

Deutsche Bank AG(DB)

\$8.57 (As of 01/08/20)

Price Target (6-12 Months): **\$9.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 04/05/19)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

4-Sell

Zacks Style Scores:

VGM:F

Value: F

Growth: F

Momentum: F

Summary

On the NYSE, shares of Deutsche Bank have outperformed the industry over the past six months. Litigation issues related to past misconducts continue, and legal costs might deter bottom-line growth. Also, declining fee income and pressure on margins due to low interest rates in the domestic economy, keep the top line under pressure. Nonetheless, efforts to improve financials by offloading unprofitable businesses and continued investments in order to expand its fee income sources are commendable. Also, the company targets to reduce adjusted costs to €21.5 billion by 2019-end, which is likely to support bottom-line expansion. Recently, at its "Investor Deep Dive", the bank reaffirmed its set of cost targets announced in July to improve profitability. Further, the bank's CET 1 capital ratio requirement has been reduced by the ECB.

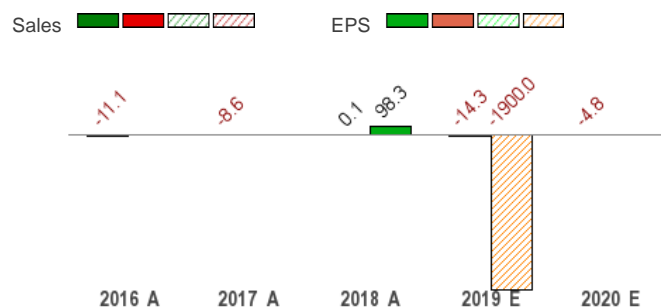
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$9.47 - \$6.44
20 Day Average Volume (sh)	4,275,244
Market Cap	\$17.7 B
YTD Price Change	10.2%
Beta	1.57
Dividend / Div Yld	\$0.00 / 0.0%
Industry	Banks - Foreign
Zacks Industry Rank	Bottom 30% (178 out of 254)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	NA
Last Sales Surprise	NA
EPS F1 Est- 4 week change	-38.7%
Expected Report Date	01/30/2020
Earnings ESP	0.0%
P/E TTM	NA
P/E F1	45.1
PEG F1	NA
P/S TTM	0.4

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2020					24,395 E
2019	7,213 A	6,971 A	5,852 A		25,622 E
2018	8,572 A	7,863 A	7,178 A	6,362 A	29,898 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2020					\$0.19 E
2019	\$0.09 A	-\$1.86 A	-\$0.46 A		-\$0.20 E
2018	\$0.07 A	\$0.04 A	\$0.12 A	-\$0.23 A	-\$0.01 A

*Quarterly figures may not add up to annual.

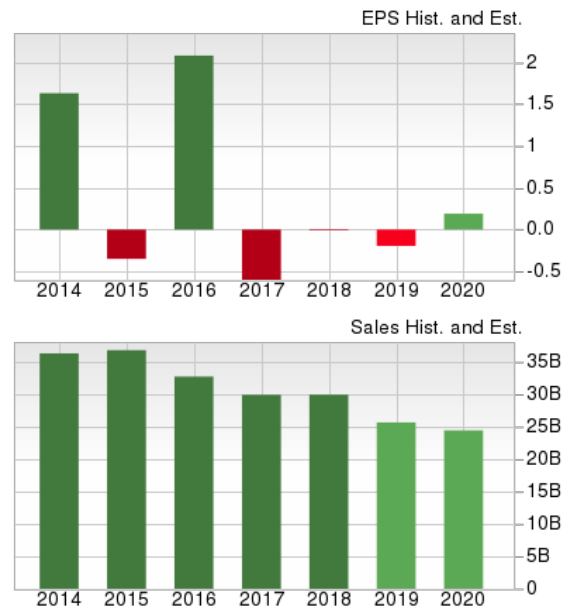
The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 01/08/2020. The reports text is as of 01/09/2020.

Overview

Headquartered in Frankfurt am Main, Deutsche Bank is the largest bank in Germany and one of the largest financial institutions in Europe and the world, as measured by total assets (€1.5 trillion as of Sep 30, 2019). It offers a wide variety of investment, financial and related products and services. Per the restructuring plan announced in July 2019, Deutsche Bank confirmed the following changes to its segmental reporting, with effect from the third quarter of 2019.

- **Corporate Bank** includes the Global Transaction Bank, which was previously part of the former Corporate & Investment Bank and the German Commercial and Corporate Clients division.
- **Investment Bank** includes Origination & Advisory and FIC Sales & Trading, which comprises Global Credit Trading, Foreign Exchange, Rates and Emerging Markets Debt businesses.
- **Private Bank** comprises three business segments. The Private Bank Germany serves private customers and small business clients in Germany. The Private Bank International also serves private and small business clients, as well as commercial and corporate clients in Italy, Spain, Belgium and India. In addition, Private Bank covers Wealth Management clients globally.
- **Asset Management** operates under the DWS brand. It provides investment solutions to individual investors and institutions with a diversified range of Active, Passive and Alternative Asset Management products and services.
- **Corporate & Other** includes revenues, costs and resources held centrally that are not allocated to the individual business segments.
- **Capital Release Unit** is created to quickly and efficiently dispose of non-strategic or low-return assets, which are no longer consistent with the Bank's strategy, in order to release capital, reduce leverage and related cost and thus create a smaller, simpler and less market-sensitive balance sheet.

In June 2019, Deutsche Bank sold its PCB business in Portugal to ABANCA Corporación Bancaria S.A.



Reasons To Buy:

- ▲ Deutsche Bank's efforts in reducing expenses have started bearing fruits, with reduced non-interest expenses. Notably, adjusted costs (excluding litigation, impairments, policyholder benefits and claims, and restructuring and severance expenses) declined at a CAGR of 10.7%, over the last three years (ended 2018), with the trend continuing in the first three quarters of 2019. Deutsche Bank targets to reduce adjusted costs to €21.5 billion by 2019-end. Though management expects higher regulatory compliance costs in the upcoming quarters, it remains committed to counterbalancing the impact through cost saving measures.
- ▲ Deutsche Bank remains focused on strengthening its capital position. As of Sep 30, 2019, capital ratios stayed strong. Also, in the stress test conducted by The European Banking Authority (EBA), the bank showed progress in its risk profile and capital position. Further, the company remains on track to achieve its targets – CET 1 ratio of at least above 13% at the end of 2019 and leverage ratio of 4%.
- ▲ Deposits at Deutsche Bank witnessed a CAGR of 1.4% over the past five years (ended 2018), with the trend continuing in the first nine months of 2019. The rise was recorded mainly due to deposit growth in Private and Commercial Bank segment. We believe that deposit balances are poised to grow in an improving economy.

Cost control and several strategic initiatives will support Deutsche Bank's financials. Also, the company's strong capital position and improving deposit balance might aid overall growth.

Reasons To Sell:

- ▼ Due to the nature of its business, Deutsche Bank is involved in litigation, arbitration and regulatory proceedings in Germany and in a number of jurisdictions outside Germany. Such matters are subject to uncertainties. The bank has shouldered significant legal settlement costs in the past which has adversely impacted its financials. Recently, Deutsche Bank has been slapped with a fine by the Frankfurt prosecutors related to the investigation of German client interactions with offshore entities established by the German bank's Virgin Islands subsidiary — Regula Ltd. Though the company has resolved a number of legal matters and made progress on several others, a number of cases are yet to be resolved. Hence, the company's financials are expected to be hit by higher legal expenses in the near term.
- ▼ Deutsche Bank's net revenues have declined at a CAGR of 5.7% over the last five years (ended 2018), with the trend continuing in the first nine months of 2019. Pressure on margins due to low interest rates, declining fee income along with the bank's involvement in legal hassles is primarily responsible for the falling revenues. Further, challenging business conditions in the domestic economy might deter top-line growth.
- ▼ Deutsche Bank faces margin pressure from a low (and even negative) interest rate environment and a competitive landscape. Further, several other macro headwinds, including the potential impact of the United Kingdom's decision to leave the European Union, remain key concerns for the company. Though the U.S. economy is gradually improving, European economy is yet to stabilize. The European Central Bank ("ECB") has announced a large-scale financial asset purchase program (commonly known as "quantitative easing") in an effort to counter adverse economic conditions. However, we don't foresee any significant favorable change in the same in the near term and these will continue to weigh on the company's performance.
- ▼ Regulatory reforms enacted and proposed in response to the persistent weaknesses in the financial sector, together with increased regulatory scrutiny, require Deutsche Bank to maintain increased capital levels and this could significantly affect its businesses. If the bank is unable to meet capital requirements with an adequate buffer, it could experience the effect of these factors on business and results.
- ▼ Shares of Deutsche Bank have outperformed the industry on the NYSE over the past six months. With this unfavorable trend, the company is expected to report loss for 2019. Therefore, given the above concerns and lack of positive estimate revisions, the stock has limited upside potential.

A prolonged low interest rate environment keeps margins under pressure. Also, litigation issues due to past misconducts lead to higher legal costs, and remain a key concern for Deutsche Bank.

Last Earnings Report

Deutsche Bank Incurs Q3 Loss as Revenues Fall, Costs Up

Marred by significant restructuring costs, Deutsche Bank reported third-quarter 2019 net loss of €832 million (\$925.8 million) against net income of €229 million in the year-ago quarter. Also, the German lender incurred loss before taxes of €687 million (\$764.4 million).

Third-quarter results were affected by rise in expenses. Lower revenues and higher provisions were other undermining factors. However, strong capital position and net inflows were tailwinds.

Quarter Ending **09/2019**

Report Date	Oct 30, 2019
Sales Surprise	NA
EPS Surprise	NA
Quarterly EPS	-0.46
Annual EPS (TTM)	-2.46

Revenues Decline, Expenses and Provisions Rise

The bank generated net revenues of €5.23 billion (\$5.8 billion), down 15% year over year. Lower revenues across most of the segments, exit from Equities Sales & Trading and a challenging market environment, led to this downside.

Net revenues at the Corporate Bank ("CB") division of €1.32 billion (\$1.5 billion) rose 6% from the year-ago quarter. Higher revenues in global transaction banking along with commercial banking led to the rise.

The Investment Bank segment's net revenues totaled €1.65 billion (\$1.8 billion), down 5% year over year. Lower revenues from fixed income and currency sales & trading resulted in the decline.

Private Bank reported net revenues of €2.05 billion (\$2.3 billion), down 3%. The fall primarily stemmed from lower revenues from businesses within Germany and wealth management unit.

Asset Management segment generated net revenues of €543 million (\$604.2 million), down 4% year over year, mainly due to impact of lower interest rates.

Corporate & Other unit reported negative net revenues of €76 million (\$84.6 million) against net revenues of €54 million a year ago.

Also, the Capital Release unit reported negative net revenues of €223 million (\$248.1 million) against net revenues of €459 million.

Provision for credit losses increased 95% from the year-ago quarter to €175 million (\$194.7 million). The rise resulted largely from higher provisions in the CB unit as the bank prepares itself for forecasted weaker macroeconomic conditions.

Non-interest expenses of €5.78 billion (\$6.4 billion) were up 4% from the prior-year quarter. Excluding restructuring-related charges, the bank reported adjusted costs of €5.2 billion (\$5.8 billion), down 4%.

Deutsche Bank's Common Equity Tier 1 capital ratio (fully loaded) came in at 13.4% as of Sep 30, 2019, compared with 14% as of Sep 30, 2018. Leverage ratio, on an adjusted fully-loaded basis, was 3.9%, down from 4% in the prior-year quarter.

Risk-weighted assets declined €3 billion in the September quarter to €343.9 billion (\$382.7 million) sequentially.

Outlook for 2019

Common Equity Tier 1 capital ratio is expected to be negatively impacted by pending supervisory assessments and the strategic update recently announced. But it is expected to remain around 13% through 2019. At the end of 2019, Leverage Ratio (fully loaded) is expected to be above 4%, and risk weighted assets are likely to be around €52 billion. Also, management expects to reduce leverage exposure in the Capital Release Unit to €119 billion by 2019-end.

The company expects revenues for 2019 to be essentially lower year over year. This decline should mainly be due to its exit from Equities Sales & Trading business.

For the Group, the bank is committed to reducing adjusted costs in 2019 to €21.5 billion, and to reducing internal workforce to below 90,000 full-time employees. It expects to benefit from the run-rate impact of measures executed in 2018, as well as from the impact of German retail integration and from transformation-related business exits.

The transformation charges relate mostly to impairments in software and real estate assets, and are expected to amount up to €1 billion. In addition to the impairments, restructuring and severance charges of approximately €0.7 billion are expected for full-year 2019 as part of an aggregate incremental €2 billion of restructuring and severance between 2019 and 2022.

Further, the company anticipates provision for credit losses in 2019 to increase in mid-teens compared with last year. Also, cost income ratio and post-tax return on tangible shareholders equity in 2019 are likely to be negatively impacted by the upfront costs to execute its strategy.

For 2019, the company forecasts net litigation charges (subject to many uncertainties) to be significantly higher than in 2018. For Corporate Bank, revenues are likely to be essentially flat year over year. For Investment Bank, revenues might fall. Revenues in Private Bank are likely to be slightly lower. Asset Management revenues might be essentially flat. For the year, revenues in the Capital Release Unit are expected to be significantly lower.

Recent News

Deutsche Bank Affirms Targets, ECB Reduces Capital Requirement - Dec 10, 2019

At its "Investor Deep Dive", Deutsche Bank's chief executive, Christian Sewing, reported the progress on the bank's transformation strategy. Five months post announcement of its strategy, Sewing had a comprehensive status report. Per the German bank, implementation of the strategy is in line with the plan as well as ahead in various areas.

Sewing noted, "In the past few months we have made significant progress on every dimension of our strategic transformation. We are in line with our plan and even ahead in several areas."

Financial Targets Reaffirmed

Cost targets for 2019, 2020 and 2022 were maintained by the bank. Reflecting reduction of around 6 billion euros as compared with 2018, adjusted costs before transformation-related charges and the impact of the Global Prime Finance transfer to BNP Paribas are likely to be 21.5 billion euros this year, with the aim of 19.5 billion euros in 2020 and 17 billion euros in 2022.

Further, Common Equity Tier 1 (CET 1) ratio of minimum 12.5% through the phase of transformation has been reaffirmed. Per Deutsche Bank, asset reduction in the Capital Release Unit is well ahead of the plan, with current expectation of CET 1 ratio of above 13% at the end of 2019.

The target of an 8% post-tax return on tangible equity (RoTE) in 2022 was also maintained, given external headwinds, including interest-rate movements in the euro area. Notably, various measures have been implemented by the bank to nullify the impact of lower interest rates to a greater extent. Loan growth, passing through negative interest rates, further optimization of liquidity reserves and using deposit tiering arrangements initiated by the European Central Bank (ECB) advantageously are some of the measures.

For the Core Bank, excluding the Capital Release Unit, Deutsche Bank anticipates post-tax RoTE target of above 9% in 2022.

Per management anticipations, the interest-rate environment is likely to impact the returns in the Private Bank and Corporate Bank in the mid-term, partly offset by revenue growth in the Investment Bank and Corporate & Other.

Sewing further stated, "Making a strong start to our unprecedented transformation was all important. Clients, regulators and our own people have all voiced their firm support for the path we have embarked upon. This support will help us progress our transformation in a disciplined manner."

ECB Reduces Capital Requirement

On the other side, Deutsche Bank's Common Equity Tier 1 (CET 1) capital ratio requirement has been reduced by the ECB from 11.84% to 11.59%, effective Jan 1, 2020. This move follows the bank's progress since the first SREP assessment in 2016 and the 2019 Supervisory Review and Evaluation Process (SREP). The decline in ratio attributes to the reduction in the ECB's Pillar 2 requirement from 2.75% to 2.50%, effective Jan 1, 2020.

"We welcome the ECB's decision to reduce Deutsche Bank's capital requirement", said James von Moltke, the chief financial officer. "This reflects the progress we have made and our ongoing commitment to conservative balance sheet management and strong internal controls. Our current CET 1 ratio is comfortably above requirements, and we are committed to maintaining robust capital levels throughout the implementation of our transformation strategy," he further noted.

Deutsche Bank Fined EUR15 Million for Money-Laundering Scandal - Dec 6, 2019

Deutsche Bank has been slapped with a fine by the Frankfurt prosecutors related to the investigation of German client interactions with offshore entities established by the German bank's Virgin Islands subsidiary — Regula Ltd. Further, prosecutors have called off the probe of two bank employees suspected for engaging in tax evasion.

Notably, the bank had sold the subsidiary in March 2018. Previously, last year, Deutsche Bank's Frankfurt headquarters were raided by 170 police officers for two days. Further, this July, the investigation was supposed to be stretched by the prosecutors, with planned raids on wealthy former clients following the search of houses of eight people in May.

By this time, the prosecutors had called off investigating the money-laundering case due to lack of suspicion. Deutsche Bank has to pay 15 million euros (\$16.5 million) as fines and forfeits due to lack of control in its compliance system.

Per the prosecutor's office, the fines imposed reflect the bank's failure of timely reporting of alleged money-laundering issues associated with Regula, lack of intricate supervision and staff shortage in Deutsche Bank's anti-money-laundering team from 2015 through early 2018.

"With the closure of these proceedings it is clear that the prosecutors have not found any instances of criminal misconduct on the part of Deutsche Bank employees following the raid of our Frankfurt office in November 2018," Deutsche Bank spokesman Joerg Eigendorf said in a statement.

"The investigation that has now been closed due to lack of sufficient suspicion had a heavy impact on Deutsche Bank last year," he added. "It is true that the bank had weaknesses in its control environment in the past. We identified these weaknesses and we have addressed them in a disciplined manner," Eigendorf further noted.

On the contrary, the prosecutor's office will continue its investigation of Regula's German clients suspected of engaging in tax-evasion activities.

BNP Paribas and Deutsche Bank Receive Approvals - Nov 14, 2019

BNP Paribas and Deutsche Bank announce that the agreement to refer clients and to transfer technology and key staff from Deutsche Bank's

Global Prime Finance and Electronic Equities businesses to BNP Paribas has received the necessary approvals and is now unconditional.

Previously, continuing with its restructuring moves, in September 2019, Deutsche Bank has entered a deal with BNP Paribas, per which the former will transfer its prime brokerage business to the latter. The French bank will service Deutsche Bank's Global Prime Finance and Electronic Equities clients.

However, per the agreement, the platform will remain under the German bank till the migration of clients to BNP Paribas is complete. Moreover, amount of assets, staff and technology to be moved from Deutsche Bank to BNP Paribas are yet to be disclosed as the transition will take several stages.

"We are pleased to have signed the master transaction agreement with BNP Paribas on schedule. This is an important milestone for our Capital Release Unit and attests to the strength of our client offering and technology in these products. We are already making progress and are on the right track to implement this transaction, thereby providing a clear path for clients and staff," said Frank Kuhnke, chief operating officer, Deutsche Bank.

Deutsche Bank Announces Radical Restructuring Plans - Jul 7, 2019

In a bid to improve long-term profitability, Deutsche Bank has announced some major restructuring plans and fresh set of targets it seeks to achieve by 2022 without raising additional capital. Affected by such restructuring costs, the bank incurred loss before income taxes of €946 million and a net loss of €3.15 billion in second-quarter 2019.

CEO Christian Sewing said, "We are tackling what is necessary to unleash our true potential: our business model, costs, capital and the management team. We are building on our strengths. This is a restart for Deutsche Bank – for the long-term benefit of our clients, employees, investors and society."

Let's take a look at the key highlights of Deutsche Bank's major overhaul plans;

The first major one involves exit from the global Equities Sales & Trading business. Also, it will restructure the fixed income segment with focus on Rates unit. Deutsche Bank will reduce risk-weighted assets currently allocated to these businesses by nearly 40%.

Further, it will create a new Capital Release Unit, which will ensure smooth winding down of assets related to businesses that the bank has already exited or plans to exit in the near term.

Secondly, Deutsche Bank remains committed to reducing expenses by undertaking restructuring of businesses and infrastructure as it seeks to reduce adjusted costs to €17 billion in 2022. The lender plans to achieve this by cutting 18,000 jobs in the next three years. Also, it is targeting a cost income ratio of 70% and post-tax Return on Tangible Equity of 8% by 2022.

Considering the restructuring plans, Deutsche Bank plans not to distribute common equity dividends in 2019 and 2020. However, in the long term, it expects to free up capital of €5 billion, which will be returned to shareholders through share buybacks and dividends, beginning 2022.

Last week, the bank had approached German financial regulator Bafin and the European Central Bank with request for permission to maintain lower common equity tier ("CET") 1 ratio. The regulators have allowed the bank to maintain a minimum CET1 ratio of 12.5%, going forward. The German lender's CET1 ratio was 13.7% as of Mar 31, 2019.

Along with the above-mentioned changes, Deutsche Bank plans to invest considerably in technology to boost innovation and further strengthen the internal control environment.

Valuation

Deutsche Bank's shares are down 0.4% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Finance sector are up 0.4% and 15%, respectively, over the past year.

The S&P 500 index is up 24.8% in the past year.

The stock is currently trading at 0.25X trailing 12 months book value, which compares to 1.39X for the Zacks sub-industry, 2.82X for the Zacks sector and 4.44X for the S&P 500 index.

Over the past five years, the stock has traded as high as 0.58X and as low as 0.18X, with a 5-year median of 0.33X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$9 price target reflects 0.26X book value.

The table below shows summary valuation data for DB

Valuation Multiples - DB					
		Stock	Sub-Industry	Sector	S&P 500
P/B TTM	Current	0.25	1.39	2.82	4.44
	5-Year High	0.58	1.71	2.89	4.45
	5-Year Low	0.18	0.92	1.83	2.85
	5-Year Median	0.33	1.35	2.5	3.61
P/EBITDA TTM	Current	4.92	4.58	11.66	12.8
	5-Year High	9.86	6.8	15.53	13.85
	5-Year Low	0.89	4.11	9.92	9.35

P/S F12M	5-Year Median	4.23	5.51	12.99	11.6
	Current	0.73	3.62	6.53	3.49
	5-Year High	1.35	4.4	6.61	3.49
	5-Year Low	0.5	3.08	5.2	2.54
	5-Year Median	0.91	3.69	6.04	3

As of 01/08/2020

Industry Analysis Zacks Industry Rank: Bottom 30% (178 out of 254)



Top Peers

Barclays PLC (BCS)	Outperform
BanColombia S.A. (CIB)	Neutral
HSBC Holdings plc (HSBC)	Neutral
The PNC Financial Services Group, Inc (PNC)	Neutral
Royal Bank Of Canada (RY)	Neutral
Standard Chartered PLC (SCBFF)	Neutral
UBS Group AG (UBS)	Neutral
ICICI Bank Limited (IBN)	Underperform

Industry Comparison Industry: Banks - Foreign				Industry Peers		
	DB Neutral	X Industry	S&P 500	BCS Outperform	IBN Underperform	UBS Neutral
VGM Score	F	-	-	D	F	C
Market Cap	17.71 B	33.25 B	23.84 B	41.10 B	47.33 B	47.98 B
# of Analysts	2	1	13	3	4	2
Dividend Yield	0.00%	3.15%	1.79%	3.03%	0.19%	0.00%
Value Score	F	-	-	B	F	B
Cash/Price	56.77	2.32	0.04	11.92	0.24	2.51
EV/EBITDA	-175.69	-0.62	13.88	-4.55	24.03	10.11
PEG Ratio	NA	1.88	2.02	2.63	NA	9.45
Price/Book (P/B)	0.25	0.98	3.33	0.49	2.69	0.85
Price/Cash Flow (P/CF)	5.64	8.10	13.76	6.12	74.35	7.50
P/E (F1)	45.05	10.22	18.76	7.39	28.15	10.20
Price/Sales (P/S)	0.44	1.83	2.63	1.50	3.86	1.54
Earnings Yield	2.22%	9.76%	5.32%	13.54%	3.54%	9.76%
Debt/Equity	2.27	0.89	0.72	5.04	1.65	3.26
Cash Flow (\$/share)	1.52	1.80	6.94	1.56	0.20	1.75
Growth Score	F	-	-	F	F	F
Hist. EPS Growth (3-5 yrs)	NA%	4.93%	10.56%	-2.06%	-28.24%	1.88%
Proj. EPS Growth (F1/F0)	197.44%	2.39%	7.46%	6.61%	248.33%	2.39%
Curr. Cash Flow Growth	97.46%	4.51%	14.83%	29.75%	-27.80%	29.10%
Hist. Cash Flow Growth (3-5 yrs)	-9.35%	3.05%	9.00%	2.14%	-18.27%	NA
Current Ratio	1.14	1.08	1.23	1.54	1.04	0.95
Debt/Capital	69.88%	46.99%	42.99%	83.44%	62.23%	76.54%
Net Margin	-11.99%	17.44%	11.08%	8.14%	6.04%	13.69%
Return on Equity	-6.33%	10.89%	17.16%	5.11%	4.21%	7.50%
Sales/Assets	0.02	0.04	0.55	0.02	0.07	0.03
Proj. Sales Growth (F1/F0)	-4.79%	2.65%	4.16%	5.90%	18.43%	1.14%
Momentum Score	F	-	-	A	A	A
Daily Price Chg	3.88%	0.26%	0.39%	0.21%	0.89%	1.31%
1 Week Price Chg	5.59%	0.15%	-0.30%	0.63%	-2.36%	1.68%
4 Week Price Chg	18.04%	4.60%	2.38%	6.24%	-1.80%	10.08%
12 Week Price Chg	9.31%	6.72%	6.40%	14.13%	21.17%	17.26%
52 Week Price Chg	0.12%	1.16%	22.97%	18.98%	36.46%	1.16%
20 Day Average Volume	4,275,244	90,534	1,610,101	3,582,615	4,949,323	2,210,313
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.78%
(F1) EPS Est 4 week change	-38.71%	0.00%	0.00%	5.16%	0.00%	0.78%
(F1) EPS Est 12 week change	-54.76%	-0.59%	-0.50%	9.32%	-16.62%	1.98%
(Q1) EPS Est Mthly Chg	NA%	0.00%	0.00%	NA	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	F
Growth Score	F
Momentum Score	F
VGM Score	F

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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