

## The Kroger Co.(KR)

**\$28.41** (As of 01/21/20)

Price Target (6-12 Months): **\$30.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 03/11/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

**Zacks Rank:** (1-5)

**3-Hold**

Zacks Style Scores:

VGM:A

Value: A

Growth: A

Momentum: A

### Summary

Shares of Kroger have risen and outpaced the industry in the past six months. The stock got a boost following upbeat view for fiscal 2020 and beyond, in spite of reporting soft third-quarter fiscal 2019 results. The company's Restock Kroger program, investment in the grocery space and focus on margin-rich alternative profit streams is setting the stage right. Notably, the company is expanding store base, introducing new items, digital coupons, and order online, pick up in store initiative. It also remains committed to improve identical supermarket sales. Keeping its 2019 view intact, Kroger envisions identical store sales growth, excluding fuel, to be greater than 2.25% in fiscal 2020. Certainly, management remains committed to augment sales and improve margins. We note that industry-wide lower gross margin rates in pharmacy are a concern.

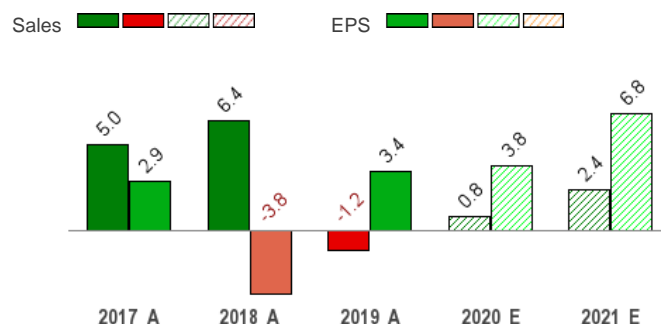
### Price, Consensus & Surprise



### Data Overview

52 Week High-Low	\$29.97 - \$20.70
20 Day Average Volume (sh)	4,588,243
Market Cap	\$22.7 B
YTD Price Change	-2.0%
Beta	0.61
Dividend / Div Yld	\$0.64 / 2.3%
Industry	<a href="#">Retail - Supermarkets</a>
Zacks Industry Rank	Top 20% (51 out of 255)

### Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-2.1%
Last Sales Surprise	-0.3%
EPS F1 Est- 4 week change	0.1%
Expected Report Date	03/05/2020
Earnings ESP	0.0%
P/E TTM	13.5
P/E F1	13.0
PEG F1	1.7
P/S TTM	0.2

### Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	38,337 E	28,716 E	28,638 E	29,801 E	125,092 E
2020	37,251 A	28,168 A	27,974 A	28,757 E	122,173 E
2019	37,530 A	27,869 A	27,672 A	28,091 A	121,162 A

### EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.82 E	\$0.43 E	\$0.50 E	\$0.58 E	\$2.34 E
2020	\$0.72 A	\$0.44 A	\$0.47 A	\$0.56 E	\$2.19 E
2019	\$0.73 A	\$0.41 A	\$0.48 A	\$0.48 A	\$2.11 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 01/21/2020. The reports text is as of 01/22/2020.

## Overview

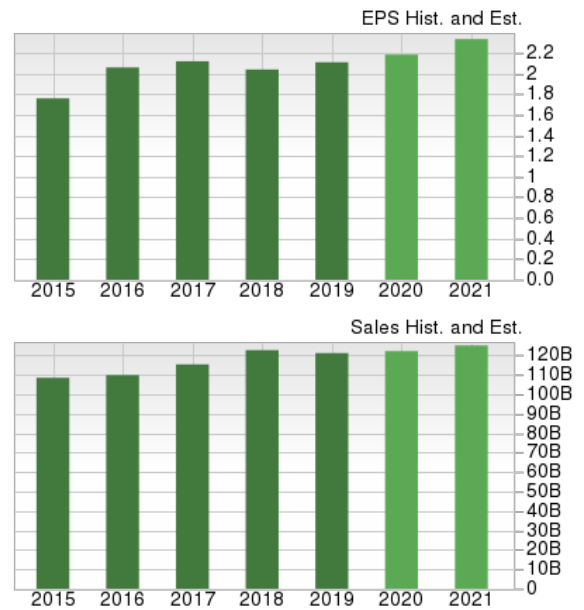
Founded in 1883 and incorporated in 1902 with headquarters in Cincinnati, Ohio, The Kroger Co. (KR), is one of the nation's largest grocery retailers operating 2,764 retail food stores under banners including Kroger, City Market, Dillons, Food 4 Less, Fred Meyer, Fry's, Harris Teeter, Jay C, King Soopers, Mariano's, Pick 'n Save, QFC, Ralphs and Smith's. Out of these, 2,270 are pharmacies and 1,537 are fuel centers. Further, it also manufactures and processes certain food products that are sold in its supermarkets.

Kroger's supermarket and multi-department stores operate under four formats: combo stores (combination of food and drug stores), multi-department stores, marketplace stores, and price impact warehouses. The combo stores include natural food and organic sections, pharmacies, general merchandise, and pet centers, as well as offer perishables items such as fresh seafood and organic produce.

The multi-department stores offer a collection of general merchandise products such as apparel, home fashion and furnishings, electronics, automotive products, toys, and fine jewelry. The marketplace stores include full-service grocery and pharmacy departments and a general merchandise area that includes outdoor living products, electronics, home goods, and toys.

The combo stores, multi department stores, and marketplace stores also have fuel centers. The price impact warehouse offers grocery, health, and beauty care items.

Additionally, the company operates 37 food production plants, mainly bakeries and dairies. These supply roughly 32% of Our Brands units and 43% of the grocery category Our Brands units sold in its supermarkets; the remaining Our Brands items are produced by other manufacturers.



## Reasons To Buy:

▲ **Strategic Endeavors Drive Stock:** A dominant position among the nation's largest grocery retailers enables Kroger to boost market share by introducing new items, digital coupons, order online pick up in store and smart shopping lists. We note that digital sales surged 21% during the third quarter of fiscal 2019, while pickup or delivery reached 96% of Kroger households. The company has been narrowing its non-grocery footprint and making investments to expand its grocery offerings as well as e-commerce presence. The company has launched Kroger Pay, a mobile payment app. Also, it has rolled out the Kroger REWARDS debit card — a rewarding payment service. Additionally, the company partnered with Microsoft to enhance customers' shopping experience through data driven technology and is aggressively working toward more convenient grocery delivery options.

A dominant position among the nation's largest grocery retailers enables Kroger to boost its market share by expanding store base, introducing new items and digital coupons.

Management is also targeting "margin-rich alternative profit streams" such as Kroger Personal Finance, Media, and Customer Data Insights, which are likely to contribute an estimated incremental \$100 million in operating profit this fiscal year versus the prior. Kroger and Lindsay Goldberg have come together to form PearlRock Partners, a platform that will identify, invest and groom next generation of leading consumer product brands. The platform is a part of Kroger's alternative profit streams portfolio. Such robust initiatives have been aiding the stock that has gained 36.5% in the past six months, outpacing the industry's growth of 4.5%.

▲ **Major Buyouts & Partnership:** Management continues to deploy capital to concentrate more on remodels, merchandising, and other viable projects to overcome competition in the grocery space. The industry is undergoing a fundamental change with technology playing a key role as focus shifts to online shopping. In this regard, Kroger acquired meal kit provider Home Chef. The company also expanded its Home Chef Express meal kits nationwide. The company is testing new Home Chef retail meal solutions, comprising oven-ready options, Heat & Eat choices, and lunch kits. This apart, the company partnered with British online grocery delivery company Ocado that reinforces its position in the online ordering, automated fulfillment and home delivery space. Kroger is aggressively working toward more convenient grocery delivery options. In this regard, the company has started using Nuro's fully autonomous, driverless vehicles for grocery delivery services. In order to further strengthen its digital operations, Kroger joined forces with Alibaba to launch "Our Brands" through the latter's Tmall platform. Also, the company has entered into a partnership with Walgreens to explore new ways to reach consumers. Kroger in association with ClusterTruck, is introducing an on-demand meal delivery service namely Kroger Delivery Kitchen. Customers will get freshly prepared meals in half an hour of ordering, without shelling out a penny for delivery. Kroger's other strategic acquisitions includes Vitacost.com, an online retailer of vitamins and health-oriented products; and Harris Teeter, a grocery chain. The company also acquired Roundy's, the grocery store operator. Management earlier anticipated capital investments to be \$3-\$3.2 billion in fiscal 2019 and \$9 billion between fiscal 2018-2020, which comprises \$3,045 million capital to support Restock Plan, \$3,675 million for store remodels, \$1,150 million for storing and \$1,130 million for infrastructure maintenance.

▲ **"Restock Kroger" Program:** The company's "Restock Kroger" program is reaping results. Kroger commenced "We Are Local" campaign; new restaurant concept, Kitchen 1883; and added product lines under "Our Brands". During the third quarter of fiscal 2019, "Our Brands" sales grew 3.4%. The company also introduced 231 Our Brands items. Under the program, the company is also passing the benefit of cost containment to customers by lowering prices. Management remains on track to attain more than \$1 billion of cost savings in fiscal 2019. As a part of the program, the company is making investments in space optimization, store remodels and technology advancements. The company also launched a grocery delivery service "Kroger Ship". The company is making an incremental investment in associates — wages, training and development, customers and infrastructure over the next three years.

▲ **Optimistic View for Fiscal 2020 & Beyond:** Driven by the success of the "Restock Kroger" program and strong financial model, Kroger recently unveiled strong profit forecast for fiscal 2020. The company expects fiscal 2020 adjusted earnings per share of \$2.30-\$2.40, higher than the fiscal 2019 earnings projection of \$2.15-\$2.25. It also anticipates identical store sales growth of greater than 2.25%. Further, it estimates generating incremental operating profit growth of \$125-\$150 billion from alternative profit businesses. Moreover, it remains committed to returning cash to shareholders through share repurchases between \$500 million and \$1 billion in fiscal 2020. Management remains on track to attain more than \$1 billion of cost savings in fiscal 2020. It also targets total shareholder returns of 8-11% beyond fiscal 2020, driven by 3-5% earnings growth as well as robust free cash flow. The company's optimistic view for fiscal 2020 and beyond indicates strong top and bottom line growth in the years ahead.

▲ **Customer-Centric Business Model:** In our view, Kroger's customer-centric business model provides a strong value proposition to consumers, and is well positioned to deliver higher earnings primarily through strong identical supermarket sales growth (excluding fuel). The company's Customer 1st strategy that enriches the consumers shopping experience and convinces them of returning to the store is benefiting the company. We believe that the company's operational strategies present enormous opportunities to augment identical supermarket sales and enhance return on invested capital. The company's identical sales, excluding fuel, grew 2.5% during the third quarter of fiscal 2019. Management continues to expect identical sales growth, excluding fuel, between 2% and 2.25% in fiscal 2019. Kroger is also looking to expand its "Scan, Bag, Pay & Go and Self-CheckOut" program.

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## Reasons To Sell:

- ▼ **Soft Q3 Performance:** After registering two straight quarters of positive earnings surprises, Kroger reported a miss in the third quarter of fiscal 2019. The company posted adjusted earnings of 47 cents a share that fell short of the Zacks Consensus Estimate by a penny and declined 2.1% from the prior-year quarter. Total sales of \$27,974 million came below the Zacks Consensus Estimate of \$28,067 million. This was the second straight quarter when sales missed the consensus mark. Moreover, the metric improved marginally by 0.5% from the prior-year quarter.
- ▼ **Gross Margin Contraction:** We note that during the third quarter of fiscal 2019, FIFO gross margin, excluding fuel, shrank 24 basis points, following a 29 basis points contraction in the preceding quarter. Gross margin contraction in the third quarter was mainly due to industry-wide lower gross margin rates in pharmacy and constant growth in the specialty pharmacy business. Pharmacy related gross margin challenges are expected to continue. Further, industry experts cited that volatile fuel costs and incremental investments may keep margins under pressure.
- ▼ **Intense Competition & Promotional Activities:** Stiff competition, volatility in food prices and an aggressive promotional environment are the primary headwinds with which Kroger is encountering. The grocery business is highly competitive and fragmented, and Kroger faces intense competition from big players such as Amazon, Walmart and Safeway, other conventional retailers and specialty gourmet retailers with respect to price, store expansion and promotional activities. This may dent the company's sales and margins.
- ▼ **Macroeconomic Volatility:** Kroger's performance remains vulnerable to volatile economic conditions. Being a consumer-driven company, the results are likely to be impacted by factors affecting consumer spending and consumer confidence. To this end, unfavorable changes in employment levels, credit availability, housing market scenario, interest and tax rates, and general business conditions, among others, may hurt consumer spending.
- ▼ **Failure to Renegotiate Contracts:** Most of Kroger's employees are protected by approximately 300 collective bargaining agreements with the unions. Should the company fail to renegotiate new contracts on their expiration with the unions, it could lead to work stoppages and operational disruptions. Kroger contributes to various pension plans arising under collective bargaining agreements. The unfunded nature of these plans could also lower its debt rating.

The grocery business is highly competitive and fragmented, and Kroger faces stiff competition from big players. Also, volatile fuel prices and promotional environment are making things tough.

## Last Earnings Report

### Kroger's Q3 Earnings Miss Estimates, Decline Y-o-Y

After registering two straight quarters of positive earnings surprises, The Kroger Co. reported a miss in the third quarter of fiscal 2019. The company posted adjusted earnings of 47 cents a share that fell short of the Zacks Consensus Estimate by a penny and declined 2.1% from the prior-year quarter.

The company envisions fiscal 2019 adjusted earnings in the band of \$2.15-\$2.25 per share, which indicates an improvement over adjusted earnings of \$2.11 per share reported in fiscal 2018. For fiscal 2020, management estimates earnings between \$2.30 and \$2.40 per share.

Total sales of \$27,974 million came below the Zacks Consensus Estimate of \$28,067 million. This was the second straight quarter when sales missed the consensus mark. However, the metric improved marginally by 0.5% from the prior-year quarter. Excluding fuel and dispositions, top line improved 2.7% from the year-ago period. The company's digital sales surged 21%, while identical sales, excluding fuel, grew 2.5%.

Kroger expects underlying identical sales growth in the final quarter to be equivalent to third quarter. Management forecast identical sales growth of 2-2.25% for fiscal 2019. It envisions identical sales, excluding fuel, to be above 2.25% in fiscal 2020.

We note that gross margin increased 30 basis points to 22.1%. FIFO gross margin, excluding fuel, shrunk 24 basis points from the year-ago period, mainly due to industry-wide lower gross margin rates in pharmacy. Adjusted FIFO operating profit fell 1.7% to \$653 million. Kroger anticipates adjusted operating profit in the band of \$2.9-\$3 billion and \$3-\$3.1 billion for fiscal 2019 and 2020, respectively.

### Strategic Endeavors

The grocery industry has been undergoing a fundamental change, with technology playing a major role and the focus shifting to online shopping. Kroger has taken stock of the situation and is in the process of giving itself a complete makeover.

The company's "Restock Kroger" program involving investments in omnichannel platform, identifying margin-rich alternative profit streams, merchandise optimization, and lowering of expenses has been gaining traction. The company is expanding store base, introducing new items, digital coupons, and order online, pick up in store initiative.

Management informed that "Our Brands" sales grew 3.4%. The company also introduced 231 new Our Brands items. Pickup or Delivery reached 96% of Kroger households (expanded to 1,915 Pickup locations and 2,326 Delivery locations). Management is also targeting "margin-rich alternative profit streams" which are likely to contribute an estimated incremental \$100 million in operating profit this fiscal year versus the prior. Alternative profit streams are anticipated to contribute an incremental \$125-\$150 million in operating profit in fiscal 2020.

### Other Financial Aspects

Kroger ended the quarter with cash of \$417 million, total debt of \$13,644 million, and shareowners' equity of \$8,728 million. Total debt decreased \$1,374 million from the prior-year period. The company lowered its debt burden by \$1.5 billion over the prior four quarters. Management anticipates capital expenditures of \$3-\$3.2 billion in fiscal 2019 and between \$3.2-\$3.4 billion in fiscal 2020. The company forecast free cash flow generation of \$1.6-\$1.8 billion in fiscal 2020. The company expects to make share repurchases of \$500-\$1,000 million in fiscal 2020.

Quarter Ending **10/2019**

Report Date	Dec 05, 2019
Sales Surprise	-0.33%
EPS Surprise	-2.08%
Quarterly EPS	0.47
Annual EPS (TTM)	2.11

## Recent News

### Kroger Launches Plant Based Fresh Meat – Jan 8, 2020

Kroger unveiled the launch of its version of vegan meat namely Simple Truth Emerge, which is an expansion of its in-house Simple Truth brand. The new product line will offer fresh burger patties and grinds at better prices and will be available exclusively at Kroger Family of Stores. Keeping in mind consumers' growing preference for meatless substitutes, these products come with 20 grams of pea-based protein per serving and are free of GMOs, dairy, gluten and soy.

### Kroger Partners With ClusterTruck for Meal Delivery Service – Dec 2, 2019

Kroger in association with ClusterTruck, is introducing an on-demand meal delivery service namely Kroger Delivery Kitchen. Customers will get freshly prepared meals in half an hour of ordering, without shelling out a penny for delivery. The kitchen will be launched initially in places like Indianapolis, IN and Columbus, OH. Further, Kroger and Cluster are set to open the fourth kitchen in Carmel, IN. These apart, the facility will also be available in Denver via Kroger's King Soopers supermarket chain.

### Kroger Outlines Robust Fiscal 2020 View & Buyback Plan – Nov 5, 2019

Kroger forecasts strong profits for fiscal 2020 based on gains from its "Restock Kroger" program and strong financial model. Additionally, it announced a new share buyback program. For the fiscal year, the company expects adjusted earnings per share of \$2.30-\$2.40. The company also anticipates identical store sales growth, excluding fuel, of greater than 2.25%. Additionally, it expects to generate incremental operating profit growth of \$125-\$150 billion from alternative profit businesses. The company anticipates free cash flow of \$1.6-\$1.8 billion.

Further, it expects adjusted FIFO operating profit of \$3-\$3.1 billion. The company expects capital investments of \$3.2-\$3.4 billion, excluding mergers, acquisitions and purchase of leased facilities. Moreover, it targets share repurchases between \$500 million and \$1 billion in fiscal 2020. The company anticipates effective tax rate of 23%. The company has announced a new share repurchase program of nearly \$1 billion, which replaces the existing plan that has about \$546 million remaining. The company expects total shareholder returns of 8-11% beyond fiscal 2020, driven by 3-5% earnings growth as well as robust free cash flow.

## Valuation

Kroger shares are down 2.8% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Retail-Wholesale sector are up 14.2% and 19.7%, respectively, over the past year. The S&P 500 index is up 25% in the past year.

The stock is currently trading at 12.19X forward 12-month earnings, which compares to 20.7X for the Zacks sub-industry, 25.57X for the Zacks sector and 19.13X for the S&P 500 index.

Over the past five years, the stock has traded as high as 21.19X and as low as 9.24X, with a 5-year median of 13.41X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$30 price target reflects 12.92X forward 12-month earnings.

The table below shows summary valuation data for KR

Valuation Multiples - KR					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	12.19	20.7	25.57	19.13
	5-Year High	21.19	21.68	26.23	19.34
	5-Year Low	9.24	14.08	19.07	15.17
	5-Year Median	13.41	16.82	22.95	17.44
P/S F12M	Current	0.18	0.49	1.09	3.56
	5-Year High	0.36	0.49	1.11	3.56
	5-Year Low	0.13	0.31	0.8	2.54
	5-Year Median	0.2	0.41	0.91	3
EV/EBITDA TTM	Current	8.44	9.37	15.6	12.38
	5-Year High	10.82	9.77	15.6	12.86
	5-Year Low	5.47	5.87	10.37	8.48
	5-Year Median	7.95	7.18	12.38	10.67

As of 01/21/2020

## Industry Analysis Zacks Industry Rank: Top 20% (51 out of 255)



## Top Peers

Target Corporation (TGT)	Outperform
Companhia Brasileira de Distribuicao (CBD)	Neutral
Costco Wholesale Corporation (COST)	Neutral
Carrefour SA (CRRFY)	Neutral
Marks and Spencer Group PLC (MAKSY)	Neutral
Tesco PLC (TSCDY)	Neutral
Walmart Inc. (WMT)	Neutral
Dollar Tree, Inc. (DLTR)	Underperform

Industry Comparison Industry: Retail - Supermarkets				Industry Peers		
	KR Neutral	X Industry	S&P 500	COST Neutral	TGT Outperform	WMT Neutral
<b>VGM Score</b>	<b>A</b>	-	-	<b>A</b>	<b>A</b>	<b>B</b>
Market Cap	22.74 B	5.93 B	24.43 B	138.39 B	57.79 B	327.95 B
# of Analysts	8	4	13	10	12	14
Dividend Yield	2.25%	2.06%	1.75%	0.83%	2.32%	1.83%
<b>Value Score</b>	<b>A</b>	-	-	<b>C</b>	<b>B</b>	<b>C</b>
Cash/Price	0.07	0.08	0.04	0.07	0.02	0.03
EV/EBITDA	5.64	6.72	14.00	21.21	10.52	15.69
PEG Ratio	1.75	2.70	2.06	4.49	2.38	4.68
Price/Book (P/B)	2.61	1.32	3.39	8.53	5.01	4.19
Price/Cash Flow (P/CF)	5.38	6.72	13.69	26.90	11.12	13.35
P/E (F1)	13.07	13.83	19.00	36.40	17.96	23.19
Price/Sales (P/S)	0.19	0.26	2.68	0.89	0.74	0.63
Earnings Yield	7.67%	7.25%	5.26%	2.75%	5.57%	4.31%
Debt/Equity	2.14	0.93	0.72	0.47	1.10	0.83
Cash Flow (\$/share)	5.28	2.99	6.94	11.64	10.25	8.66
<b>Growth Score</b>	<b>A</b>	-	-	<b>A</b>	<b>B</b>	<b>C</b>
Hist. EPS Growth (3-5 yrs)	2.54%	1.02%	10.60%	11.29%	7.70%	0.13%
Proj. EPS Growth (F1/F0)	3.55%	5.95%	7.57%	5.09%	17.80%	1.50%
Curr. Cash Flow Growth	-4.41%	5.85%	14.00%	14.92%	5.59%	5.58%
Hist. Cash Flow Growth (3-5 yrs)	5.65%	1.83%	9.00%	10.65%	2.16%	-0.35%
Current Ratio	0.78	0.84	1.23	1.01	0.83	0.81
Debt/Capital	68.15%	50.76%	42.99%	31.75%	52.42%	45.25%
Net Margin	1.31%	1.85%	11.15%	2.42%	4.18%	2.77%
Return on Equity	20.32%	10.33%	17.16%	24.22%	28.22%	18.47%
Sales/Assets	2.82	2.25	0.55	3.37	1.86	2.24
Proj. Sales Growth (F1/F0)	0.83%	2.09%	4.05%	6.72%	3.95%	2.17%
<b>Momentum Score</b>	<b>A</b>	-	-	<b>A</b>	<b>C</b>	<b>B</b>
Daily Price Chg	0.92%	-0.10%	-0.27%	2.82%	-2.46%	0.55%
1 Week Price Chg	-0.74%	-0.74%	2.29%	2.50%	-6.26%	-1.22%
4 Week Price Chg	-2.37%	-2.79%	2.13%	6.47%	-11.29%	-3.28%
12 Week Price Chg	15.35%	1.70%	6.99%	5.88%	5.45%	-1.33%
52 Week Price Chg	-3.10%	-10.92%	21.25%	47.49%	62.26%	18.57%
20 Day Average Volume	4,588,243	80,049	1,415,064	1,720,886	5,170,548	5,071,697
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.22%	-0.50%	0.00%
(F1) EPS Est 4 week change	0.06%	0.03%	0.00%	0.33%	-0.50%	0.11%
(F1) EPS Est 12 week change	-0.17%	1.66%	-0.34%	0.74%	3.20%	1.37%
(Q1) EPS Est Mthly Chg	0.00%	0.03%	0.00%	0.89%	-2.18%	0.06%



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## 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.

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### 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	A
Momentum Score	A
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.

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### Disclosures

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