

GameStop Corp. (GME)

\$4.87 (As of 05/07/20)

Price Target (6-12 Months): **\$6.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 03/15/20)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:A

Value: A

Growth: B

Momentum: B

Summary

Shares of GameStop have risen and outpaced the industry in the past three months. This surge can be attributed to earnings beat during fourth-quarter fiscal 2019, which follows a miss in the preceding two quarters. Further, management's commentary that it is experiencing a positive impact on business due to COVID-19 contributed to the stock's upside. However, the company continued to grapple with soft top-line that missed the Zacks Consensus Estimate for the fifth quarter in row. Comps also remained sluggish. Nonetheless, GameStop remains focused on containing costs, optimizing inventory, expanding high margin product categories and enhancing omni-channel features. The company is exiting loss-incurring businesses and closing underperforming stores. It is utilizing the proceeds from sale of non-core business units to lower debt burden.

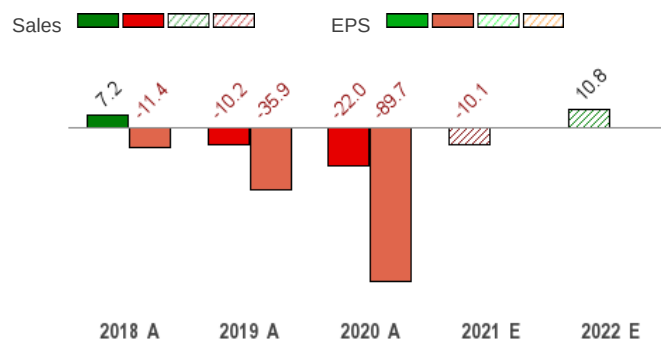
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$8.84 - \$2.57
20 Day Average Volume (sh)	4,417,653
Market Cap	\$314.5 M
YTD Price Change	-19.9%
Beta	1.14
Dividend / Div Yld	\$0.00 / 0.0%
Industry	Retail - Consumer Electronics
Zacks Industry Rank	Bottom 28% (182 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	51.2%
Last Sales Surprise	-7.1%
EPS F1 Est- 4 week change	-15.2%
Expected Report Date	06/02/2020
Earnings ESP	56.7%
P/E TTM	9.2
P/E F1	NA
PEG F1	NA
P/S TTM	0.1

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	1,354 E	1,222 E	1,450 E	2,475 E	6,438 E
2021	1,052 E	859 E	1,276 E	2,626 E	5,813 E
2020	1,548 A	1,286 A	1,439 A	2,194 A	6,466 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	\$0.03 E	-\$0.70 E	\$0.13 E	\$1.61 E	\$0.53 E
2021	-\$0.73 E	-\$1.44 E	-\$0.20 E	\$1.72 E	-\$0.67 E
2020	\$0.07 A	-\$0.32 A	-\$0.49 A	\$1.27 A	\$0.22 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 05/07/2020. The reports text is as of 05/08/2020.

Overview

Headquartered in Grapevine, TX, GameStop Corp. is the world's largest video game retailer. The company offers the best selection of new and pre-owned video gaming consoles, accessories and video game titles, in both physical and digital formats. The company's unique buy-sell-trade program allows customers to trade in video game consoles, games, and accessories, as well as other electronics for cash or in-store credit. Through all its channels, the company sells various types of digital products, including downloadable content, network points cards, prepaid digital, prepaid subscription cards and digitally downloadable software as well as collectible products.

The company also publishes Game Informer, the world's largest print and digital video game publication featuring reviews of new title releases, game tips and news regarding current developments in the video game industry. It also operates PowerUp Rewards program, and had about 42 million members as of February 1, 2020.

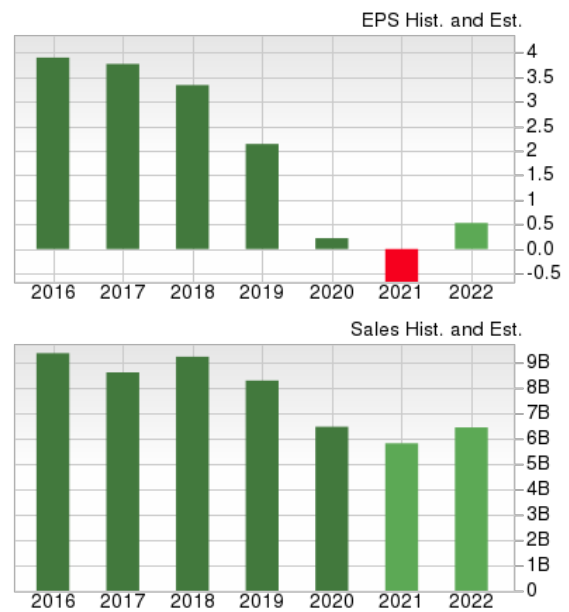
The company operates business in four geographic segments: United States, Canada, Australia and Europe. As of February 1, 2020, the company had a total of 5,509 stores — 3,642 in the United States, 299 in Canada, 426 in Australia and 1,142 in Europe.

Categorization of Products

Hardware and Accessories (42.1% of FY19 Sales): GameStop offers new and pre-owned video game platforms from the major console and PC manufacturers. The current generation of consoles include the Sony PlayStation 4 (2013), Microsoft Xbox One (2013) and the Nintendo Switch (2017). Accessories consist primarily of controllers, gaming headsets, virtual reality products and memory cards.

Software (46.5% of Sales): The company provides new and pre-owned video game software for current and certain prior generation consoles. It also sells a wide variety of in-game digital currency and digital downloadable content.

Collectibles (11.4% of Sales): The category consists of licensed merchandise, primarily related to the video game, television and movie industries and pop-culture themes, which are sold through the company's video game store and e-commerce properties, and ThinkGeek and Zing Pop Culture stores.



Reasons To Buy:

- ▲ **Impressive Stock Performance:** Shares of GameStop have risen 24.5% in the past three months as against the industry's decline of 29.9%. This surge can be attributed to the company's positive earnings surprise during fourth-quarter fiscal 2019, which follows a miss in the preceding two quarters. Further, management's commentary that it is experiencing a positive impact on its business due to the coronavirus outbreak contributed to the stock's upside. Notably, GameStop's adjusted earnings of \$1.27 per share surpassed the Zacks Consensus Estimate of 84 cents. The company is trying all means to uplift performance. It is exiting loss-incurring businesses and closing underperforming stores. The company is utilizing the proceeds from sale of non-core business units to lower debt burden. Notably, during fiscal 2019, the company attained cost reduction of \$130 million on an adjusted basis, lowered inventory by 31% that contributed to gross margin expansion and reduced debt load by \$401 million. The company closed net 321 stores — inclusive of 333 closings and 12 openings — during the fiscal year, and plans to close an equivalent number of stores or more in fiscal 2020.
- GameStop has been undertaking cost containment efforts, optimizing inventory, focusing on high-margin product categories, rationalizing store base and lowering debt.
- ▲ **Strategic Review:** GameStop is undertaking strategic endeavors to bring the company back on track. These involve cost containment efforts, optimization of inventory, focusing on high margin product categories such as PC gaming accessories, private label and collectibles, and rationalization of store base worldwide. The company also plans to augment store experience, expand and redesign PowerUp Rewards loyalty program, enhance digital capabilities and improve engagement with vendors and partners. The company has been augmenting omni-channel features such as "Buy Online Pick Up In Store" and ship from store capabilities to meet the increased demand for products as more consumers work, learn, and play from home in the wake of coronavirus outbreak. In the fiscal March period ending on 21st of month, comparable U.S. store sales rose approximately 3%. The company continues to process orders on a digital-basis only, conducting curbside operations at stores and e-commerce delivery only.
- In spite of store closures since March 22, the company has been able to retain 90% of its planned sales volumes across two-thirds of its locations that are offering curbside pick-up. Also, the company has initiated the process of re-opening stores in Italy, Germany, Austria and the states of South Carolina and Georgia. Notably, stores in Australia have remained open and posted comparable-store sales increase of roughly 24% for the nine weeks ended April 4, 2020. During five-week fiscal March period, Australia registered comparable-store sales growth of approximately 64%. Considering the current scenario, GameStop is taking every step from pay cut to temporary furlough program and from inventory reductions to curb capital expenditures in order to improve financial flexibility and preserve cash flow. As of April 4, 2020, the company had about \$706 million in cash and \$66 million in availability on its revolver.
- ▲ **Focusing on Profitable Zones:** Management plans to shift focus from underperforming areas to those with high-profit potential. In sync with this, the company is on track with making improvements in the physical video game retail business model. It is also on track with exploring opportunities in the digital arena. Further, the company plans to augment technology and data analytics capabilities. It also announced a series of strategic partnerships to boost presence in the gaming industry and widen customer reach. In sync with this, the company has undertaken partnerships with Complexity Gaming, Infinite eSports as well as Entertainment and Envy Gaming among several others. The company is exiting loss-incurring businesses and closing underperforming stores. The company began to wind down operations in Denmark, Finland, Norway and Sweden to counter the weak industry trends, and is likely to exit these markets by late July. The company is utilizing the proceeds from sale of non-core business units to lower debt burden. We note that as part of the company's comprehensive review process, it concluded the sale of Spring Mobile business on Jan 16, 2019. Moreover, the company completed the divestiture of Simply Mac to Cool Holdings in September 2019.
- ▲ **Prudent Savings Plan:** GameStop is on track with the comprehensive business review process to strengthen profitability and develop new revenue. In fact, the plan involves reviewing all aspects of the business and adopting prudent transformations for achieving improved performance. The company has undertaken cost-savings and operating profit improvement initiatives. This strategy aims at strengthening the organization and aid financial improvement and profitability in the long term. Its efforts in this regard include supply-chain improvements, operational enhancements, cost cuts, pricing optimization, addition of high-margin products, and rationalization of global store base.
- ▲ **Strong Footing in Gaming Arena:** GameStop continues to branch out its business and has evolved as a mixed retailer of physical and digital gaming as well as electronics products. The company's venture into digital, iDevice and gaming tablet businesses have been accretive to its results. Also, the company's buy-sell-trade model of selling new games and buying back used games, and the PowerUp Rewards program have made it a popular destination for shoppers. The company's pre-owned trade capabilities and solid omni-channel presence are also encouraging.
-

Reasons To Sell:

- ▼ **Dismal Top-Line Performance:** GameStop has been grappling with dismal top-line performance for quite some time now. Net sales not only missed the Zacks Consensus Estimate for the fifth quarter in row but also declined year over year during the fourth quarter of fiscal 2019. We note that net sales plunged 28.4% to \$2,194.1 million, hurt by soft comparable store sales performance, store closures and adverse currency fluctuations. The company witnessed declines across all three categories namely, hardware and accessories, software and collectibles. By sales mix, hardware and accessories sales declined 32.5% to \$964.8 million. This is reflective of announcements for next generation console launches in 2020. Software sales fell 27.8% to \$984.3 million owing to lower number of new title launches. Collectibles sales decreased 9.2% to \$245 million due soft traffic. Management expects tough sales environment during the first three quarters of fiscal 2020.
- ▼ **Soft Comps Run:** The company continues with soft comparable store sales run during the final quarter of fiscal 2019. We note that consolidated comparable store sales fell 26.1% during the period under discussion on account of lower traffic. This follows a decline of 23.2%, 11.6% and 10.3% in the preceding three quarters. Management highlighted that the company continues to witness temporary headwind related to lower current generation console hardware and software sales. This is due to customers delaying console purchases in anticipation of new platform launches expected in the later part of 2020. Again, we note that the company's comparable-store sales performance for the nine-week period ended April 4, 2020 portrays a decline 23% year over year on account of store closures throughout the fiscal month of March owing to the COVID-19 pandemic.
- ▼ **Contraction in Operating Margin:** Margin remains an important financial metric to determine the health of the company. In spite of a decline of 10.7% in adjusted SG&A expenses during the fourth quarter of fiscal 2019, the metric, as a percentage of net sales, deleveraged 440 basis points to 22.2%. We note that this weigh upon operating margin. The company reported adjusted operating income of \$109.2 million, down 46.1% from the prior-year quarter. Again, adjusted operating margin contracted 160 basis points to 5%. The company had reported an adjusted operating loss of \$18.6 million during the preceding quarter.
- ▼ **Debt Analysis:** GameStop ended fourth-quarter fiscal 2019 with cash and cash equivalents of \$499.4 million, which increased roughly 72% on a sequential basis. However, the company's debt is much higher than its cash position. It had a long-term debt (including operating lease liabilities) of \$949.1 million as of Feb 1, 2020, which shows a sequential increase of 1.4%. Moreover, the company's debt-to-capitalization ratio was a respectable 0.66 higher than that of the industry's 0.55. As of Feb 3, 2020, the company's corporate credit rating from Moody's has been downgraded from B2 to Ba2.
- ▼ **Stiff Competition:** The video game industry is highly competitive, and video game shoppers now have many alternatives to buy software, hardware, and game accessories for video game systems and personal computers. Retail bigwigs such as Wal-Mart, Target and Best Buy have also entered the video game market. These larger retailers could dent GameStop's sales and margins. Moreover, consumers can only download a limited number of PC entertainment software and older generation video games from the Internet. However, with the advancement of technology, if the consumers' accessibility increases, they may no longer prefer to buy PC entertainment software and video games through the company's retail stores.

GameStop continues with soft comps run in the final quarter of fiscal 2019. The company continues to witness temporary headwind related to lower current generation console hardware and software sales.

Last Earnings Report

GameStop's Q4 Earnings Beat Estimates

GameStop Corp. reported a positive earnings surprise during fourth-quarter fiscal 2019, which follows a miss in the preceding two quarters. Further, management notified that it is experiencing a positive impact on its business due to the coronavirus outbreak.

However, we note that the company continued to grapple with dismal top-line performance. Net sales not only missed the Zacks Consensus Estimate for the fifth quarter in row but also declined year over year. Comparable store sales results also disappointed. Further, management highlighted that the company continues to witness temporary headwind related to lower current generation console hardware and software sales. This is due to customers delaying console purchases in anticipation of new platform launches expected in the later part of 2020.

Nonetheless, this Grapevine, TX-based company is trying all means to uplift performance. GameStop is exiting loss-incurring businesses and closing underperforming stores. The company began to wind down operations in Denmark, Finland, Norway and Sweden to counter the weak industry trends, and is likely to exit these markets by late July. The company is utilizing the proceeds from sale of non-core business units to lower debt burden.

Undoubtedly, GameStop remains focused on containing costs, optimizing inventory and expanding high margin product categories such as PC gaming accessories, private label and collectibles. The company also plans to augment store experience, expand and redesign PowerUp Rewards loyalty program, enhance digital capabilities and improve engagement with vendors and partners. The company is also augmenting omni-channel features such as "Buy Online Pick Up In Store."

Notably, the company attained cost reduction of \$130 million on an adjusted basis, lowered inventory by 31% that contributed to gross margin expansion and reduced debt load by \$401 million during fiscal 2019. The company closed net 321 stores — inclusive of 333 closings and 12 openings — during fiscal 2019, and plans to close an equivalent number of stores or more in fiscal 2020.

Q4 Performance

GameStop's adjusted earnings of \$1.27 per share surpassed the Zacks Consensus Estimate of 84 cents. However, the quarterly earnings came below the prior-year adjusted figure of \$1.45 per share. Net sales of \$2,194.1 million declined 28.4% year over year thanks to soft comparable store sales performance, store closures and adverse currency fluctuations. Moreover, the top line lagged the Zacks Consensus Estimate of \$2,363 million.

We note that consolidated comparable store sales fell 26.1%, following a decline of 23.2% in the preceding quarter. The downside can be attributed to lower traffic. The company also witnessed declines across all three categories namely, hardware and accessories, software and collectibles.

By sales mix, hardware and accessories sales declined 32.5% to \$964.8 million. This is reflective of announcements for next generation console launches in 2020. Software sales fell 27.8% to \$984.3 million owing to lower number of new title launches. Collectibles sales decreased 9.2% to \$245 million due soft traffic.

Moving on, gross profit fell 20.2% year over year to \$597.3 million. However, gross margin expanded 280 basis points to 27.2%, driven by mix shift to higher-margin categories and better inventory management.

Adjusted SG&A expenses declined 10.7% to \$488.1 million in the reported quarter on account of cost reduction initiatives. However, as a percentage of net sales, the metric deleveraged 440 basis points to 22.2%. The company reported adjusted operating income of \$109.2 million, down 46.1% from the prior-year quarter. Again, adjusted operating margin contracted 160 basis points to 5%.

Other Financial Aspects

GameStop ended the quarter with cash and cash equivalents of \$499.4 million, long-term debt of \$419.8 million (down 49% year over year) and stockholders' equity of \$611.5 million. Accounts payable were down 64% to \$380.8 million. The company ended the quarter with total inventory of \$859.7 million, compared with \$1,250.5 million in the prior year. During the quarter, the company incurred capital expenditures of \$17 million.

During the quarter, the company bought back 3.5 million shares of worth \$20.1 million. This brings the total repurchase activity to \$199 million for 38.1 million shares for fiscal 2019. The company had roughly \$101 million remaining under its share buyback authorization at the end of the fourth quarter.

Quarter Ending 01/2020

Report Date	Mar 26, 2020
Sales Surprise	-7.14%
EPS Surprise	51.19%
Quarterly EPS	1.27
Annual EPS (TTM)	0.53

Recent News

GameStop Updates Plans – April 21, 2020

GameStop announced updated plans in response to the COVID-19 impact. The updates include executive pay cuts, furloughs and reopening of certain stores, and also provided sales data. The gaming retailer said that it has started the process of reopening outlets across Italy, Austria, Germany, and the states of South Carolina and Georgia. However, its U.S. stores remain shut but two-thirds of such stores are functioning through curbside pick-up.

In addition, the company has decided on a temporary pay cut of 50% for its CEO and 30% for the chief financial officer and rest of its executive leadership team. Also, the board's cash compensation has been lowered by 50%.

For the nine weeks ending Apr 4, GameStop's comparable store sales fell 23% year over year, reflecting the impact of store closures through March. For the March period ending on the 21st of the month, comparable U.S. store sales increased roughly 3% on higher demand for products that people require to work or play from home. For the five weeks period in fiscal March, the company's Australia unit recorded comparable store sales growth of about 64%. Moreover, the stores in the same region have been delivering strong results, with nearly 24% comparable store sales for nine weeks ended Apr 4.

Valuation

GameStop shares are down 19.4% in the year-to-date period and 42.5% over the trailing 12-month period. Stocks in the Zacks sub-industry are down 29.3% but the Zacks Retail-Wholesale sector is up 1.2% in the year-to-date period. Over the past year, the Zacks sub-industry is down 17.1% but the sector is up 8.7%.

The S&P 500 index is down 10.4% in the year-to-date period and 0.1% in the past year.

The stock is currently trading at 0.05X forward 12-month sales, which compares to 0.35X for the Zacks sub-industry, 1.01X for the Zacks sector and 3.25X for the S&P 500 index.

Over the past five years, the stock has traded as high as 0.52X and as low as 0.03X, with a 5-year median of 0.22X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$6 price target reflects 0.06X forward 12-month sales.

The table below shows summary valuation data for GME

Valuation Multiples - GME					
		Stock	Sub-Industry	Sector	S&P 500
P/S F12M	Current	0.05	0.35	1.01	3.25
	5-Year High	0.52	0.43	1.11	3.44
	5-Year Low	0.03	0.21	0.8	2.54
	5-Year Median	0.22	0.31	0.93	3.01
P/B TTM	Current	0.51	3.52	4.66	3.82
	5-Year High	2.57	4.77	5.87	4.55
	5-Year Low	0.3	1.66	3.6	2.84
	5-Year Median	0.89	2.84	4.83	3.64
EV/EBITDA TTM	Current	5.57	4.47	15.47	10.57
	5-Year High	6.52	6.07	16.33	12.86
	5-Year Low	0.16	2.73	10.9	8.28
	5-Year Median	3.73	4.22	12.55	10.77

As of 05/07/2020

Industry Analysis Zacks Industry Rank: Bottom 28% (182 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
AaronsInc (AAN)	Neutral	4
Amazoncom Inc (AMZN)	Neutral	3
Best Buy Co Inc (BBY)	Neutral	3
Conn's Inc (CONN)	Neutral	3
Costco Wholesale Corporation (COST)	Neutral	2
Systemax Inc (SYX)	Neutral	4
Target Corporation (TGT)	Neutral	3
Walmart Inc (WMT)	Neutral	3

Industry Comparison Industry: Retail - Consumer Electronics				Industry Peers		
	GME	X Industry	S&P 500	AAN	BBY	CONN
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	4	3	3
VGM Score	A	-	-	B	A	C
Market Cap	314.51 M	745.28 M	19.51 B	2.23 B	19.63 B	164.76 M
# of Analysts	5	4	14	8	10	5
Dividend Yield	0.00%	0.00%	2.15%	0.48%	2.89%	0.00%
Value Score	A	-	-	B	A	B
Cash/Price	1.28	0.26	0.06	0.03	0.12	0.45
EV/EBITDA	-2.62	7.25	11.77	1.29	7.25	6.93
PEG Ratio	NA	1.51	2.54	1.11	1.90	NA
Price/Book (P/B)	0.52	1.36	2.67	1.54	5.67	0.26
Price/Cash Flow (P/CF)	2.78	5.44	10.44	0.95	8.09	1.22
P/E (F1)	NA	14.49	19.30	11.24	14.49	NA
Price/Sales (P/S)	0.05	0.50	1.99	0.55	0.45	0.11
Earnings Yield	-13.76%	-1.46%	4.91%	8.91%	6.90%	-8.45%
Debt/Equity	1.55	0.43	0.75	0.45	0.98	2.16
Cash Flow (\$/share)	1.75	1.75	7.01	35.14	9.43	4.65
Growth Score	B	-	-	B	A	D
Hist. EPS Growth (3-5 yrs)	-24.13%	22.26%	10.87%	15.99%	22.26%	27.76%
Proj. EPS Growth (F1/F0)	-403.64%	-11.43%	-9.87%	-23.75%	-13.33%	-125.00%
Curr. Cash Flow Growth	-66.61%	5.05%	5.88%	13.84%	7.58%	8.16%
Hist. Cash Flow Growth (3-5 yrs)	-26.81%	13.36%	8.55%	15.48%	9.16%	9.76%
Current Ratio	1.32	2.01	1.24	3.05	1.10	6.53
Debt/Capital	60.82%	30.87%	44.23%	30.87%	49.39%	68.35%
Net Margin	-7.28%	3.70%	10.68%	-7.55%	3.53%	3.86%
Return on Equity	2.29%	14.53%	16.36%	14.53%	49.17%	9.91%
Sales/Assets	2.05	1.66	0.55	1.26	2.81	0.72
Proj. Sales Growth (F1/F0)	-10.10%	-4.69%	-2.26%	-0.37%	-4.69%	-12.42%
Momentum Score	B	-	-	F	D	D
Daily Price Chg	-1.22%	0.00%	1.52%	15.80%	3.05%	4.22%
1 Week Price Chg	26.83%	0.69%	0.53%	18.72%	0.53%	44.57%
4 Week Price Chg	25.19%	20.37%	0.73%	32.13%	15.55%	35.56%
12 Week Price Chg	18.49%	-14.92%	-21.09%	-42.82%	-15.65%	-40.96%
52 Week Price Chg	-42.84%	-41.22%	-10.17%	-41.22%	5.48%	-76.69%
20 Day Average Volume	4,417,653	66,507	2,398,409	902,388	2,267,714	1,015,574
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	-8.52%	0.00%	-1,163.16%
(F1) EPS Est 4 week change	-15.17%	-15.30%	-6.95%	-15.43%	-16.74%	-123.86%
(F1) EPS Est 12 week change	-693.78%	-27.81%	-15.68%	-33.64%	-15.82%	-121.22%
(Q1) EPS Est Mthly Chg	-0.52%	-11.66%	-13.12%	-22.80%	-47.15%	-154.25%

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	B
Momentum Score	B
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

This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock. The EPS and revenue forecasts are the Zacks Consensus estimates, unless indicated otherwise on the reports first page. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment. This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time. ZIR is not a broker-dealer. ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients. Zacks and its staff are not involved in investment banking activities for the stock issuer covered in this report.

ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.

No part of this report can be reprinted, republished or transmitted electronically without the prior written authorization of ZIR.