

Lowes Companies(LOW)

\$161.72 (As of 08/21/20)

Price Target (6-12 Months): **\$187.00**

Long Term: 6-12 Months

Zacks Recommendation:

Outperform

(Since: 08/21/20)

Prior Recommendation: Neutral

Short Term: 1-3 Months

Zacks Rank: (1-5)

1-Strong Buy

Zacks Style Scores:

VGM:A

Value: C

Growth: A

Momentum: A

Summary

Shares of Lowe's outperformed the industry in the past six months, owing to the company's sturdy performance that continued in second-quarter fiscal 2020. In fiscal second quarter, earnings and sales outpaced the Zacks Consensus Estimate and grew year over year. Results benefited from the company's retail-fundamentals strategy with improved technology and operational channels. Notably, the consumer focus on the home, core-repair and maintenance activities fueled quarterly sales. Impressively, momentum in sales continued in August, with strength in both the DIY and pro customers. Management has also been making investments in omni-channel capabilities to drive growth. Notably, sales at lowes.com grew 135% in fiscal second quarter. Moving ahead, the company is well positioned to capitalize the demand in the home improvement market.

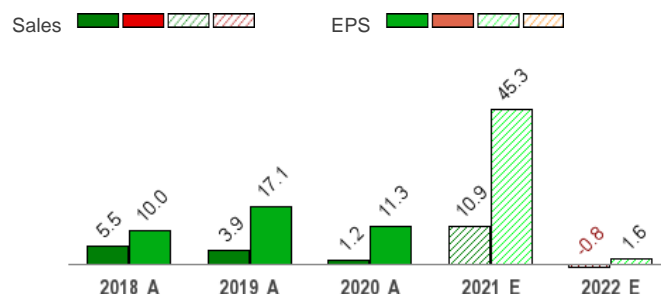
Price, Consensus & Surprise



Data Overview

| | |
|----------------------------|---|
| 52 Week High-Low | \$162.89 - \$60.00 |
| 20 Day Average Volume (sh) | 3,721,844 |
| Market Cap | \$122.1 B |
| YTD Price Change | 35.0% |
| Beta | 1.45 |
| Dividend / Div Yld | \$2.20 / 1.4% |
| Industry | Building Products - Retail |
| Zacks Industry Rank | Top 8% (21 out of 252) |

Sales and EPS Growth Rates (Y/Y %)



| | |
|---------------------------|--------------|
| Last EPS Surprise | 23.8% |
| Last Sales Surprise | 9.9% |
| EPS F1 Est- 4 week change | 12.1% |
| Expected Report Date | NA |
| Earnings ESP | 1.3% |
| P/E TTM | 20.6 |
| P/E F1 | 19.5 |
| PEG F1 | 1.4 |
| P/S TTM | 1.5 |

Sales Estimates (millions of \$)

| | Q1 | Q2 | Q3 | Q4 | Annual* |
|------|----------|----------|----------|----------|----------|
| 2022 | 19,498 E | 23,425 E | 18,904 E | 17,267 E | 79,387 E |
| 2021 | 19,675 A | 27,302 A | 18,673 E | 16,749 E | 79,993 E |
| 2020 | 17,741 A | 20,992 A | 17,388 A | 16,027 A | 72,148 A |

EPS Estimates

| | Q1 | Q2 | Q3 | Q4 | Annual* |
|------|----------|----------|----------|----------|----------|
| 2022 | \$1.96 E | \$3.37 E | \$1.92 E | \$1.32 E | \$8.44 E |
| 2021 | \$1.77 A | \$3.75 A | \$1.83 E | \$1.09 E | \$8.31 E |
| 2020 | \$1.22 A | \$2.15 A | \$1.41 A | \$0.94 A | \$5.72 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 08/21/2020. The reports text is as of 08/24/2020.

Overview

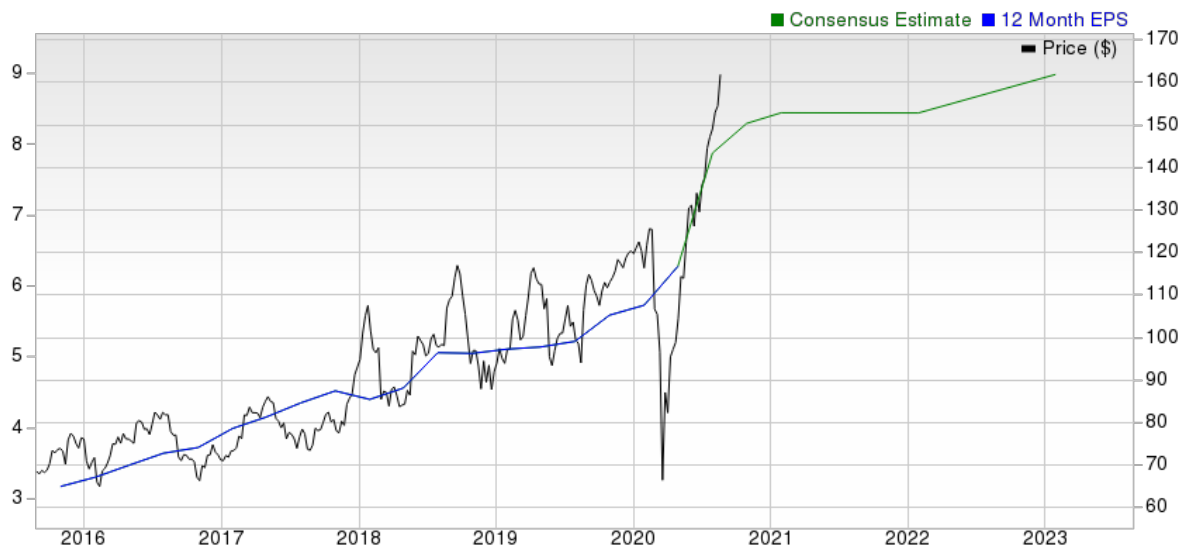
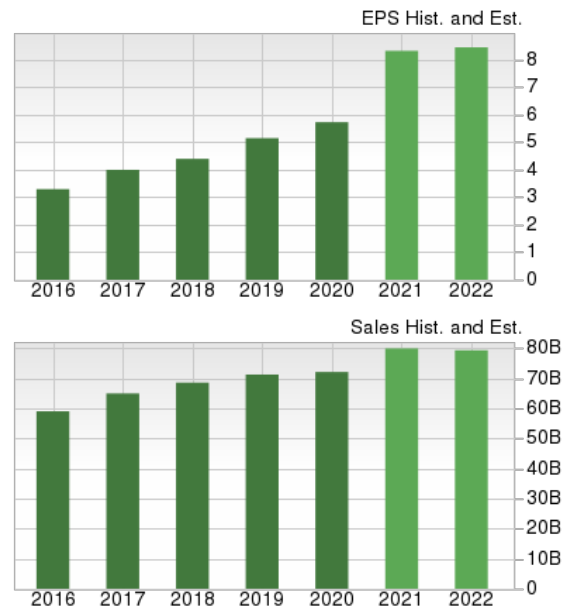
Lowe's Companies (LOW) has evolved as one of the world's leading home improvement retailer, offering services to homeowners, renters and commercial business customers. The company has been enhancing experience of its pro customers by upgrading pro-focused brands and revamping pro-service business website, LowesForPros.com.

Incorporated in 1952 and based in Mooresville, NC, Lowe's has its operations primarily in the U.S. and Canada. The company offers services to homeowners, renters and commercial business customers. Homeowners and renters principally include do-it-yourself (DIY) customers and do-it-for-me (DIFM) customers who utilize the company's installed sales programs. Commercial business customers consist of those who work in the construction, repair/remodel, commercial and residential property management, and business maintenance professions.

Lowe's offers a wide range of products and services for home decoration, maintenance, repair, remodeling and property maintenance. The company provides a line of home improvement products in diverse categories, such as appliances, lumber, paint, flooring, building materials, millwork, lawn and landscape products, fashion plumbing, hardware, lighting, tools, seasonal living, rough plumbing, outdoor power equipment, cabinets and countertops, nursery, rough electrical, home environment, home organization, and windows and walls.

The company's home improvement store stocks about 34,000 items, a number of which are available through the Special Order Sales system, and comprises a varied collection of branded merchandise such as Whirlpool, Stainmaster, Valspar, Pella and many more. The company also trades in brands that are exclusive to Lowe's, including Aquasource, Garden Treasures, Harbor Breeze, Kobalt, Reliablilt, Top-Choice and Utilitech.

Lowe's offers products through retail stores as well as online (Lowe's.com). As of Jul 31, 2020, the company operated 1,968 home-improvement and hardware stores across the United States and Canada.



Reasons To Buy:

▲ **Robust Q2 Performance:** Shares of Lowe's have increased 36.5% in the past six months and outperformed the industry's 23% gain. The stock's upside run on bourses is attributed to the company's sturdy performance that continued in second-quarter fiscal 2020, wherein both earnings and sales outpaced the Zacks Consensus Estimate and grew year over year. With this, the company delivered its fifth-straight earnings beat and the second-consecutive sales surprise in the quarter. Results benefited from the company's retail-fundamentals strategy with improved technology and operational channels, which aided it to meet consumer demand. Also, the company saw a shift from other forms of discretionary spending to home repair and maintenance work. Notably, the consumer focus on the home, core-repair and maintenance activities fueled sales. Moving ahead, momentum in sales continued in August, with strength in both the DIY and pro customers.

Lowe's is making progress on key sales initiatives such as inventory levels, job-lot quantities, Pro service levels, better product presentation and labor scheduling.

▲ **Strong Digital Presence:** We note that strong digital presence has been aiding the company's performance for a while. Management has been making investments in omni-channel capabilities to drive growth. Apparently, sales at lowes.com increased 135% in fiscal second quarter, following an 80% increase during the first quarter. Notably, online penetration rose to 8% of total sales in the reported quarter, benefiting from increased online shopping by pro and DIY customers. Management has also completed the replatforming of lowes.com to the cloud in the quarter, with improved site functionality. Moreover, the company is focused on building other extensions of its omni-channel capabilities. After completing the transition of lowes.com to the cloud, it has now been working to accelerate the front-end work and drive customer-facing capabilities in the back half of fiscal. These capabilities include online-delivery scheduling and order tracking, a customized homepage, simplified search and navigation, and an enhanced online product offering to boost customer experience. Such well-chalked efforts will continue to fuel the company's top line going forward.

▲ **Growth in Home Improvements & Other Areas:** Lowe's believes that the home improvement market has robust growth potency, with consumers becoming increasingly motivated to invest in homes. Additionally, the company is keenly focused on home-improvement projects given the expectations that people are likely to stay closer to home this holiday season. It remains focused to cater to consumers' requirements for fall-preparation projects, remodel activity, space-conversion projects, holiday decorating as well as core repair and maintenance activity. During second-quarter fiscal 2020, comparable sales for the U.S. home-improvement business grew 35.1%, following an increase of 12.3% in the preceding quarter. Further, the company recorded an increase of 2.6%, 3%, 3.2% and 4.2% in the fourth, third, second and first quarter of fiscal 2019, respectively. In fact, 14 of 15 merchandising departments delivered positive comps.

In the reported quarter, comps gained from sturdy project demand from DIY and pro customers across channels, product categories and geographies. It saw comparable-sales growth of over 20% across all its merchandising divisions, while all the U.S. geographic regions posted comparable-sales increase of at least 30%. Moreover, an improving job scenario and housing market will act as tailwinds. Management is pleased with the progress of its retail-fundamentals and merchandising initiatives. Such factors have been driving the company to exit from less-profitable businesses and allocate more resources in the booming home improvements arena.

▲ **Focus on Pro Customers:** Pro customers have been a significant driver in Lowe's business growth. Moreover, in a bid to continue augmenting sales from pro customers, the company has been augmenting pro-focused brands. Additionally, Lowe's has refurbished its pro-service business website, LowesForPros.com, in order to give special attention to the needs of its Pro-customers. Apparently, pro sales were solid with comps in the mid-20s during the second quarter of fiscal 2020. The performance benefited from demand acceleration in May that continued throughout the quarter. Also, the company's smooth progress with retail fundamentals such as job-lot quantities and improved service levels aided pro performance. The company has also teamed up with HomeAdvisor for its Pro loyalty consumers.

In addition, management is committed to help keep pro customers working amid these trying times. To this end, management has undertaken a major move toward the expansion of products and services offered to the pro. It has started a multi-year national rollout of Lowe's tool-rental program with the first location opening at a central Charlotte store on Aug 20. This is an opportunity for the company to strengthen its relationship with the customer segment. As of now, more than 70% of pros are using tool-rental programs. Management also remains excited with its Pro-loyalty CRM program. This allows the company to deploy more strategic marketing to the Pro and expand market share. Management is also encouraged by its partnership with Salesforce.com, thus enabling the company to develop the best platform to efficiently serve Pros.

▲ **Financial Status:** Lowe's ended second-quarter fiscal 2020 with total long-term debt (including operating lease liabilities) of \$24,056 million that fell slightly on a sequential basis. Also, its debt-to-capitalization ratio of 0.85 at the end of fiscal second quarter shows a decline from 0.94 at the end of the preceding quarter. Again, the company's times interest earned ratio of 10.8 has improved sequentially from 9.4. Moreover, the company's cash and cash equivalents of \$11,641 million as of Jul 31, 2020, shows a substantial increase from the preceding quarter.

In addition, Lowe's looks well placed on the dividend-payout front. During fiscal second quarter, management paid a quarterly dividend of 55 cents a share. Notably, the company has a dividend payout of 28%, dividend yield of 1.4% and free cash flow yield of 4.3%. With an annual free cash flow return on investment of 21.8%, the dividend payment is likely to be sustainable. In the first six months of fiscal 2020, Lowe's repurchased shares worth \$966 million and distributed \$836 million as dividends.

Risks

- **Outlook:** Management highlighted that the third and fourth quarters are generally smaller-revenue quarters, owing to natural demand patterns of the home-improvement space. For the rest of the fiscal, Lowe's anticipates modestly higher promotional activity, however, not similar to the prior-year levels. Moreover, management projects lower levels of gross-margin expansion in the back half of fiscal 2020, relative to fiscal second quarter. With regard to costs, it estimates incurring pandemic-related operating expenses of roughly \$70-\$80 million per quarter for safety and cleanliness across its stores. The spending also includes merchandising resets and expansion of the supply-chain infrastructure. Depending on these factors, operating margin is likely to moderate in the back half as compared to the first half.
 - **Currency Headwind:** Lowe's remains prone to unfavorable foreign currency translations, owing to its exposure in the international markets. The weakening of foreign currencies against the U.S. dollar may require the company to either raise prices or contract profit margins in locations outside the country. Any fluctuation in foreign currency may act as a deterrent in the near term.
 - **Stiff Competition:** In the home improvement retailing business, Lowe's faces stiff competition from The Home Depot and other home supply retailers on attributes such as location, price and quality of merchandise, in-stock consistency, merchandise assortments and customer service. Such factors may weigh upon the company's margins from a mix and rate perspective.
 - **Macroeconomic Headwinds:** The company's customers remain sensitive to macroeconomic factors including interest rate hikes, increase in fuel and energy costs, credit availability, unemployment levels, and high household debt levels, which may negatively impact their discretionary spending, and in turn the company's growth and profitability. An unfavorable economy might delay home improvement projects, which in turn could hamper sales of product categories and services provided by the company.
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Last Earnings Report

Lowe's Q2 Earnings & Sales Beat Estimates, Rise Y/Y

Lowe's reported robust second-quarter fiscal 2020 results, wherein both earnings and sales outpaced the Zacks Consensus Estimate and grew year over year. Notably, the company delivered the fifth-straight earnings beat and the second-consecutive sales surprise in the quarter.

Results benefited from the company's retail-fundamentals strategy with improved technology and operational channels, which aided it to meet consumer demand. Notably, the consumer focus on the home, core-repair and maintenance activities fueled sales. The company saw comparable-sales growth of over 20% across all its merchandising divisions, while all the U.S. geographic regions posted comparable-sales increase of at least 30% in the fiscal second quarter. Moving ahead, momentum in sales continued in August.

Furthermore, management has been making investments in omni-channel capabilities to drive growth. Apparently, sales at lowes.com increased 135% in fiscal second quarter. On May 20, management withdrew the guidance for fiscal 2020 due to the lack of visibility about future trends, owing to the coronavirus outbreak.

Q2 in Detail

Adjusted earnings of \$3.75 per share surpassed the Zacks Consensus Estimate of \$3.03 and surged a whopping 74.4% year over year.

Net sales of \$27,302 million jumped 30.1% year over year and surpassed the Zacks Consensus Estimate of \$24,708 million. Notably, comparable sales increased 34.2% during the quarter under review. Comparable sales for the U.S. home-improvement business reflected a robust rise of 35.1% in the quarter, following an increase of 12.3% in the preceding quarter.

Gross profit improved nearly 38% year over year to \$9,304 million, while gross margin expanded 197 basis points (bps) to 34.1%, driven by strong top-line growth. Further, adjusted operating income margin grew 311 bps to 14.5% on improved operating efficiencies.

Other Financial Aspects

In the reported quarter, Lowe's invested \$460 million to support the frontline hourly associates, communities and store safety. During the first half of fiscal 2020, Lowe's spent \$560 million to financially support its associates amid the pandemic, and \$100 million as community pandemic relief. Moreover, its second-quarter performance led to a record quarterly Winning Together profit-sharing bonus for the company's hourly associates at 100% of its outlets, worth \$107 million.

Moreover, the company ended the quarter with cash and cash equivalents of \$11,641 million, long-term debt (excluding current maturities) of \$20,197 million and shareholders' equity of \$4,356 million. It generated cash flow from operations of \$11,752 million as of Jul 31, 2020. For fiscal 2020, management still expects capital expenditures of about \$1.6 billion.

During the first six months of fiscal 2020, Lowe's repurchased shares worth \$966 million and distributed \$836 million as dividends. It had earlier suspended the share-repurchase program for the rest of fiscal 2020.

As of Jul 31, 2020, the company operated 1,968 home-improvement and hardware stores across the United States and Canada.

Quarter Ending **07/2020**

| | |
|------------------|---------------------|
| Report Date | Aug 19, 2020 |
| Sales Surprise | 9.85% |
| EPS Surprise | 23.76% |
| Quarterly EPS | 3.75 |
| Annual EPS (TTM) | 7.87 |

Recent News

Lowe's Hikes Quarterly Dividend – Aug 22, 2020

Lowe's recently announced a dividend hike of about 9% from its prior payout of 55 cents a share. The hiked dividend rate of 60 cents a share, which is payable Nov 4, 2020 to shareholders of record as on Oct 21, brings the third-quarter payout to roughly \$455 million. The new dividend comes to an annualized dividend of \$2.40 per share versus the prior rate of \$2.20 per share.

Lowe's Rolls Out Tool Rental Program – Aug 19, 2020

Lowe's has started rolling out tool rental departments nationwide, with a one-stop shop for the entire tools and equipment Pros and DIY consumers requiring to complete home-improvement projects. The company's first location opened in Charlotte, N.C. on Aug 20.

Lowe's to Launch Exclusive Partnership with EGO – Jul 22, 2020

In lieu to expand its portfolio of outdoor power brands, Lowe's has entered into partnership with Chervon-owned EGO, the number one brand in battery-powered outdoor power equipment. Beginning this December, the company will be the exclusive nationwide home center to offer the EGO's world class battery-powered products such as mowers, blowers, string trimmers, hedge trimmers, edgers, chainsaws and snowblowers. EGO products will also be available online at Lowes.com and in select stores in fall 2020. The company will launch the products to all U.S. stores nationwide by February 2021. Additionally, Lowe's will offer another Chervon-owned product, SKIL battery-powered outdoor power equipment, in late 2020. The company will offer push and self-propelled mowers, leaf blowers, string and hedge trimmers, among other products and accessories. Lowe's continues to offer leading brands across all outdoor power equipment categories with John Deere, Craftsman, Husqvarna, Honda and Ariens.

Valuation

Lowe's shares are up 35% in the year-to-date period and 52% in the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Retail-Wholesale sector are up 29.2% and 31.2%, respectively, in the year-to-date period. Over the past year, the sub-industry and the sector are up 35.7% and 42.1%, respectively.

The S&P 500 index is up 5.5% in the year-to-date period and 18.3% in the past year.

The stock is currently trading at 19.28X forward 12-month earnings, which compares to 22.53X for the Zacks sub-industry, 33.24X for the Zacks sector and 22.85X for the S&P 500 index.

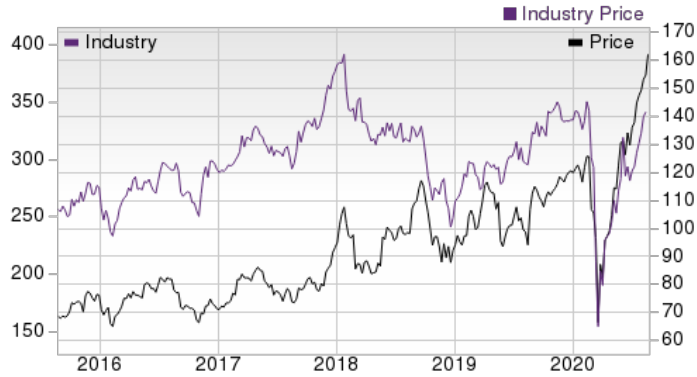
Over the past five years, the stock has traded as high as 22.95X and as low as 9.7X, with a 5-year median of 17.28X. Our Outperform recommendation indicates that the stock will perform better than the market. Our \$187 price target reflects 22.29X forward 12-month earnings.

The table below shows summary valuation data for LOW

| Valuation Multiples - LOW | | | | | |
|---------------------------|---------------|-------|--------------|--------|---------|
| | | Stock | Sub-Industry | Sector | S&P 500 |
| P/E F12M | Current | 19.28 | 22.53 | 33.24 | 22.85 |
| | 5-Year High | 22.95 | 23.68 | 34.77 | 22.85 |
| | 5-Year Low | 9.7 | 16.02 | 19.08 | 15.25 |
| | 5-Year Median | 17.28 | 19 | 23.47 | 17.58 |
| P/S F12M | Current | 1.48 | 1.69 | 1.27 | 3.71 |
| | 5-Year High | 1.52 | 1.69 | 1.27 | 3.71 |
| | 5-Year Low | 0.67 | 1.06 | 0.82 | 2.53 |
| | 5-Year Median | 1.07 | 1.29 | 0.97 | 3.05 |
| EV/EBITDA TTM | Current | 13.29 | 15.01 | 19.98 | 12.89 |
| | 5-Year High | 15.43 | 14.92 | 20.01 | 12.89 |
| | 5-Year Low | 8.91 | 8.46 | 10.68 | 8.25 |
| | 5-Year Median | 11.39 | 10.85 | 12.97 | 10.91 |

As of 08/21/2020

Industry Analysis Zacks Industry Rank: Top 8% (21 out of 252)



Top Peers

| Company (Ticker) | Rec | Rank |
|---------------------------------------|------------|------|
| Beacon Roofing Supply, Inc. (BECN) | Outperform | 3 |
| Lumber Liquidators Holdings, Inc (LL) | Outperform | 2 |
| Target Corporation (TGT) | Outperform | 1 |
| Amazon.com, Inc. (AMZN) | Neutral | 3 |
| Costco Wholesale Corporation (COST) | Neutral | 3 |
| The Home Depot, Inc. (HD) | Neutral | 3 |
| RH (RH) | Neutral | 2 |
| Walmart Inc. (WMT) | Neutral | 3 |

| Industry Comparison Industry: Building Products - Retail | | | | Industry Peers | | |
|--|------------|------------|-----------|----------------|-----------|------------|
| | LOW | X Industry | S&P 500 | BECN | HD | LL |
| Zacks Recommendation (Long Term) | Outperform | - | - | Outperform | Neutral | Outperform |
| Zacks Rank (Short Term) | 1 | - | - | 3 | 3 | 2 |
| VGM Score | A | - | - | A | A | A |
| Market Cap | 122.10 B | 2.19 B | 23.62 B | 2.19 B | 304.62 B | 794.03 M |
| # of Analysts | 14 | 5 | 14 | 7 | 14 | 3 |
| Dividend Yield | 1.36% | 0.00% | 1.65% | 0.00% | 2.12% | 0.00% |
| Value Score | C | - | - | A | B | B |
| Cash/Price | 0.05 | 0.11 | 0.07 | 0.47 | 0.03 | 0.19 |
| EV/EBITDA | 18.13 | 9.97 | 13.29 | 11.49 | 18.30 | 28.58 |
| PEG Ratio | 1.38 | 1.20 | 3.03 | NA | 2.14 | 0.93 |
| Price/Book (P/B) | 28.03 | 1.71 | 3.11 | 1.30 | NA | 4.49 |
| Price/Cash Flow (P/CF) | 21.12 | 10.46 | 12.69 | 4.77 | 22.82 | 23.20 |
| P/E (F1) | 19.46 | 16.87 | 21.51 | 16.67 | 25.06 | 25.56 |
| Price/Sales (P/S) | 1.52 | 0.60 | 2.43 | 0.31 | 2.55 | 0.77 |
| Earnings Yield | 5.14% | 5.93% | 4.46% | 6.01% | 3.99% | 3.92% |
| Debt/Equity | 5.52 | 1.14 | 0.76 | 1.98 | -90.01 | 1.14 |
| Cash Flow (\$/share) | 7.66 | 2.88 | 6.93 | 6.66 | 12.41 | 1.19 |
| Growth Score | A | - | - | A | A | A |
| Hist. EPS Growth (3-5 yrs) | 15.21% | 15.21% | 10.44% | 5.47% | 18.43% | 89.96% |
| Proj. EPS Growth (F1/F0) | 45.30% | 1.48% | -5.53% | -15.62% | 10.25% | 85.64% |
| Curr. Cash Flow Growth | -12.64% | 0.60% | 5.20% | 11.78% | 0.60% | -2.19% |
| Hist. Cash Flow Growth (3-5 yrs) | 6.65% | 10.93% | 8.52% | 40.23% | 11.22% | -15.29% |
| Current Ratio | 1.30 | 2.18 | 1.33 | 2.25 | 1.30 | 1.60 |
| Debt/Capital | 84.67% | 56.43% | 44.50% | 61.58% | NA | 53.32% |
| Net Margin | 7.12% | 2.95% | 10.13% | -1.80% | 9.91% | 3.12% |
| Return on Equity | 228.17% | 15.41% | 14.67% | 9.45% | -583.91% | 20.94% |
| Sales/Assets | 1.82 | 1.76 | 0.51 | 1.02 | 2.12 | 1.71 |
| Proj. Sales Growth (F1/F0) | 10.87% | 0.00% | -1.54% | -2.87% | 12.87% | -3.45% |
| Momentum Score | A | - | - | B | A | B |
| Daily Price Chg | 1.98% | 1.07% | -0.15% | 2.78% | 0.91% | 2.72% |
| 1 Week Price Chg | 1.02% | 3.28% | 1.09% | -1.35% | 3.28% | 7.14% |
| 4 Week Price Chg | 10.39% | 10.19% | 1.64% | 10.19% | 7.36% | 30.12% |
| 12 Week Price Chg | 26.23% | 26.02% | 6.72% | 27.15% | 15.54% | 174.38% |
| 52 Week Price Chg | 49.52% | 8.39% | 1.00% | 2.05% | 28.15% | 207.83% |
| 20 Day Average Volume | 3,721,844 | 510,150 | 1,873,576 | 510,150 | 3,169,936 | 1,209,299 |
| (F1) EPS Est 1 week change | 3.02% | 0.00% | 0.00% | 0.00% | 5.08% | 10.62% |
| (F1) EPS Est 4 week change | 12.05% | 11.97% | 1.79% | 13.33% | 11.88% | 447.46% |
| (F1) EPS Est 12 week change | 16.31% | 17.17% | 3.35% | 30.24% | 15.10% | 18,044.46% |
| (Q1) EPS Est Mthly Chg | 13.79% | 13.79% | 0.42% | 3.91% | 15.58% | 464.71% |

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 | 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.

Disclosures

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