leading global luxury accessories brand, whose core product offerings are women's luxury shoes, complemented by accessories, including handbags, smaller leather goods, scarves and belts, as well as a growing men's luxury shoes and accessories business. Product categories, such as Jimmy Choo fragrances and eyewear are produced under product licensing agreements. As of March 30, 2019, the company operated 208 Jimmy Choo stores.

Michael Kors (86% of total revenue in Fiscal 2019) has three main collections that offer accessories, footwear and apparel: Michael Kors Collection, MICHAEL Michael Kors and Michael Kors Mens. The three primary collections and licensed products are offered through Michael Kors retail stores and e-commerce businesses, in department stores around the world and by exclusive licensees to wholesale customers in addition to select retailers. Product categories, including watches, jewelry, eyewear, and fragrance and beauty are produced under product licensing agreements. As of March 30, 2019, the company operated 853 Michael Kors stores.



Reasons To Buy:

- ▲ **Impressive Stock Performance:** Shares of Capri Holdings have increased 20.7% in the past three months and outpaced the industry's growth of 6.1%. The company has been constantly deploying resources to expand product offerings and upgrade distribution infrastructure. This along with cost containment efforts, focus on e-commerce platform and accretive buyouts bode well. Certainly, the company has been firming its position in the luxury fashion space, as evident from the acquisitions of Jimmy Choo and Versace brands. These brands along with Michael Kors will help augment revenues to \$8 billion in the long term.

Capri Holdings has been constantly deploying resources to expand its product offerings, build shop-in-shops, and upgrade its information system and distribution infrastructure.

Notably, the company is expanding its product mix beyond handbags, into men's, footwear and women's ready to wear categories. The company is focused on enhancing business from the men's category either through standalone stores or by adding offerings in existing lifestyle outlets in North America, Europe and Asia. Moreover, it remains optimistic about Michael Kors ACCESS wearable technology line of watches and fitness trackers, as the category provides ample growth opportunities. Management envisions third-quarter revenues to be approximately \$1.53 billion, reflecting mid-single digit growth from year-ago period. For the final quarter, Capri Holdings projects earnings per share to double from prior-year period on account of 500 basis points expansion in operating margin benefiting from higher margin across all brands.

- ▲ **Strategic Acquisitions:** Capri Holdings has been steadily firming its position in the luxury fashion space, as evident from the acquisition of Jimmy Choo that has provided the company additional avenues for international growth and a strong base in the luxury footwear category. The company also acquired the iconic Italian fashion brand, Versace, for an enterprise value of \$2.12 billion. These brands along with Michael Kors will help augment the company's revenues to \$8 billion in the long term. Management intends to raise Versace's revenues to \$2 billion, while it plans to augment revenues Michael Kors to \$5 billion in the long term. Additionally, it plans to increase the store count to 300 and enhance e-commerce and omni-channel capabilities. It also aims to increase the contribution from men's and women's accessories and footwear to 60% of Versace's revenues.

With respect to Jimmy Choo, management sees opportunity to boost sales to \$1 billion with an operating margin in the low-teens in the long term and target to expand retail footprint to 300 stores globally, with more emphasis in Asia. Jimmy Choo has a strong presence in Europe, the Middle East, the Americas and Asia.

Recently, Capri Holdings entered into a deal to acquire Alberto Gozzi S.r.L., an Italian atelier and shoe manufacturer in Pistoia, Tuscany. The transaction is likely to be concluded in the fourth quarter of fiscal 2020. In the near future, the factory will develop and produce shoes for Jimmy Choo and Versace. Later, it will add production of Michael Kors Collection shoes. We believe that the company may pursue other such strategic buyouts in the future.

- ▲ **E-commerce Doing Well:** E-commerce continues to post robust performance. The company unveiled its domestic online portal in September 2014. With this full-fledged functional site, management has seen a rise in net sales. In April 2015, the company launched its site in Canada. Prior to this, the company's online business was managed by third party Neiman Marcus, through a partnership deal inked in 2007. With increasing number of shoppers shifting to online, it was high time that the company lay emphasis on its own e-commerce platform. Capri Holdings will invest heavily in upgrading the company's e-commerce platform. In the first, second, third and fourth quarter of fiscal 2019, e-commerce benefited Michael Kors comparable sales by 250, 190, 290 and 350 basis points, respectively. In the first and second quarters of fiscal 2020, e-commerce benefited comparable store sales by 130 and 220 basis points, respectively. The company has also rolled out Kors Connect tool in the U.S. and Europe, which allows its associates to better engage with customers.

- ▲ **Other Endeavors:** The company has been progressing well on product innovation, brand engagement, fleet modernization, digital innovation and enhancement of customer experience. During fiscal 2018, the company closed 47 Michael Kors full-price retail stores under the retail fleet optimization plan. This is part of the company's earlier announced plan of shuttering 100-125 underperforming stores within a period of two years with the broader target being annualized savings of \$60 million. The company has already closed 100 Michael Kors stores and plans to close 50 more stores in fiscal 2020. The company plans to open approximately 100 Versace stores in the next couple of years. Management anticipates capital expenditures of approximately \$275 million in fiscal 2020 on store openings, store remodels and IT expenditures. As of Sep 28, 2019, there were 1,264 stores — 850 Michael Kors stores, 216 Jimmy Choo stores and 198 Versace.

- ▲ **Long-Term Projection:** For fiscal 2021, management had earlier guided mid-single digit increase in revenue with low single digit growth in Michael Kors and double-digit growth in both Jimmy Choo and Versace. Capri Holdings expects adjusted operating margin of approximately 16% and double-digit growth in the bottom line. For fiscal 2022, management projected mid-single digit growth in revenue with low single digit increase in Michael Kors and double-digit jump in both Jimmy Choo and Versace. The company anticipates adjusted operating margin of approximately 17% and double-digit growth in the earnings per share.

Reasons To Sell:

▼ **Q2 Earnings Miss Estimates:** Capri Holdings reported a negative earnings surprise in the second quarter of fiscal 2020, following a beat in the preceding. Revenues also came below the Zacks Consensus Estimate for the second quarter in row. While the top line sustained year-over-year improvement, bottom line continued to struggle. The bottom-line number was hurt by increased expenses and a tough environment in Hong Kong, and also came below management's expectations. The company delivered adjusted quarterly earnings of \$1.16 per share that missed the Zacks Consensus Estimate of \$1.25 as well as management's projection of \$1.21-\$1.26. Again, earnings fell sharply from \$1.27 reported in the year-ago period. Rise in cost of goods sold and increased operating expenses acted as deterrents to the bottom line.

Costs associated with investments in e-commerce expansion, technological advancements and global infrastructure remain a threat to margins.

The company anticipates third-quarter fiscal 2020 earnings in the range of \$1.55-\$1.60, the mid-point \$1.575 of which is lower than \$1.76 reported in the year-ago period. The third quarter earnings take into account dilution from Versace of about 15 cents. Again, management continues to envision fiscal 2020 earnings of \$4.95 per share, including dilution from Versace of about 20 cents and the impact of recently announced U.S. tariffs as well as strong U.S. dollar. The company had reported earnings of \$4.97 in fiscal 2019.

▼ **Soft Michael Kors Revenue:** Michael Kors, which accounts for a major portion of the company's revenues, has been struggling for a while a now. During the second quarter of fiscal 2020, revenue contribution from Michael Kors brand fell 4.2% on a reported and 3% on a constant currency basis. Adverse foreign currency fluctuations and the anticipated lower wholesale shipments hurt Michael Kors revenue. Operating margin contracted 130 basis points to 20.4% on account of anticipated lower gross margin and higher than expected SG&A expenses due to timing. Management forecasts third-quarter 2020 revenues from Michael Kors to be marginally below \$1.2 billion. Operating margin is expected to be lower than the year-ago period.

▼ **Margins May Remain Under Pressure:** Costs associated with investments in e-commerce expansion, technological advancements and global infrastructure (including new store openings, refurbishment and international expansions) remain a threat to margins. We noted that adjusted operating expenses rose 23.8% during the second quarter of fiscal 2020, while as a percentage of total revenue the same increased 320 basis points to 46.9% primarily due to the acquisition of Versace business. Adjusted operating income declined 7.3% to \$202 million, while adjusted operating margin shrunk 340 basis points to 14% on account of lower operating margin for Michael Kors and the addition of the Versace business. We note that adjusted operating margin came below the company's forecast of 15%. Jimmy Choo's operating margin was negative 8.1% versus negative 6.3% in the prior-year period. Michael Kors' operating margin contracted 130 basis points to 20.4%. The company now expects third-quarter fiscal 2020 operating margin to be about 17.5%, which reflects a decline of 450 basis points from the prior-year period.

▼ **Prone to Currency Fluctuations:** Capri Holdings generates a portion of net sales outside the U.S. Due to exposure to international markets the company remains prone to currency fluctuations. The weakening of foreign currencies against the U.S. dollar may require the company to either raise prices or contract profit margins in locations outside of the U.S. An increase in price may have an adverse impact on the demand for the products.

▼ **Dip in Consumer Sentiment May Impact Sales:** Any dip in consumer confidence – a key determinant of the economy's health – may have serious bearing on spending. The company's customers remain sensitive to macroeconomic factors including interest rate hikes, increase in fuel and energy costs, credit availability, unemployment levels, and high household debt levels, which may negatively impact their sentiment. This may adversely impact its growth and profitability.

Last Earnings Report

Capri Holdings Q2 Earnings Miss Estimates, Fall Y/Y

Capri Holdings Limited reported a negative earnings surprise in the second quarter of fiscal 2020, following a beat in the preceding. Revenues also came below the Zacks Consensus Estimate for the second quarter in row. While the top line sustained year-over-year improvement, bottom line continued to struggle. Nonetheless, the company reiterated its fiscal 2020 revenues and earnings view.

Notably, the top line gained from the addition of Versace and higher revenues from Jimmy Choo. Also, Michael Kors registered positive comparable store sales. However, the bottom-line number was hurt by increased expenses and a tough environment in Hong Kong, and also came below management's expectations. Again, adjusted operating margin also missed the company's projection.

Quarter Ending **09/2019**

Report Date	Nov 06, 2019
Sales Surprise	-0.33%
EPS Surprise	-7.20%
Quarterly EPS	1.16
Annual EPS (TTM)	4.50

Let's Delve Deep

This designer, marketer, distributor and retailer of branded apparel and accessories delivered adjusted quarterly earnings of \$1.16 per share that missed the Zacks Consensus Estimate of \$1.25 as well as management's projection of \$1.21-\$1.26. Again, earnings fell sharply from \$1.27 reported in the year-ago period. Rise in cost of goods sold and increased operating expenses acted as deterrents to the bottom line.

Total revenues of \$1,442 million surged 15.1% from the prior-year period but fell short of the Zacks Consensus Estimate of \$1,446.8 million. On a constant currency basis, total revenues were up 16.1%.

Adjusted gross profit increased 14.9% to \$879 million, however, adjusted gross margin contracted 10 basis points to 61%, reflecting a lower Michael Kors brand gross margin.

Adjusted operating income declined 7.3% to \$202 million, while adjusted operating margin shrunk 340 basis points to 14% on account of lower operating margin for Michael Kors. We note that adjusted operating margin came below the company's forecast of 15%. The company now expects third-quarter fiscal 2020 operating margin to be about 17.5%.

Brand Wise Performance

Capri Holdings has been steadily firming its position in the luxury fashion space with the buyouts of Jimmy Choo and Versace. These brands along with Michael Kors will help augment revenues to \$8 billion in the long term.

Top line includes revenues contribution of \$1,089 million from Michael Kors, down 4.2% and \$125 million from Jimmy Choo, up 7.8% year over year. Revenue from Versace came in at \$228 million.

On a constant currency basis, comparable store sales rose in the low single digits at Michael Kors, reflecting continued growth in Asia and Europe, while trends improved to flat in the Americas. The metric declined in the mid-single-digits at Jimmy Choo owing to soft performance in Hong Kong and a decline in Japan. Comparable store sales at Versace were flat on a constant currency basis. Versace continued to register double digit growth in the Americas and EMEA, but experienced sluggishness in Asia due to challenges related to the situation in Hong Kong and consumer reaction in China to an incorrectly labeled product.

Other Details

Capri Holdings ended the quarter with cash and cash equivalents of \$179 million, long-term debt of \$1,796 million and shareholders' equity of \$2,405 million, excluding non-controlling interest of \$3 million. Management now anticipates capital expenditures to be approximately \$275 million. The company intends to lower debt load by roughly \$500 million during the fiscal year.

As of Sep 28, 2019, there were 1,264 stores — 850 Michael Kors stores, 216 Jimmy Choo stores and 198 Versace.

Guidance

Management now envisions third-quarter revenues to be approximately \$1.53 billion, reflecting mid-single digit growth from year-ago period. The company now forecasts earnings in the range of \$1.55-\$1.60, including dilution from Versace of about 15 cents.

Management forecasts third-quarter 2020 revenues from Michael Kors to be marginally below \$1.2 billion with comparable store sales expected to increase in the low single digits. Operating margin is expected to be lower than the year-ago period.

Revenues from Versace are estimated to be approximately \$180 million with comparable store sales projected to be flat. Jimmy Choo revenues are envisioned to be approximately \$165 million and comparable store sales are expected to be flat with the prior-year period.

Management projects third-quarter operating margin to be approximately 17.5%. For Versace, the company anticipates a slightly negative operating margin due to seasonality and higher investments. For Jimmy Choo, it envisions positive operating margin. Michael Kors brand operating margin is forecasted to be lower than prior year. The company expect retail margin expansion but a contraction in wholesale margin.

For the final quarter, Capri Holdings projects earnings per share to double from prior-year period on account of 500 basis points expansion in operating margin benefiting from higher margin across all brands.

For fiscal 2020, management continues to project total revenue to be approximately \$5.8 billion, comprising improved comparable sales performance for Michael Kors retail, offset by challenges related to the situation in Hong Kong. The company now envisions Hong Kong will represent roughly 1.5% of group revenue in fiscal 2020 compared to prior projection of 2.5%.

Operating margin is expected to come in at 15%, reflecting lower operating income from Hong Kong. Management continues to envision earnings of \$4.95 per share, including dilution from Versace of about 20 cents.

Recent News

Capri Holdings Focuses on Luxury Fashion, to Buy Alberto Gozzi - Dec 16, 2019

Capri Holdings plans to acquire Alberto Gozzi S.r.L., an Italian atelier and shoe manufacturer in Pistoia, Tuscany. The transaction is likely to be concluded in the fourth quarter of fiscal 2020.

Valuation

Capri Holdings shares are down 9.9% over the trailing 12-month period. Stocks in the Zacks sub-industry are down 23.5%, while those in the Zacks Retail-Wholesale sector are up 19.7% over the past year.

The S&P 500 index is up 24.2% over the past year.

The stock is currently trading at 6.98X forward 12-month earnings, which compares to 11.53X for the Zacks sub-industry, 25.5X for the Zacks sector and 18.87X for the S&P 500 index.

Over the past five years, the stock has traded as high as 16.83X and as low as 5.04X, with a 5-year median of 10.14X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$38 price target reflects 7.33X forward 12-month earnings.

The table below shows summary valuation data for CPRI

Valuation Multiples - CPRI					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	6.98	11.53	25.5	18.87
	5-Year High	16.83	18.38	26.23	19.34
	5-Year Low	5.04	10.23	19.07	15.17
	5-Year Median	10.14	14.26	22.95	17.44
P/S F12M	Current	0.93	0.6	1.09	3.5
	5-Year High	2.94	1.31	1.11	3.5
	5-Year Low	0.65	0.55	0.8	2.54
	5-Year Median	1.65	0.82	0.91	3
EV/EBITDA TTM	Current	8.53	8.7	15.47	12.12
	5-Year High	10.83	9.29	15.47	12.86
	5-Year Low	4.3	4.76	10.32	8.48
	5-Year Median	6.63	6.92	12.38	10.67

As of 01/13/2020

Industry Analysis Zacks Industry Rank: Top 24% (60 out of 254)



Top Peers

Columbia Sportswear Company (COLM)	Neutral
Carters, Inc. (CRI)	Neutral
Delta Apparel, Inc. (DLA)	Neutral
G-III Apparel Group, LTD. (GIII)	Neutral
Canada Goose Holdings Inc. (GOOS)	Neutral
Hanesbrands Inc. (HBI)	Neutral
Ralph Lauren Corporation (RL)	Neutral
Under Armour, Inc. (UAA)	Neutral

Industry Comparison Industry: Retail - Apparel And Shoes				Industry Peers		
	CPRI Neutral	X Industry	S&P 500	COLM Neutral	GIII Neutral	LEVI Neutral
VGM Score	B	-	-	F	C	C
Market Cap	5.51 B	852.53 M	24.31 B	6.58 B	1.47 B	7.40 B
# of Analysts	9	3	13	6	6	3
Dividend Yield	0.00%	0.00%	1.76%	0.98%	0.00%	3.18%
Value Score	A	-	-	D	B	B
Cash/Price	0.03	0.13	0.04	0.04	0.04	0.13
EV/EBITDA	9.78	7.76	14.12	16.02	8.82	10.98
PEG Ratio	1.13	1.52	2.05	1.74	0.92	3.83
Price/Book (P/B)	2.29	1.75	3.34	3.77	1.17	5.04
Price/Cash Flow (P/CF)	5.46	5.96	13.66	19.77	8.34	NA
P/E (F1)	7.40	12.85	18.82	18.99	9.88	16.25
Price/Sales (P/S)	0.99	0.48	2.64	2.19	0.46	1.28
Earnings Yield	13.46%	7.04%	5.29%	5.26%	10.12%	6.15%
Debt/Equity	1.48	1.06	0.72	0.21	0.74	0.69
Cash Flow (\$/share)	6.66	1.60	6.94	4.93	3.70	NA
Growth Score	D	-	-	F	D	D
Hist. EPS Growth (3-5 yrs)	3.07%	-0.46%	10.56%	19.51%	3.67%	NA
Proj. EPS Growth (F1/F0)	-1.68%	2.90%	7.49%	6.82%	9.09%	8.75%
Curr. Cash Flow Growth	6.03%	9.92%	14.83%	26.00%	55.48%	-5.16%
Hist. Cash Flow Growth (3-5 yrs)	6.04%	-0.29%	9.00%	19.30%	14.76%	NA
Current Ratio	1.05	1.47	1.23	3.04	2.36	2.37
Debt/Capital	59.67%	52.65%	42.99%	17.34%	42.58%	40.68%
Net Margin	6.04%	2.74%	11.08%	10.97%	4.50%	6.85%
Return on Equity	28.91%	10.96%	17.16%	19.14%	12.27%	37.44%
Sales/Assets	0.76	1.33	0.55	1.16	1.23	1.51
Proj. Sales Growth (F1/F0)	10.27%	0.64%	4.23%	5.78%	3.95%	8.10%
Momentum Score	B	-	-	B	B	C
Daily Price Chg	1.40%	0.00%	0.73%	-0.11%	-0.36%	1.07%
1 Week Price Chg	-4.12%	-0.72%	0.39%	-3.58%	-7.01%	-2.81%
4 Week Price Chg	-4.62%	0.37%	1.84%	3.45%	-4.96%	0.37%
12 Week Price Chg	15.51%	-0.09%	6.48%	-3.49%	17.19%	10.75%
52 Week Price Chg	-9.65%	-11.70%	23.15%	18.02%	-2.56%	NA
20 Day Average Volume	1,731,653	290,042	1,578,594	626,798	502,389	735,899
(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%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 12 week change	-0.07%	0.00%	-0.48%	-1.35%	-2.14%	0.00%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	0.00%	0.00%	NA

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	A
Growth Score	D
Momentum Score	B
VGM Score	B

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

Disclosures

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