

L Brands, Inc. (LB)

\$27.49 (As of 08/10/20)

Price Target (6-12 Months): **\$29.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 07/24/20)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:D

Value: C

Growth: F

Momentum: C

Summary

Shares of L Brands have surged in the past three months. The stock gained following the company's update on its future strategy. The company highlighted its plan to lower annual costs by roughly \$400 million. Further, management remains committed toward making Bath & Body Works chain, which has been the bright spot, a pure-play public company, and Victoria's Secret, which has been struggling, a standalone company. Management is taking every step to improve the performance of Victoria's Secret business such as inventory management, reducing merchandise costs and lowering of store selling expenses. Victoria's Secret store optimization plan is also on the cards. The company has been struggling with declining revenues and shrinking margins for a while. It expects second-quarter net sales to be down about 20% year over year.

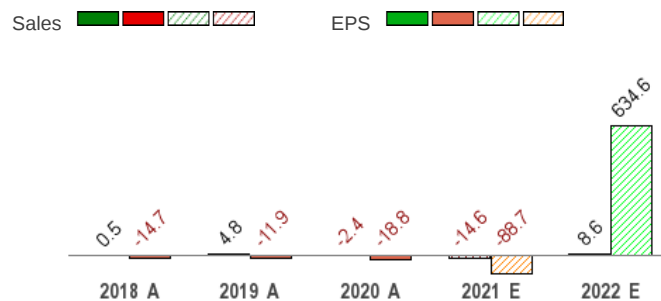
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$28.17 - \$8.00
20 Day Average Volume (sh)	6,650,503
Market Cap	\$7.6 B
YTD Price Change	51.7%
Beta	1.47
Dividend / Div Yld	\$0.90 / 0.0%
Industry	Retail - Apparel and Shoes
Zacks Industry Rank	Bottom 7% (235 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-39.4%
Last Sales Surprise	-2.9%
EPS F1 Est- 4 week change	545.1%
Expected Report Date	08/19/2020
Earnings ESP	-4.7%
P/E TTM	23.9
P/E F1	105.7
PEG F1	9.6
P/S TTM	0.6

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022					11,980 E
2021	1,654 A	2,271 E	2,480 E	4,572 E	11,034 E
2020	2,629 A	2,902 A	2,677 A	4,707 A	12,914 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	-\$0.09 E	\$0.23 E	-\$0.05 E	\$1.70 E	\$1.91 E
2021	-\$0.99 A	-\$0.36 E	-\$0.12 E	\$1.80 E	\$0.26 E
2020	\$0.14 A	\$0.24 A	\$0.02 A	\$1.88 A	\$2.29 A

*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 08/10/2020. The reports text is as of 08/11/2020.

Overview

L Brands evolved from an apparel-based specialty retailer to a segment leader focused on women's intimate and other apparel, personal care, beauty and home fragrance products. But since past few years, the company has been struggling for a while due to sluggishness in the Victoria's Secret brand.

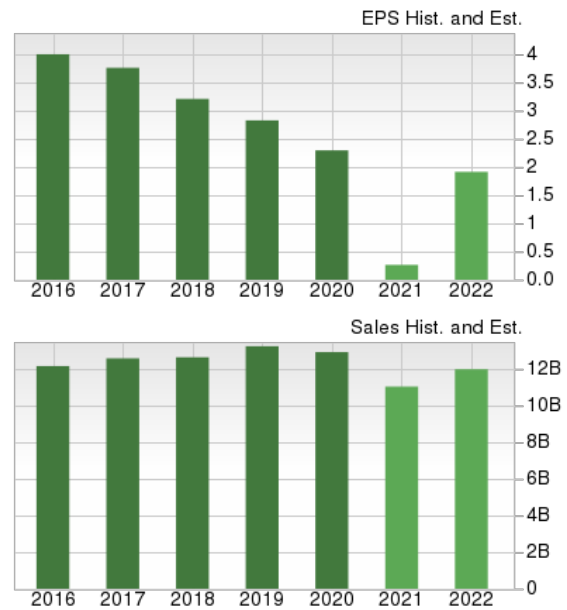
Recently, the company terminated the previously announced Victoria's Secret deal with Sycamore Partners. The company intends to make Bath & Body Works chain a "pure-play public company" and Victoria's Secret, "a separate, standalone company." This will simplify the company's organizational structure and help focus on Bath & Body Works, one of the leading specialty retailers of body care, home fragrance products, soaps and sanitizers.

The Columbus, OH-based company sells its merchandise through specialty retail stores in the e United States, Canada, the United Kingdom, Ireland and Greater China (China and Hong Kong), which are primarily mall-based, and through its websites, catalogue and other channels. The company conducts its business primarily through three reportable segments –

The Victoria's Secret segment (53% of FY19 Net Sales), Bath & Body Works segment (40% of Net Sales), Victoria's Secret and Bath & Body Works International segment (5% of Net Sales) includes company-owned and partner-operated outlets located outside of the U.S. and Canada. Other segment is 2% of Net Sales.

As of May 2, 2020, company-owned stores were 2,897, including 1,070 Victoria's Secret stores, 1,737 Bath & Body Works, 21 Victoria's Secret U.K./Ireland, five PINK U.K., 40 Victoria's Secret Beauty and Accessories and 24 Victoria's Secret China.

Total non-company-owned stores were 722, including 207 Victoria's Secret Beauty & Accessories, 72 Victoria's Secret, 12 Pink and 262 Bath & Body Works stores. Further, non company-owned stores comprised 153 and 16 Travel Retail stores of Victoria's Secret Beauty & Accessories and Bath & Body Works, respectively.



Reasons To Buy:

▲ **Growth Catalyst:** We believe that L Brands' sustained focus on cost containment, inventory management, merchandise and speed-to-market initiatives has kept it afloat in a competitive environment. Additionally, L Brands' operational efficiencies together with its new and innovative collections bode well. Furthermore, the company's focus on tapping international markets is likely to provide long-term growth opportunities and generate increased sales volumes. Notably, management remains committed to make Bath & Body Works chain a "pure-play public company" and Victoria's Secret, "a separate, standalone company." This will help simplify the company's organizational structure.

We believe that L Brands' sustained focus on cost containment, inventory management, merchandise, and speed-to-market initiatives has kept it afloat in a competitive environment.

Management assured that it will undertake all necessary steps to improve Victoria's Secret performance, contain costs, and enhance liquidity. The company expects to attain cost savings on the back of its profit improvement plan for Victoria's Secret business, and actions to decentralize and streamline shared corporate and other functions. The company highlighted its plan to lower annual costs by approximately \$400 million. Of the targeted cost reduction plan, the company anticipates to accomplish roughly \$175 million during fiscal 2020. L Brands is preparing to reduce 15% of its corporate staff or roughly 850 employees. Shares of L Brands have increased 144.5% in the past three months compared with the industry's gain of 38.8%.

▲ **Strength in Bath & Body Works Brand:** L Brands has been benefitting from strength of its Bath & Body Works. During the first quarter of fiscal 2020, Bath & Body Works comparable sales (stores and direct business) improved 41% in the quarter on the back of strong sales in the direct business as well as increased sales at stores prior to closures due to the virus outbreak. Notably, sales for the Bath & Body Works direct business soared 85% to \$288.9 million as the online business remained operational throughout. Meanwhile, comparable store sales (only stores) were up 20% driven by robust increase in demand for hand soaps and sanitizers prior to the closure of stores. Further, the company witnessed strong demand at the Body Care and Home Fragrance businesses during this period. Further, industry experts believe that Bath & Body Works brand is likely to experience another solid year. We expect the trend to continue and aid the top line in the forthcoming periods. Even analysts pointed that due to the outbreak of coronavirus there could a surge in demand for soaps and hand sanitizers, and Bath & Body Works being one of the prominent retailers of the product is likely to benefit from the same. L Brands expects sales to increase roughly 10% at Bath & Body Works segment.

▲ **Steps to Mitigate COVID-19 Impact:** L Brands has been taking steps to mitigate the impact of coronavirus. The company closed its stores as well as distribution centers as part of safety measures. However, it informed that Victoria's Secret distribution centers were reopened in March 25. Other steps taken include furloughing most store associates, suspending store rent for April and May, extending vendor payment terms, deferring associate merit increases, and lowering of salaries for senior vice presidents and above by 20%. The company also suspended quarterly dividend and reducing spring inventory receipts versus last year by approximately 45% at Victoria's Secret/PINK and 20% at Bath & Body Works. Moreover, it lowered its capital expenditures forecast to approximately \$250 million from \$550 million.

▲ **Revamping and Repositioning Business:** L Brands continues to revamp its business by improving store experience, localizing assortments and enhancing its direct business. We believe these measures will facilitate it to generate incremental sales and increase store transactions through higher conversion rate. Looking ahead, the company remains committed to improve performance by staying customer-focused, enriching assortments, and enhancing store and online experiences. The company witnessed robust online demand during the first quarter of fiscal 2020. Notably, Bath & Body Works international registered significant increase in online sales. Again, during the month of April when the online business was operational and stores were closed, Victoria's Secret segment's direct sales increased by 30%. Moreover, to drive growth the company seeks to expand in the adjacent categories. We believe that the company's innovation in merchandise and exclusive assortments remain popular among consumers and sets it apart from peers. The company with its operational efficiencies, new and innovative assortments remains well positioned to capitalize on the same.

L Brands is taking every step to improve the performance of Victoria's Secret business, which involves inventory management, lowering of store selling costs and negotiation for ongoing rent relief. It comes as no surprise that store optimization plan is also on the cards. Markedly, the company in co-operation with suppliers has been identifying opportunities to lower merchandise costs. This would help improve merchandise margin rates at Victoria's Secret. Due to this initiative, Spring inventory receipts for Victoria's Secret were already down about 45% on a year-over-year basis. For the Fall, the company expects receipts to be down approximately 50% compared with the last year. Additionally, L Brands is trying all means to lower operating losses in the company-owned businesses in the U.K. and China..

▲ **Real Estate Initiative:** With respect to Bath & Body Works segment, L Brands now expects roughly 55 real estate projects (new stores and remodels) for fiscal 2020, down from recent historical rate of about 200 projects per year. The company's projection includes 51 closures in the current fiscal year, and is evaluating all locations. As regards Victoria's Secret unit is concerned, the company plans to shutter approximately 250 stores in the U.S. and Canada in the fiscal year. It is also evaluating strategic alternatives to reduce or eliminate losses in the U.K. and China. The company had earlier informed that it is testing new store formats, including smaller Victoria's Secret full assortment stores in China and adding lingerie to Victoria's Secret Beauty & Accessories (VSBA) stores.

Reasons To Sell:

- ▼ **Dismal Q1 Performance:** L Brands reported wider-than-expected loss per share, while revenues missed the Zacks Consensus Estimate during first-quarter fiscal 2020. This marked the fourth straight quarter of negative sales surprise. Results were primarily hurt by implementation of store closures across North America since mid-March in wake of the coronavirus outbreak. L Brands is already bearing the brunt of coronavirus outbreak that has led to the complete shutdown of economic activities, and the cancellation of deal with Sycamore Partners has aggravated the problem. Had the deal been materialized, it would have provided some cushion to the company's financial position. We note that the company is struggling with declining revenues and shrinking margins for a while. Moreover, the company's high debt level remains a concern.
- ▼ **Soft Victoria's Secret Performance:** L Brands has been witnessing softness in its Victoria's Secret brand for quite some time now, owing to stiff competition and consumers' changing preferences. Investors have pointed out that wrong merchandising actions and the company's inability to keep up with its strong brand image have led to Victoria's Secret's failure. During the first quarter of fiscal 2020, total Victoria's Secret sales declined 45.6% to \$821.5 million. Comparable sales fell 13% and comparable store sales declined 15%. Further, the segment saw a 15% decline in digital sales, mostly due to the six-day closure of the direct business. Notably, Victoria's Secret distribution centers were closed on Mar 19 to implement additional safety measures, which reopened on Mar 25. The segment witnessed adjusted operating loss of \$203.1 million against operating income of \$32.7 million last year. L Brands expects sales to decline approximately 40% at Victoria's Secret.
- ▼ **Margins a Concern:** Gross margin, an important financial metric that gives an indication about the company's health, has been contracting year over year for the past few quarters. L Brands' adjusted gross profit declined 59% to \$385.5 million during the quarter. We note that gross margin contracted to 23.3% from 35.5% on account of buying and occupancy deleverage on the sales decline. This follows a contraction of 170, 110, 160 and 40 basis points during the fourth, third, second and first quarters. During the quarter under review, the company reported adjusted operating loss of \$220.9 million against operating income of \$153.3 million.
- ▼ **Debt Analysis:** We note that L Brands ended first-quarter fiscal 2020 with cash and cash equivalents of \$957.2 million. This showcased a sequential decline of roughly 36%. Again, the company's cash position remains insufficient to fund current debt (including operating lease liabilities) of about \$1,058.5 million as of May 2, 2020. Although, long-term debt of \$7,979.3 million (including operating lease liabilities) declined 7% sequentially at the end of the first quarter, its debt-to-capitalization ratio increased to 1.26 from 1.20 at the end of the preceding quarter. On May 7, Moody's downgraded all ratings of L Brands, including its corporate family rating to B2 from B1 and its probability of default rating to B2-PD from B1-PD, with a negative outlook. The rating agency also downgraded the existing senior unsecured guaranteed notes to B2 from B1 and the senior unsecured unguaranteed notes to Caa1 from B3. The rating agency notified that failure on the part of the company to offload Victoria's Secret business was the reason behind its negative outlook.
- ▼ **Fashion Obsolescence A Threat:** Fashion obsolescence remains the main concern for L Brands' business model, which involves a sustained focus on product and design innovation. The company's pioneering position may be compromised by delays in its product launches. The company operates in the highly competitive apparel segment, and faces stiff competition from chain specialty stores, department stores and discount retailers on attributes such as, marketing, design, price, service, quality, and brand image, which may weigh upon its results.
-

L Brands has been witnessing softness in its Victoria's Secret brand for quite some time now, owing to stiff competition and consumers' changing preferences.

Last Earnings Report

L Brands Q1 Loss Wider Than Expected, Revenues Miss

L Brands reported wider-than-expected loss per share for first-quarter fiscal 2020, while revenues missed the Zacks Consensus Estimate. Results were primarily hurt by implementation of store closures across North America since mid-March in wake of the coronavirus outbreak. However, robust online demand partly offset the decline. Driven by the effects of the coronavirus pandemic, the company refrained from providing any guidance for the second quarter and fiscal 2020.

Quarter Ending **04/2020**

Report Date	May 20, 2020
Sales Surprise	-2.89%
EPS Surprise	-39.44%
Quarterly EPS	-0.99
Annual EPS (TTM)	1.15

As restrictions ease, the company expects to gradually re-open stores throughout the second quarter, while implementing necessary safety and health measures, per the government guidelines. The company expects to re-open nearly all of its stores by the end of July. Further, the company is focused on boosting online sales. It is also keen on inventory management, expense control and conservative capital allocation to preserve cash and boost liquidity. Additionally, the company is set to boost shareholder value by establishing Bath & Body Works as a pure-play public company. It is also on track to operate the Victoria's Secret Lingerie, Victoria's Secret Beauty and PINK businesses as a separate standalone company.

L Brands reported adjusted loss per share of 99 cents, wider than the Zacks Consensus Estimate of a loss of 71 cents. Further, the bottom line compared unfavorably with earnings of 14 cents reported in the year-ago quarter.

Net sales came in at \$1,654.2 million, down 37.1% from \$2,628.8 million reported in the prior-year quarter. The top line also missed the Zacks Consensus Estimate \$1,820 million. The decline can be attributed to the closure of nearly all of the company's stores in the United States and Canada since Mar 17 and earlier in international locations due to the coronavirus outbreak. Comparable sales (stores and direct business) rose 4%. The increase primarily resulted from gains in the direct and Bath & Body Works businesses. Meanwhile, the aforementioned store closures and softness in Victoria's Secret business were drags. Consolidated comparable store sales (only stores) declined 5% compared with a 3% fall in the prior-year quarter.

Victoria's Secret: Total sales declined 45.6% to \$821.5 million. Comparable sales fell 13% and comparable store sales declined 15%. Further, the segment saw a 15% decline in digital sales, mostly due to the six-day closure of the direct business. Notably, Victoria's Secret distribution centers were closed on Mar 19 to implement additional safety measures, which reopened on Mar 25. During this time, the Victoria's Secret online business was also non-operational. However, in April alone, when the segment's digital business was operational, direct sales rose 30%.

Bath & Body Works: Total sales declined 18.1% to \$712.7 million. However, the segment's comparable sales (stores and direct business) improved 41% in the quarter on the back of strong sales in the direct business as well as increased sales at stores prior to closures due to the virus outbreak. Notably, sales for the Bath & Body Works direct business soared 85% to \$288.9 million as the online business remained operational throughout. Meanwhile, comparable store sales (only stores) were up 20% driven by robust increase in demand for hand soaps and sanitizers prior to the closure of stores. Further, the company witnessed strong demand at the Body Care and Home Fragrance businesses during this period.

We note that L Brands' International sales were \$65.5 million in the reported quarter, down 51% year over year. The sharp decline is mainly attributed to the significant store closures across all regions. However, revenues improved slightly for Bath & Body Works international despite closure of the international franchised stores for most part of the quarter. Strong in-store sales before the store closures and robust online demand aided revenues for the franchised business.

L Brands' adjusted gross profit declined 59% to \$385.5 million during the quarter. We note that gross margin contracted 1,220 bps to 23.3% on account of buying and occupancy deleverage on sales decline. The company reported adjusted operating loss of \$220.9 million against adjusted operating income of \$153.3 million in the prior-year quarter. SG&A expenses declined 22% to \$606.4 million, mainly as the company adopted measures to curtail expenses, including furloughing associates from Apr 5, suspending store rents for April and May, lowering inventory receipts, extending vendor payments and more, in the wake of the coronavirus outbreak. As a percentage of net sales, however, SG&A expenses increased 700 bps to 36.7%.

Store Update

As of May 2, 2020, company-owned stores were 2,897, including 1,070 Victoria's Secret stores, 1,737 Bath & Body Works, 21 Victoria's Secret U.K./Ireland, five PINK U.K., 40 Victoria's Secret Beauty and Accessories and 24 Victoria's Secret China. Total non-company-owned stores were 722, including 207 Victoria's Secret Beauty & Accessories, 72 Victoria's Secret, 12 Pink and 262 Bath & Body Works stores. Further, non company-owned stores comprised 153 and 16 Travel Retail stores of Victoria's Secret Beauty & Accessories and Bath & Body Works, respectively.

Other Financial Details

L Brands ended the quarter with cash and cash equivalents of \$957.2 million, down from the prior-year quarter's \$1,145.6 million. Long-term debt decreased to \$5,034.1 million from \$5,748.7 million a year ago. Shareholders' deficit was \$1,859.6 million. Management incurred capital expenditures of \$55.2 million in the quarter under review. As part of its efforts to preserve cash amid the coronavirus pandemic, the company has slashed its capital expenditure guidance for fiscal 2020 to \$250 million from \$550 million anticipated earlier. Further, the company has suspended quarterly dividends for the time being to preserve liquidity.

Recent News

L Brands Plans to Lower \$400 Million in Costs – Jul 28, 2020

L Brands, Inc. provided an update on its “Go-Forward Strategy.” The company highlighted its plan to lower annual costs by approximately \$400 million. Further, management remains committed toward making Bath & Body Works chain a “pure-play public company” and Victoria’s Secret, “a separate, standalone company,” after the latter’s buyout deal with Sycamore Partners fell through.

The company expects to attain cost savings on the back of its profit improvement plan for Victoria’s Secret business, and actions to decentralize and streamline shared corporate and other functions. Of the targeted cost reduction plan, the company anticipates to accomplish roughly \$175 million during fiscal 2020.

In order to reduce overhead expenses and decentralize significant shared corporate and other functions to create standalone companies, L Brands is preparing to reduce 15% of its corporate staff or roughly 850 employees. Notably, management is taking every step to improve the performance of Victoria’s Secret business, which involves inventory management, lowering of store selling costs and negotiation for ongoing rent relief. It comes as no surprise that store optimization plan is also on the cards with the company intending to shut approximately 250 Victoria’s Secret stores in the fiscal year.

Valuation

L Brands shares are up 51.7% in the year-to-date period and 24.7% over the trailing 12-month period. Stocks in the Zacks sub-industry are down 23% but the Zacks Retail-Wholesale sector is up 26.7% in the year-to-date period. Over the past year, the sub-industry is down 17.4% but the sector is up 40.1%.

The S&P 500 index is up 3.9% in the year-to-date period and 16.4% in the past year.

The stock is currently trading at 24.25X forward 12-month earnings, which compares to 54.07X for the Zacks sub-industry, 33.63X for the Zacks sector and 22.75X for the S&P 500 index.

Over the past five years, the stock has traded as high as 36.86X and as low as 4.57X, with a 5-year median of 13.92X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$29 price target reflects 25.71X forward 12-month earnings.

The table below shows summary valuation data for LB

Valuation Multiples - LB					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	24.25	54.07	33.63	22.75
	5-Year High	36.86	87.11	34.76	22.75
	5-Year Low	4.57	8.14	19.08	15.25
	5-Year Median	13.92	14.19	23.46	17.58
P/S F12M	Current	0.66	0.56	1.25	3.66
	5-Year High	2.32	1.08	1.25	3.66
	5-Year Low	0.2	0.32	0.82	2.53
	5-Year Median	0.9	0.79	0.97	3.05
EV/EBITDA TTM	Current	7.42	12.07	19.53	12.62
	5-Year High	13.92	12.07	19.75	12.84
	5-Year Low	3.94	4.7	11.13	8.24
	5-Year Median	7.54	6.62	12.94	10.9

As of 08/10/2020

Industry Analysis Zacks Industry Rank: Bottom 7% (235 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
American Eagle Outfitters, Inc. (AEO)	Neutral	4
AbercrombieFitch Company (ANF)	Neutral	4
The Gap, Inc. (GPS)	Neutral	4
Vera Bradley, Inc. (VRA)	Neutral	3
Guess, Inc. (GES)	Underperform	5
The Childrens Place, Inc. (PLCE)	Underperform	4
Urban Outfitters, Inc. (URBN)	Underperform	4
Zumiez Inc. (ZUMZ)	Underperform	3

Industry Comparison Industry: Retail - Apparel And Shoes				Industry Peers		
	LB	X Industry	S&P 500	ANF	GPS	URBN
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Underperform
Zacks Rank (Short Term)	3	-	-	4	4	4
VGM Score	D	-	-	F	F	D
Market Cap	7.60 B	526.38 M	23.56 B	646.78 M	5.47 B	1.90 B
# of Analysts	12	4	14	10	8	8
Dividend Yield	0.00%	0.00%	1.71%	0.00%	0.00%	0.00%
Value Score	C	-	-	D	D	C
Cash/Price	0.13	0.26	0.07	1.15	0.21	0.35
EV/EBITDA	9.72	6.78	13.39	5.58	9.45	6.99
PEG Ratio	9.54	3.34	2.92	NA	NA	NA
Price/Book (P/B)	NA	1.37	3.18	0.81	2.35	1.47
Price/Cash Flow (P/CF)	3.91	4.20	12.69	2.97	4.20	5.89
P/E (F1)	104.92	33.06	22.16	NA	NA	NA
Price/Sales (P/S)	0.64	0.35	2.55	0.19	0.37	0.51
Earnings Yield	0.95%	1.77%	4.33%	-26.86%	-15.98%	-5.24%
Debt/Equity	-4.29	1.01	0.77	1.78	2.84	1.01
Cash Flow (\$/share)	7.04	1.75	6.94	3.53	3.49	3.30
Growth Score	F	-	-	F	F	F
Hist. EPS Growth (3-5 yrs)	-14.42%	-1.21%	10.41%	2.25%	-1.21%	-2.63%
Proj. EPS Growth (F1/F0)	-88.50%	-80.08%	-6.51%	-485.75%	-218.97%	-151.97%
Curr. Cash Flow Growth	45.86%	-0.71%	5.26%	-6.25%	-14.41%	-22.87%
Hist. Cash Flow Growth (3-5 yrs)	6.20%	1.64%	8.55%	-5.89%	-5.36%	-2.66%
Current Ratio	1.06	1.45	1.34	1.32	1.23	1.77
Debt/Capital	NA%	55.77%	44.59%	63.97%	73.96%	50.21%
Net Margin	-5.89%	-2.68%	10.13%	-5.50%	-5.47%	-0.08%
Return on Equity	-23.32%	2.57%	14.59%	-14.29%	-8.63%	2.65%
Sales/Assets	1.17	1.08	0.51	0.98	1.08	1.13
Proj. Sales Growth (F1/F0)	-14.56%	-11.89%	-1.54%	-13.99%	-18.53%	-14.82%
Momentum Score	C	-	-	F	C	B
Daily Price Chg	5.57%	1.50%	0.91%	6.06%	3.98%	0.73%
1 Week Price Chg	6.68%	3.94%	2.30%	2.80%	5.31%	16.75%
4 Week Price Chg	67.72%	6.18%	8.54%	6.49%	30.95%	19.77%
12 Week Price Chg	115.27%	8.75%	13.68%	-11.47%	87.21%	3.57%
52 Week Price Chg	24.73%	-35.39%	3.71%	-35.39%	-16.15%	-7.03%
20 Day Average Volume	6,650,503	421,920	2,015,804	2,441,130	10,550,569	2,272,942
(F1) EPS Est 1 week change	21.07%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	545.07%	0.00%	1.67%	-0.79%	-0.33%	2.51%
(F1) EPS Est 12 week change	-73.91%	-65.87%	2.27%	-425.02%	-585.88%	-182.49%
(Q1) EPS Est Mthly Chg	28.20%	0.00%	0.67%	0.00%	0.00%	0.00%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	C
Growth Score	F
Momentum Score	C
VGM Score	D

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.