

Capri Holdings (CPRI)

\$17.08 (As of 08/13/20)

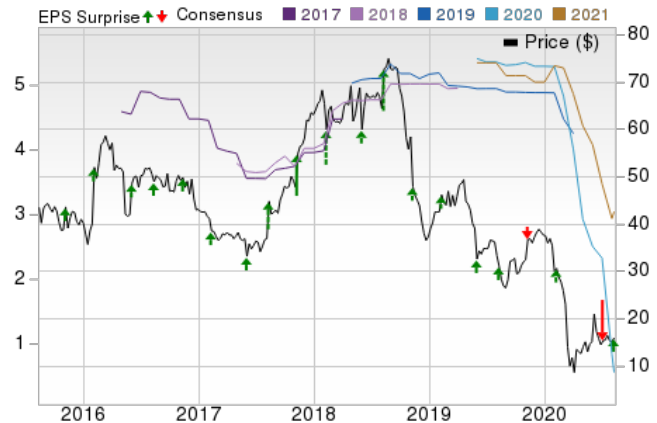
Price Target (6-12 Months): **\$15.00**

Long Term: 6-12 Months	Zacks Recommendation: Underperform
	(Since: 02/09/20)
	Prior Recommendation: Neutral
Short Term: 1-3 Months	Zacks Rank: (1-5) 5-Strong Sell
	Zacks Style Scores: VGM:C
	Value: C Growth: C Momentum: F

Summary

Shares of Capri Holdings have slid and underperformed the industry in the past six months. Undeniably, the company is bearing the brunt of the pandemic that hurts its first-quarter fiscal 2021 performance as well. Although results came in better-than-expected, top and bottom line continued to decline year over year owing to stores being closed for an average of about 55% of the period. Management indicated that its department store partners placed limited replenishment orders. Nonetheless, with majority of stores now operational, sales trends are showing some green shoots. However, management still envisions a 40% year over year decline in second-quarter revenues. The company expects loss per share in the first half but anticipates to report earnings in the second half with gradual improvement in revenues trend across Americas, EMEA and Asia regions.

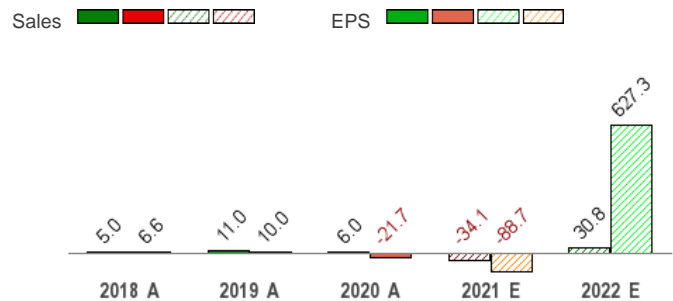
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$39.90 - \$5.42
20 Day Average Volume (sh)	3,952,204
Market Cap	\$2.6 B
YTD Price Change	-55.2%
Beta	1.82
Dividend / Div Yld	\$0.00 / 0.0%
Industry	Retail - Apparel and Shoes
Zacks Industry Rank	Bottom 5% (239 out of 252)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	5.5%
Last Sales Surprise	4.6%
EPS F1 Est- 4 week change	-47.1%
Expected Report Date	11/04/2020
Earnings ESP	-112.9%

P/E TTM	9.0
P/E F1	38.8
PEG F1	5.9
P/S TTM	0.6

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	1,219 E	1,321 E	1,413 E	1,131 E	4,789 E
2021	451 A	894 E	1,225 E	1,109 E	3,660 E
2020	1,346 A	1,442 A	1,571 A	1,192 A	5,551 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	\$0.44 E	\$0.62 E	\$1.11 E	\$0.52 E	\$3.20 E
2021	-\$1.04 A	\$0.12 E	\$1.04 E	\$0.61 E	\$0.44 E
2020	\$0.95 A	\$1.16 A	\$1.66 A	\$0.11 A	\$3.89 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 08/13/2020. The reports text is as of 08/14/2020.

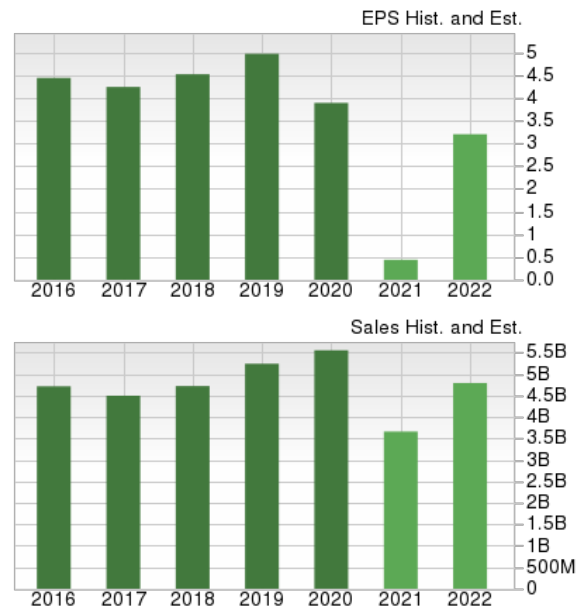
Overview

Capri Holdings Limited 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 operates in the global personal luxury goods industry, which has been severely impacted by the outbreak of the coronavirus. According to Bain-Altagamma, the personal luxury goods market is projected to contract between 20% and 35% in 2020 but is anticipated to improve at a rate of 10% from 2020 to 2025. Notably, Capri Holdings consists of the following iconic brands:

Versace (15% of total revenue in Fiscal 2020) 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 Jun 27, 2020, the company operated 204 Versace retail stores.

Jimmy Choo (10% of total revenue in Fiscal 2020) 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 Jun 27, 2020, the company operated 228 Jimmy Choo stores.

Michael Kors (75% of total revenue in Fiscal 2020) 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 Jun 27, 2020, the company operated 822 Michael Kors stores.



Reasons To Sell:

▼ **Dismal Q1 Performance:** Capri Holdings had earlier pointed that fiscal 2021 is likely to be meaningfully impacted by the coronavirus pandemic. The company informed that in first-quarter fiscal 2021, stores were closed for an average of about 55% of the period compared with 10% in the preceding quarter. As a result, both the top and the bottom lines continued to decline sharply from the year-ago period. We note that revenues fell across the company's three brands. The company reported adjusted quarterly loss of \$1.04 per share against earnings of 95 cents in the year-ago period. We note that the company's bottom line has been declining for quite some time now. The bottom line was adversely impacted by lower revenues and higher interest expense.

Undeniably, the company is bearing the brunt of the pandemic that hurts its first-quarter fiscal 2021 performance as well. Although results came in better-than-expected, top and bottom line continued to decline year over year.

Total revenues of \$451 million decreased 66.5% from the prior-year period. While retail sales declined approximately 60%, wholesale sales decreased roughly 85%. Management indicated that its department store partners have placed limited replenishment orders during the quarter, and as a result, it has not had a significant level of wholesale shipments. During the quarter revenues in Asia fell 41%, while wholesale shipments in the region declined 80%. In EMEA, revenues decreased 66%, wholesale shipments fell 70%. In the Americas, revenues plunged 76%, while wholesale shipments dropped approximately 90%. Shares of Capri Holdings have fallen 40.3% in the past six months compared with the industry's decline of 21.7%.

▼ **Revenues Decline Across all Three Brands:** Michael Kors, which accounts for a major portion of the company's revenues, has been struggling for a while now. During first-quarter fiscal 2021, revenue contribution from Michael Kors brand fell 68.7% on a reported and 68.5% on a constant currency basis. Revenues from Jimmy Choo decreased 67.7% compared to the prior year on a reported and constant currency basis. Again, revenues from Versace plunged 55.1% on a reported and 54.1% on a constant currency basis.

▼ **Sales to Plunge in Q2:** Capri Holdings expects second-quarter revenues to decline approximately 40% compared with the prior-year period. Although management expects a gradual improvement in consumer shopping trends, it still projects 35% decline in revenues for fiscal 2021. Management expects slower recovery in wholesale shipments. Further, travel retail, which is part of the wholesale channel, is bearing the brunt of decline in tourism. Industry experts believe that demand for high-end fashion clothing and accessories is likely to remain soft, as consumers will be cautious on making any discretionary purchases. We note that the company expects loss per share in the first half of fiscal 2021, given the reduction in revenues and resulting deleverage.

▼ **Operating Margin 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. The company reported adjusted operating loss of \$147 million against adjusted operating income of \$190 million in the year-ago period. In the preceding quarter, adjusted operating income declined 20.8% to \$99 million, while adjusted operating margin shrunk 100 basis points to 8.3%. Versace reported operating loss of \$41 million and operating margin was (44.1)% compared with adjusted operating income of \$3 million and adjusted operating margin was 1.4% in the year-ago period. Jimmy Choo operating loss was \$29 million and operating margin was (56.9)% compared with operating income of \$11 million and operating margin of 7% in the prior year. Michael Kors operating loss was \$48 million and operating margin was (15.6)% compared with operating income of \$201 million and operating margin of 20.5% in the prior year.

▼ **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. For now, the novel coronavirus has wreaked havoc. The retail sector, in particular, remains under pressure. Again, job losses as well as lower disposable income due to this catastrophe are making things worse. Consumers are avoiding discretionary spending and focusing on necessities for the time being.

Risks

- **Strategic Endeavors:** Capri Holdings 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. Notably, the company is expanding its product mix beyond handbags, into men's, footwear and women's ready to wear categories. As far as Michael Kors brand is concerned, the company is focusing on product innovation, delivering fashion and newness across all categories. It intends to expand men's business, which remains one of the high growth categories. Management sees tremendous growth opportunity for Michael Kors in Asia, primarily in China, where it believes can double revenues over time. Management believes that Capri Holdings is well-positioned to drive strong revenue and earnings growth in fiscal 2022, as the company gradually emerges from the pandemic.
- **Positive Highlights of Q1:** Capri Holdings reported better-than-expected first-quarter fiscal 2021 results. The company posted narrower-than-expected loss. Further, the company's total revenues surpassed the Zacks Consensus Estimate. We note that adjusted gross margin expanded 480 basis points to 67.2%. This primarily reflects gross margin expansion across Michael Kors brand driven by higher AURs and favorable channel mix. Management expect to drive gross margin expansion through higher full price sell-throughs, strategic increase in prices and lower manufacturing expenses. The company envisions gross margin expansion of about 150 basis points for the fiscal year with improvements across all quarters.
- **Steps to Mitigate COVID-19 Impact:** To address the challenges tied to the pandemic, Capri Holdings has been focusing on maintaining strong liquidity position in fiscal 2021. Notably, the company is cutting operating expenses by approximately \$500 million, lowering capital expenditures by about \$150 million and suspended the remaining \$400 million share buyback plan. The company through efficient inventory management, expects to realize a cash flow benefit of approximately \$400 million. The company is focusing on reducing all non-essential discretionary spending, including lowering of marketing spending, delaying or canceling select new store openings and reducing external third-party services. It also implemented compensation reductions for Board and employees. The company has also trimmed headcount to better align expense base with anticipated revenues. Moreover, as a part of fleet optimization strategy, the company intends to close up to 170 stores over the next two years, of which majority would be of Michael Kors. During first-quarter fiscal 2021, adjusted operating expenses decreased \$200 million from the year-ago period.
- **Hopes Hinge on 2H Recovery:** With majority of stores being reopened, Capri Holdings is witnessing improving sales trends. We note that the company anticipates to report earnings per share in the second half with gradual improvement in revenues trend across Americas, EMEA and Asia regions. The company expects all of its stores to be operational by the end of the second quarter of fiscal 2021. In the third and fourth quarters, the company anticipates gradual recovery across all regions with improvement in consumer confidence and revival in the economy. It anticipates performance in the fourth quarter to be better than the third quarter. The company anticipates company owned retail sales trends to be better with soft recovery in wholesale shipments.
- **Accretive Buyouts:** Acquisitions have played a vital role in the expansion of Capri Holdings' business. Some of the notable buyouts include that of Alberto Gozzi S.r.L., an Italian atelier and shoe manufacturer in Pistoia, Tuscany; Versace, known for its innovative designs having symbolic flashy prints and bright colors; and Jimmy Choo that provided additional avenues for international growth and a strong base in the luxury footwear category. Capri Holdings acquired the iconic Italian fashion brand, Versace, for an enterprise value of \$2.12 billion. Management intends to raise Versace's revenues to \$2 billion with mid-teens operating margin over time. 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, which the company acquired for \$1.2 billion, management sees opportunity to boost sales to \$1 billion and attain a mid-teens operating margin over time in the long term. The company targets 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. The company's goal is to increase the contribution from accessories to approximately 50% of Jimmy Choo's revenue overtime. The strategy to increase the penetration of accessories remains on track with the successful launch of new Madeline and VARENNE handbag collection in fiscal 2020.
- **E-commerce Doing Well:** E-commerce business continues to witness sturdy performance, thanks to increasing number of shoppers shifting to online channel owing to the pandemic. Capri Holdings is investing heavily in upgrading the company's e-commerce platform. In the first, second and third quarters of fiscal 2020, e-commerce benefited Michael Kors comparable store sales by 130, 220 and 180 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. In the fourth quarter, when most of the company's stores were closed, thanks to the pandemic, e-commerce played a vital role to reach out to customers. Capri Holdings stated that e-commerce revenues rose during the final quarter of fiscal 2020, and registered double-digit growth in first-quarter fiscal 2021 compared with the prior year. In the last reported quarter, e-commerce revenues were up approximately 30% year over year.
- **Debt Analysis:** Capri Holdings ended first-quarter fiscal 2021 with long-term debt (including operating lease liabilities) of \$3,328 million, which reflects a decline of 11% on a sequential basis. Further, its debt-to-capitalization ratio of 0.65 stood lower than the industry's ratio of 0.74. The company's debt-to-capitalization ratio also represents a sequential improvement from 0.67.

Last Earnings Report

Capri Holdings Posts Narrower-Than-Expected Q1 Loss

Capri Holdings Limited reported better-than-expected first-quarter fiscal 2021 results. The global fashion luxury group posted narrower-than-expected loss. Further, the company's total revenues surpassed the Zacks Consensus Estimate. However, both the top and the bottom lines declined sharply from the year-ago period thanks to the impact of the coronavirus pandemic. We note that revenues fell across the company's three brands.

Quarter Ending **06/2020**

Report Date	Aug 05, 2020
Sales Surprise	4.56%
EPS Surprise	5.45%
Quarterly EPS	-1.04
Annual EPS (TTM)	1.89

Let's Delve Deep

This designer, marketer, distributor and retailer of branded apparel and accessories reported adjusted quarterly loss of \$1.04 per share narrower than the Zacks Consensus Estimate of a loss of \$1.10. The company had posted earnings of 95 cents in the year-ago period. The bottom line was adversely impacted by lower revenues.

Total revenues of \$451 million decreased 66.5% from the prior-year period on account of stores being closed for an average of about 55% of the quarter. On a constant currency basis, total revenues were down 66.2%. However, the top line surpassed the Zacks Consensus Estimate of \$431.3 million.

While retail sales declined approximately 60%, wholesale sales decreased roughly 85%. The company's wholesale partners placed limited orders during the quarter owing to the store closures.

Top line includes revenue contribution of \$307 million from Michael Kors, down 68.7% and \$51 million from Jimmy Choo, down 67.7% year over year. Revenues from Versace were \$93 million, down 55.1% from the prior year period.

Adjusted gross profit fell 63.9% year over year to \$303 million, however, adjusted gross margin expanded 480 basis points to 67.2%. This primarily reflects gross margin expansion across Michael Kors brand driven by higher AURs and favorable channel mix. Management focuses on gross margin expansion through higher full price sell-throughs, strategic price increases and lower manufacturing costs. The company envisions gross profit margin expansion of approximately 150 basis points for the fiscal year.

The company reported adjusted operating loss of \$147 million against adjusted operating income of \$190 million in the year-ago period.

Management, on its last earnings call on Jul 1, had cautioned that the first-quarter fiscal 2021 will mark a low point in terms of revenues and earnings. John D. Idol, the CEO of the company, said, "Looking at our progress in the fiscal first quarter, we were encouraged by trends across all three of our luxury houses, with sales and margin performance ahead of our initial expectations. We were particularly pleased with the strong growth of our eCommerce business, as well the sequential improvement in overall revenue trends through the first quarter and into July."

Other Details

Capri Holdings ended first-quarter fiscal 2021 with cash and cash equivalents of \$207 million, net receivables of \$183 million, total debt of \$1,768 million and shareholders' equity of \$2,006 million, excluding non-controlling interest of \$1 million. Total inventory at the end of the quarter under review was \$948 million, reflecting a decline of 6.7% year over year.

As of Jun 27, 2020, there were 1,254 stores — 822 Michael Kors stores, 228 Jimmy Choo stores and 204 Versace stores.

Valuation

Capri Holdings shares are down 55.2% in the year-to-date period and 36.7% over the trailing 12-month period. Stocks in the Zacks sub-industry are down 20.8% but the Zacks Retail-Wholesale sector is up 27.8%, in the year-to-date period. Over the past year, the sub-industry is down 5.9% but the sector is up 40.9%.

The S&P 500 index is up 4.8% in the year-to-date period and 18.8% in the past year.

The stock is currently trading at 11.61X forward 12-month earnings, which compares to 48.23X for the Zacks sub-industry, 33.47X for the Zacks sector and 22.91X for the S&P 500 index.

Over the past five years, the stock has traded as high as 16.83X and as low as 1.58X, with a 5-year median of 9.68X. Our Underperform recommendation indicates that the stock will perform worse than the market. Our \$15 price target reflects 9.87X 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	11.61	48.23	33.47	22.91
	5-Year High	16.83	87.11	34.76	22.91
	5-Year Low	1.58	8.14	19.08	15.25
	5-Year Median	9.68	14.19	23.46	17.58
P/S F12M	Current	0.63	0.58	1.26	3.7
	5-Year High	2.18	1.08	1.26	3.7
	5-Year Low	0.19	0.32	0.82	2.53
	5-Year Median	1.51	0.79	0.97	3.05
EV/EBITDA TTM	Current	10.68	12.28	19.68	12.75
	5-Year High	10.83	12.3	19.75	12.84
	5-Year Low	4.19	4.7	11.13	8.24
	5-Year Median	6.71	6.62	12.95	10.9

As of 08/13/2020

Industry Analysis Zacks Industry Rank: Bottom 5% (239 out of 252)



Top Peers

Company (Ticker)	Rec	Rank
Hanesbrands Inc. (HBI)	Outperform	1
Columbia Sportswear Company (COLM)	Neutral	3
Carters, Inc. (CRI)	Neutral	3
GIII Apparel Group, LTD. (GIII)	Neutral	3
Tapestry, Inc. (TPR)	Neutral	3
Canada Goose Holdings Inc. (GOOS)	Underperform	4
Ralph Lauren Corporation (RL)	Underperform	4
Under Armour, Inc. (UAA)	Underperform	4

Industry Comparison Industry: Retail - Apparel And Shoes				Industry Peers		
	CPRI	X Industry	S&P 500	COLM	GIII	LEVI
Zacks Recommendation (Long Term)	Underperform	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	5	-	-	3	3	3
VGM Score	C	-	-	D	F	D
Market Cap	2.57 B	560.76 M	23.58 B	5.27 B	573.75 M	5.07 B
# of Analysts	9	4	14	7	7	4
Dividend Yield	0.00%	0.00%	1.68%	0.00%	0.00%	2.50%
Value Score	C	-	-	C	C	B
Cash/Price	0.09	0.26	0.07	0.09	1.21	0.31
EV/EBITDA	94.81	6.96	13.34	9.76	4.11	7.44
PEG Ratio	5.98	3.20	2.99	14.27	14.34	NA
Price/Book (P/B)	1.28	1.44	3.20	3.19	0.46	4.35
Price/Cash Flow (P/CF)	3.01	4.23	12.83	12.10	2.92	9.52
P/E (F1)	39.18	33.15	21.99	41.24	128.59	NA
Price/Sales (P/S)	0.55	0.35	2.53	1.92	0.20	1.01
Earnings Yield	2.58%	1.55%	4.35%	2.42%	0.75%	-1.88%
Debt/Equity	1.66	1.10	0.77	0.21	0.91	1.29
Cash Flow (\$/share)	5.68	2.03	6.94	6.59	4.08	1.34
Growth Score	C	-	-	F	F	F
Hist. EPS Growth (3-5 yrs)	-3.98%	-1.21%	10.41%	13.85%	7.78%	NA
Proj. EPS Growth (F1/F0)	-88.69%	-76.36%	-6.32%	-59.98%	-97.09%	-124.23%
Curr. Cash Flow Growth	-13.65%	-0.32%	5.20%	30.70%	6.85%	29.04%
Hist. Cash Flow Growth (3-5 yrs)	-3.72%	1.68%	8.55%	17.53%	9.97%	NA
Current Ratio	0.94	1.45	1.33	2.99	3.97	1.92
Debt/Capital	62.38%	55.77%	44.59%	17.39%	47.60%	56.26%
Net Margin	-9.62%	-2.68%	10.13%	6.66%	3.15%	0.19%
Return on Equity	12.62%	2.57%	14.51%	10.53%	8.68%	13.47%
Sales/Assets	0.58	1.08	0.51	0.99	1.07	1.06
Proj. Sales Growth (F1/F0)	-34.06%	-9.20%	-1.43%	-15.59%	-29.29%	-29.57%
Momentum Score	F	-	-	F	F	F
Daily Price Chg	-1.73%	0.00%	-0.44%	0.91%	-0.67%	-0.70%
1 Week Price Chg	5.74%	4.16%	2.30%	0.46%	7.58%	2.80%
4 Week Price Chg	0.06%	1.21%	4.38%	-0.34%	-5.24%	2.65%
12 Week Price Chg	13.41%	9.92%	13.59%	13.89%	17.52%	-2.14%
52 Week Price Chg	-36.72%	-23.96%	5.75%	-13.44%	-41.67%	-20.72%
20 Day Average Volume	3,952,204	523,213	1,984,154	319,274	1,239,519	1,424,129
(F1) EPS Est 1 week change	-18.52%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	-47.13%	0.00%	2.08%	-4.55%	0.00%	0.00%
(F1) EPS Est 12 week change	-84.02%	-65.42%	2.66%	-3.15%	-90.59%	-151.65%
(Q1) EPS Est Mthly Chg	-60.17%	0.00%	0.94%	-5.55%	0.00%	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	C
Growth Score	C
Momentum Score	F
VGM Score	C

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

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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.

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