

## Kohl's Corporation (KSS)

**\$28.83** (As of 06/08/20)

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

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 05/04/20)

Prior Recommendation: Underperform

Short Term: 1-3 Months

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

**4-Sell**

Zacks Style Scores:

VGM:F

Value: D

Growth: F

Momentum: F

### Summary

Kohl's shares have outpaced the industry in the past three months. The company recently announced plans to reopen some stores following the relaxation of coronavirus-induced lockdown restrictions in certain regions. Apart from these, Kohl's revenues in fourth-quarter fiscal 2019 were backed by solid digital sales, thanks to app and mobile sales. Also, nationwide rollout of the Amazon returns program has been boosting traffic. However, management suspended share buybacks and is evaluating its dividend program as part of capital allocation alteration amid the coronavirus outbreak. Also, the company continued to witness escalated costs and strained margins in fourth-quarter, wherein the bottom line dropped year over year.

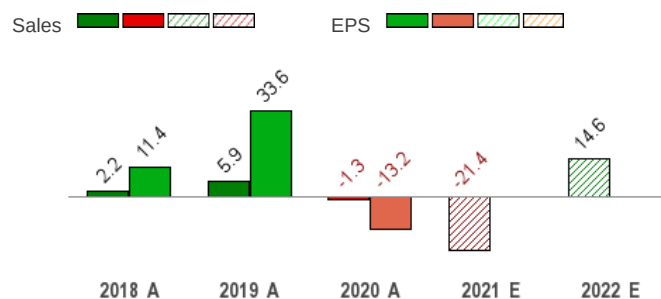
### Price, Consensus & Surprise



### Data Overview

|                            |                                                     |
|----------------------------|-----------------------------------------------------|
| 52 Week High-Low           | \$59.28 - \$10.89                                   |
| 20 Day Average Volume (sh) | 12,879,324                                          |
| Market Cap                 | \$4.5 B                                             |
| YTD Price Change           | -43.4%                                              |
| Beta                       | 1.73                                                |
| Dividend / Div Yld         | \$2.82 / 9.8%                                       |
| Industry                   | <a href="#">Retail - Regional Department Stores</a> |
| Zacks Industry Rank        | Bottom 31% (175 out of 252)                         |

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



|                           |            |
|---------------------------|------------|
| Last EPS Surprise         | -78.8%     |
| Last Sales Surprise       | -7.3%      |
| EPS F1 Est- 4 week change | -1,622.3%  |
| Expected Report Date      | 08/18/2020 |
| Earnings ESP              | 0.0%       |
| P/E TTM                   | 26.7       |
| P/E F1                    | NA         |
| PEG F1                    | NA         |
| P/S TTM                   | 0.3        |

### Sales Estimates (millions of \$)

|      | Q1      | Q2      | Q3      | Q4      | Annual*  |
|------|---------|---------|---------|---------|----------|
| 2022 |         |         |         |         | 17,998 E |
| 2021 | 2,428 A | 2,934 E | 4,017 E | 6,323 E | 15,701 E |
| 2020 | 4,087 A | 4,430 A | 4,625 A | 6,832 A | 19,974 A |

### EPS Estimates

|      | Q1        | Q2        | Q3        | Q4       | Annual*   |
|------|-----------|-----------|-----------|----------|-----------|
| 2022 | -\$1.71 E |           | \$0.58 E  | \$2.61 E | \$1.40 E  |
| 2021 | -\$3.20 A | -\$1.15 E | -\$0.44 E | \$0.95 E | -\$3.22 E |
| 2020 | \$0.61 A  | \$1.55 A  | \$0.74 A  | \$1.99 A | \$4.86 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 06/08/2020. The reports text is as of 06/09/2020.

## Overview

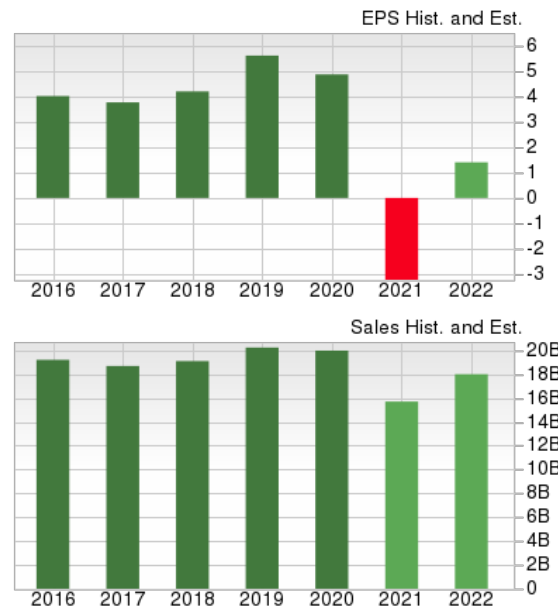
Headquartered in Menomonee Falls, WI, Kohl's Corp. is a U.S. based department store chain that operates specialty department stores and an e-commerce site in the U.S. As of Nov 19, 2019, Kohl's operated more than 1,100 stores across 49 states.

These offer moderately-priced apparel, footwear and accessories for women, men and children; beauty and home articles. The department store appeals to middle-class consumers as it sells discounted branded and private label clothing and home goods.

The company's merchandise includes both national brands and private and exclusive brands that are available only at Kohl's. National brands including Dockers, Levi's, Columbia Sportswear, Reebok, Champion, Oshkosh, Pfatzgraff, and KitchenAid generally have higher selling prices, but lower gross margins, than private and exclusive brands. Kohl's private brands include Apt. 9, Croft & Barrow, Jumping Beans, SO and Sonoma Goods for Life.

Despite having lower selling prices, private brands generally have higher gross margins than exclusive and national brands. Exclusive brands including Food Network, Jennifer Lopez, Marc Anthony, Rock & Republic and Simply Vera Vera Wang are developed and marketed through agreements with nationally-recognized brands.

In addition, Kohl's also offers online shopping. Its website features a selection of items and categories beyond what is available in stores, with a primary focus on extended sizes, product line extensions and web-exclusive product lines.



---

## Reasons To Buy:

▲ **Store Reopening & Efforts to Solidify Financial Position Amid Pandemic:** Shares of Kohl's have declined 5% in the past three months, compared with the industry's decline of 6.9%. The company recently informed that it has initiated the rebuilding process, including reopening around half of its countrywide stores since May 4. The company is reopening stores on a state-by-state basis and undertaking all health and safety measures while doing so. The company will continue to provide store drive-ups and also plans to restart its Amazon returns program as the stores reopen. Kohl's anticipates seeing increased traffic as customers will be able to place returns for items bought over the last several months. Apart from this, Kohl's is benefitting from its digital sales.

Kohl's initiatives to drive traffic and sales are encouraging. The company also has a strong brand portfolio and a solid e-commerce business.

Kohl's has taken every step to safeguard its financial position amid the crisis that helped generate positive operating cash flow. To address challenges tied to the pandemic, Kohl's remains focused on lowering expenses, managing inventory receipts and curbing capital expenditures. The company replaced and upsized revolver to \$1.5 billion secured facility, and issued \$600 million notes due 2025. The company informed that its debt is of investment grade and has no maturities till 2023. Markedly, Kohl's ended the first quarter with cash more than \$2,039 million and \$500 million available under its revolver facility. This is sufficient to meet the company's current leases and financial obligations of \$283 million. The company's long-term debt (including leases and finance obligations) increased 26.8% sequentially to \$7,405 million.

▲ **Digital Business:** The company has been benefiting from its growing digital business for a while now. The company remains focused on making investments in this business, which has seen its sales more than double since 2014. Markedly, digital sales witnessed a 24% jump during first-quarter fiscal 2020 and 60% in April, given customers' increased shift to online shopping amid the coronavirus-led store closures and lockdown. Given the need of the hour, management speeded up its digital marketing and revised its website to cater to customers' needs. Kohl's digital sales were backed by improvements in traffic, conversion, average unit retail, as well as units per transaction. Further, the company generated growth across all categories, with Home being the strongest – wherein digital sales surged more than 50% in the first quarter. Robust demand for kitchen electrics, gaming, vacuums, electronics toys, basics, sleepwear and beauty among others were drivers.

Notably, a large percentage of digital orders were accomplished by Kohl's stores, which also helped lower in-store inventory. In fact, more than 40% of digital orders were completed via ship-from-store and customer pickup in the first quarter, with the percentage being way higher in April. Certainly, the company's investments toward boosting online capabilities and improving consumer engagement are yielding well. We note that the company's solid endeavors to boost mobile traffic have augmented the adoption of the Kohl app, making it a vital constituent of online sales. To improve online offerings, Kohl's has been expanding its e-commerce fulfillment centers alongside strengthening in-store pickups. In fact, the company has been witnessing increased adoption of Buy-Online-Ship-to-Store (or BOSS) and BOPIS. Other efforts to bolster digital sales include Smart Cart, Your Price and personalized search. Also, Kohl's is on track to consolidate its call centers that support the company's online and Kohl's Charge customers. Moreover, the contract with Fanatics has helped the company widen its fan gear product range for online customers. Kohl's remains on track to improve store as well as digital experience in 2020.

▲ **Strong Brand Portfolio and Regular Innovation:** Kohl's offers moderately priced exclusive and national brands, which include apparel, shoes, accessories, beauty and home products. The company has established a strong brand portfolio with national brands such as Dockers, Levi's, Columbia Sportswear, Reebok, Champion, Oshkosh, Pfaltzgraff, and KitchenAid. Also, Kohl's added Land's End products to its national brands portfolio. Further, exclusive brands such as Simply Vera by fashion designer Vera Wang and Chaps by Polo Ralph Lauren have helped draw customers to Kohl's stores in the past as the products can only be found at Kohl's. Private and exclusive brands like Jennifer Lopez, Marc Anthony, Rock & Republic, and Van Heusen brands have been doing well in sportswear, dresses and other apparel categories. Moreover, in the active category, brands like Adidas, Under Armour and Nike have particularly been doing well. Kohl's also regularly introduces new brands in order to keep the inventory assortment fresh and drive customer traffic to its stores and website.

▲ **Partnerships Boost performance:** Kohl's has been strengthening its ties with retail giant Amazon to drive traffic. Incidentally, the company has been benefiting from the rollout of its Amazon returns program nationwide. According to this program, Kohl's stores accept free, unpackaged and easy returns for customers of Amazon. The company expects to witness improved store traffic from the Amazon returns program once its stores are reopened. One of the prime objectives of this program is to convert more customers as loyal Kohl's shoppers. In an earlier development, Kohl's decided to sell Amazon devices, accessories and smart home devices in selected stores in Los Angeles and Chicago. Kohl's believes that this store-within-store concept will boost traffic, thanks to the availability of Amazon's varied electronics options. In the long run, the company is expected to receive significant boost to its business through this partnership. Further Kohl's partnership with Fanatics, Property Brothers and Home Decor is expected to strengthen performance.

---

---

## Reasons To Sell:

▼ **Coronavirus Hurts Q1 Results:** The deadly coronavirus that led to the closure of stores severely impacted Kohl's first-quarter fiscal 2020 results. The company posted a wider-than-expected loss for the quarter under review. Also, the company's top line fell sharply from the year-ago period. Kohl's posted adjusted loss of \$3.20 per share wider-than-the Zacks Consensus Estimate of loss of \$1.79. This also compares unfavorably with adjusted earnings of 61 cents reported in the year-ago period. Lower net sales and increased interest expense hurt the company's bottom-line results.

The company is grappling with soft margins. Also, coronavirus-led impact is concerning.

Total revenues came in at \$2,428 million, down 40.6% from the prior-year period. The metric came below the Zacks Consensus Estimate of \$2,620 million, after surpassing the same in the preceding quarter. Net sales plunged 43.5% to \$2,160 million, however, other revenues grew 0.8% to \$268 million in the quarter. Like most retailers, Kohl's expects its overall financial position to be affected by the impact of coronavirus in 2020.

▼ **Margin Concerns:** Kohl's has been seeing rising selling, general and administrative (SG&A) expenses for a while now. In the fiscal first quarter, as a percentage of total revenues, SG&A expenses increased to 43.9% in the quarter from 31.2% in the prior-year period. The company reported operating loss of \$718 million against operating income of \$118 million in the prior-year quarter. Apart from this, gross margin contracted to 17.3% in the quarter under review from 36.8% in the year-ago period. Gross margin was largely affected by the pandemic. Gross margin contraction can be mainly accountable to actions related to inventory management, escalated shipping costs owing to higher digital sales penetration, promotional activities and mix impacts, as Home was the outperforming category.

In the first quarter, the cost of shipping was significantly higher than usual as digital sales formed about 45% of total sales. Management expects gross margin to remain pressurized owing to soft sales volume as the company reopens stores, higher shipping costs as it anticipates digital penetration to remain high, along with an intense promotional environment.

▼ **Industry-Wide Headwinds:** Kohl's is exposed to the threat of constantly changing consumer spending habits that may impact the performance of the company's business assortments and categories. Amongst such concerns, the risk of losing foot-traffic in brick-and-mortar stores, thanks to consumer shift toward online shopping poses significant risks. Further, competition from discount retailers poses significant threats to the company's performance.

---

## Last Earnings Report

### Kohl's Posts Wider-Than-Expected Q1 Loss, Sales Fall

The deadly coronavirus that led to the closure of stores severely impacted Kohl's Corporation's first-quarter fiscal 2020 results. This operator of specialty department stores posted wider-than-expected loss for the quarter under review. Also, the company's top line fell sharply from the year-ago period.

Nonetheless, the company took every step to safeguard its financial position amid the crisis that helped generate positive operating cash flow. Also, management informed "We have begun the rebuilding process, recently reopening about 50% of our stores across the country."

To address challenges tied to the pandemic, Kohl's remains focused on lowering expenses, managing inventory receipts and curbing capital expenditures. It curtailed planned capital expenditures by roughly \$500 million, and also hold-off share repurchase and suspend dividend payment beginning in the second quarter of fiscal 2020. It replaced and upsized revolver to \$1.5 billion secured facility, and issued \$600 million notes due 2025.

Kohl's posted adjusted loss of \$3.20 per share wider-than-the Zacks Consensus Estimate of loss of \$1.79. This also compares unfavorably with adjusted earnings of 61 cents reported in the year-ago period. Lower net sales and increased interest expense hurt the company's bottom-line results.

Total revenues came in at \$2,428 million, down 40.6% from the prior-year period. The metric came below the Zacks Consensus Estimate of \$2,620 million, after surpassing the same in the preceding quarter. Net sales plunged 43.5% to \$2,160 million, however, other revenues grew 0.8% to \$268 million in the quarter.

Gross margin contracted to 17.3% in the quarter under review from 36.8% in the year-ago period. Notably, SG&A expenses declined 16.4% to \$1,066 million. However, as a percentage of total revenues, SG&A expenses increased to 43.9% in the quarter from 31.2% in the prior-year period. The company reported operating loss of \$718 million against operating income of \$118 million in the prior-year quarter.

### Other Financial Details

Kohl's ended the quarter with cash and cash equivalents of \$2,039 million, long-term debt of \$3,449 million and shareholders' equity of \$4,790 million. The company generated net cash from operating activities of \$53 million during the quarter under discussion.

Quarter Ending 04/2020

|                  |              |
|------------------|--------------|
| Report Date      | May 19, 2020 |
| Sales Surprise   | -7.34%       |
| EPS Surprise     | -78.77%      |
| Quarterly EPS    | -3.20        |
| Annual EPS (TTM) | 1.08         |

## Recent News

### Kohl's Shuts Some Stores Temporarily - Jun 8, 2020

In the wake of the recent civil unrest in the United States Kohl's has shut several stores in the region. Management expects these stores to remain shut until it is not safe to reopen them.

### Kohl's to Reopen Some Stores Owing to Relaxation of Lockdown Rules - May 7, 2020

Kohl's recently announced its plans to reopen 25% of its stores by next week following the relaxation of coronavirus-induced lockdown restrictions in some regions. The company said that it has already re-opened company operated stores in four U.S. states and expects to open stores in 10 more states soon.

However, Kohl's informed investors that the re-opened stores would operate at reduced working hours, keep fitting rooms closed and enhanced cleaning processes among various others as precautionary measures amid the coronavirus outbreak.

### Kohl's Extends Store Closure Amid Rising Coronavirus Scares – March 31, 2020

Kohl's stated that it will prolong its temporary store closure plan until any further notification. Also, the company is undertaking efforts to enhance financial flexibility. Incidentally, Kohl's had shut down all its stores — roughly more than 1,100 — effective Mar 19. Nonetheless, the company then informed that shoppers can continue purchasing 24-hours a day via Kohl's App or on Kohls.com. Further, management highlighted that the company will support store employees with two calendar weeks of pay.

## Valuation

Kohl's shares are down 41.4% in the year-to-date period and 35.9% over the trailing 12-month period. Stocks in the Zacks sub-industry are down 42.3%, whereas stocks in the Zacks Retail – Wholesale sector gained 11.7% in the year-to-date period. Over the past year, the Zacks sub-industry declined 42.9% while and the sector gained 22.8%.

The S&P 500 index is down 0.2% in the year-to-date period and up 12.6% in the past year.

The stock is currently trading at 0.27X forward 12-month sales, which compares to 0.24X for the Zacks sub-industry, 1.11X for the Zacks sector and 3.58X for the S&P 500 index.

Over the past five years, the stock has traded as high as 0.68X and as low as 0.09X, with a 5-year median of 0.44X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$30 price target reflects 0.28X forward 12-month sales.

The table below shows summary valuation data for KSS

| Valuation Multiples - KSS |               |       |              |        |         |
|---------------------------|---------------|-------|--------------|--------|---------|
|                           |               | Stock | Sub-Industry | Sector | S&P 500 |
| P/S F12M                  | Current       | 0.27  | 0.24         | 1.11   | 3.58    |
|                           | 5-Year High   | 0.68  | 0.78         | 1.12   | 3.58    |
|                           | 5-Year Low    | 0.09  | 0.11         | 0.81   | 2.53    |
|                           | 5-Year Median | 0.44  | 0.46         | 0.94   | 3.02    |
| P/B TTM                   | Current       | 0.93  | 0.72         | 4.99   | 4.36    |
|                           | 5-Year High   | 2.51  | 3.65         | 5.93   | 4.56    |
|                           | 5-Year Low    | 0.33  | 0.34         | 3.63   | 2.83    |
|                           | 5-Year Median | 1.57  | 2.04         | 4.87   | 3.65    |
| EV/EBITDA TTM             | Current       | 6.84  | 4.45         | 17.34  | 11.82   |
|                           | 5-Year High   | 7.73  | 7.72         | 17.34  | 12.85   |
|                           | 5-Year Low    | 2.73  | 3.37         | 10.97  | 8.25    |
|                           | 5-Year Median | 4.89  | 5.43         | 12.68  | 10.8    |

As of 06/08/2020

## Industry Analysis Zacks Industry Rank: Bottom 31% (175 out of 252)



## Top Peers

| Company (Ticker)                    | Rec        | Rank |
|-------------------------------------|------------|------|
| Dollar General Corporation (DG)     | Outperform | 1    |
| Costco Wholesale Corporation (COST) | Neutral    | 3    |
| Dillards, Inc. (DDS)                | Neutral    | 3    |
| Dollar Tree, Inc. (DLTR)            | Neutral    | 2    |
| Macys, Inc. (M)                     | Neutral    | 3    |
| Target Corporation (TGT)            | Neutral    | 3    |
| Walmart Inc. (WMT)                  | Neutral    | 3    |

| Industry Comparison Industry: Retail - Regional Department Stores |            |            |           | Industry Peers |            |
|-------------------------------------------------------------------|------------|------------|-----------|----------------|------------|
|                                                                   | KSS        | X Industry | S&P 500   | DDS            | M          |
| Zacks Recommendation (Long Term)                                  | Neutral    | -          | -         | Neutral        | Neutral    |
| Zacks Rank (Short Term)                                           | 4          | -          | -         | 3              | 3          |
| VGM Score                                                         | F          | -          | -         | A              | B          |
| Market Cap                                                        | 4.55 B     | 2.96 B     | 23.56 B   | 926.00 M       | 2.96 B     |
| # of Analysts                                                     | 9          | 6          | 14        | 5              | 7          |
| Dividend Yield                                                    | 9.77%      | 0.48%      | 1.8%      | 1.60%          | 0.00%      |
| Value Score                                                       | D          | -          | -         | A              | A          |
| Cash/Price                                                        | 0.49       | 0.40       | 0.06      | 0.30           | 0.25       |
| EV/EBITDA                                                         | 4.90       | 4.74       | 13.19     | 3.09           | 4.59       |
| PEG Ratio                                                         | NA         | NA         | 3.18      | NA             | NA         |
| Price/Book (P/B)                                                  | 0.95       | 0.57       | 3.19      | 0.57           | 0.46       |
| Price/Cash Flow (P/CF)                                            | 2.68       | 2.68       | 12.52     | 2.80           | 1.56       |
| P/E (F1)                                                          | NA         | NA         | 23.31     | NA             | NA         |
| Price/Sales (P/S)                                                 | 0.25       | 0.15       | 2.51      | 0.17           | 0.12       |
| Earnings Yield                                                    | -11.17%    | -33.47%    | 4.15%     | -27.37%        | -39.58%    |
| Debt/Equity                                                       | 1.55       | 1.29       | 0.76      | 0.37           | 1.03       |
| Cash Flow (\$/share)                                              | 10.77      | 6.12       | 7.01      | 13.37          | 6.12       |
| Growth Score                                                      | F          | -          | -         | A              | B          |
| Hist. EPS Growth (3-5 yrs)                                        | -1.12%     | -1.84%     | 10.87%    | -7.68%         | -1.84%     |
| Proj. EPS Growth (F1/F0)                                          | -166.26%   | -209.07%   | -10.76%   | -346.04%       | -230.00%   |
| Curr. Cash Flow Growth                                            | -10.84%    | -10.84%    | 5.48%     | -16.01%        | -15.88%    |
| Hist. Cash Flow Growth (3-5 yrs)                                  | -0.78%     | -3.55%     | 8.55%     | -10.66%        | -6.32%     |
| Current Ratio                                                     | 1.88       | 1.65       | 1.29      | 1.99           | 1.18       |
| Debt/Capital                                                      | 60.72%     | 55.67%     | 44.75%    | 26.96%         | 50.63%     |
| Net Margin                                                        | 0.48%      | -0.92%     | 10.59%    | -2.31%         | 2.30%      |
| Return on Equity                                                  | 3.34%      | -2.42%     | 16.26%    | -8.18%         | 14.47%     |
| Sales/Assets                                                      | 1.21       | 1.27       | 0.55      | 1.56           | 1.15       |
| Proj. Sales Growth (F1/F0)                                        | -21.39%    | -20.89%    | -2.62%    | -20.89%        | -23.68%    |
| Momentum Score                                                    | F          | -          | -         | F              | F          |
| Daily Price Chg                                                   | 8.47%      | 5.05%      | 1.55%     | 1.63%          | 8.89%      |
| 1 Week Price Chg                                                  | 38.29%     | 38.09%     | 7.51%     | 22.93%         | 37.89%     |
| 4 Week Price Chg                                                  | 64.37%     | 51.71%     | 15.61%    | 39.06%         | 81.21%     |
| 12 Week Price Chg                                                 | 46.27%     | 23.43%     | 38.10%    | 7.54%          | 42.33%     |
| 52 Week Price Chg                                                 | -40.92%    | -36.26%    | 3.66%     | -34.34%        | -55.93%    |
| 20 Day Average Volume                                             | 12,879,324 | 6,892,050  | 2,648,536 | 904,777        | 50,971,288 |
| (F1) EPS Est 1 week change                                        | -0.03%     | 0.00%      | 0.00%     | 0.00%          | 0.00%      |
| (F1) EPS Est 4 week change                                        | -1,622.27% | -413.49%   | 0.00%     | -217.06%       | -609.92%   |
| (F1) EPS Est 12 week change                                       | -185.91%   | -218.92%   | -15.97%   | -388.53%       | -251.92%   |
| (Q1) EPS Est Mthly Chg                                            | -339.41%   | -121.04%   | 0.00%     | -32.14%        | -209.94%   |

---

## 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    | D |
| 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

**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.