

## lululemon athletica (LULU)

**\$304.69** (As of 06/22/20)

Price Target (6-12 Months): **\$320.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 11/12/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

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

**3-Hold**

Zacks Style Scores:

VGM:F

Value: F

Growth: F

Momentum: F

### Summary

Shares of lululemon continue to show resilience on its sound fundamentals, despite the effects of the coronavirus pandemic. The company's shares outpaced the industry in the past three months owing to its robust digital growth amid the pandemic, despite reporting dismal first-quarter fiscal 2020 results. A shift in consumer preference toward online shopping has been aiding its e-commerce business. This resulted in strong digital sales growth in March and April, which continued into May. It expects digital sales in the fiscal second quarter to be consistent with the 125% growth witnessed in April. Also, a phased reopening of stores bodes well. However, extended store closures marred results in the fiscal first quarter. Moreover, it witnessed soft margins owing to deleverage in occupancy and other non-product costs as well as SG&A expense.

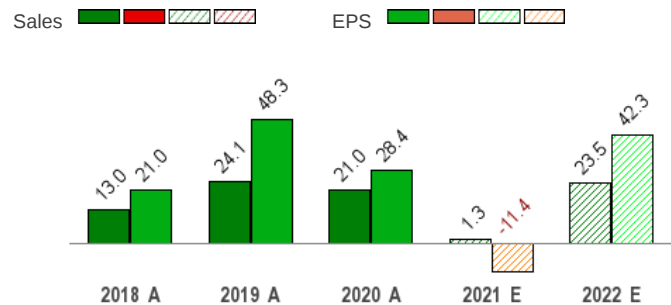
### Price, Consensus & Surprise



### Data Overview

|                            |                                   |
|----------------------------|-----------------------------------|
| 52 Week High-Low           | \$324.76 - \$128.85               |
| 20 Day Average Volume (sh) | 2,708,426                         |
| Market Cap                 | \$39.7 B                          |
| YTD Price Change           | 31.5%                             |
| Beta                       | 1.06                              |
| Dividend / Div Yld         | \$0.00 / 0.0%                     |
| Industry                   | <a href="#">Textile - Apparel</a> |
| Zacks Industry Rank        | Bottom 34% (168 out of 253)       |

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



|                           |            |
|---------------------------|------------|
| Last EPS Surprise         | -15.4%     |
| Last Sales Surprise       | -8.4%      |
| EPS F1 Est- 4 week change | -3.1%      |
| Expected Report Date      | 09/03/2020 |
| Earnings ESP              | 0.0%       |
| P/E TTM                   | 68.9       |
| P/E F1                    | 69.7       |
| PEG F1                    | 3.8        |
| P/S TTM                   | 10.3       |

### Sales Estimates (millions of \$)

|      | Q1    | Q2    | Q3      | Q4      | Annual* |
|------|-------|-------|---------|---------|---------|
| 2022 | 806 E | 989 E | 1,141 E | 1,839 E | 4,975 E |
| 2021 | 652 A | 822 E | 950 E   | 1,540 E | 4,029 E |
| 2020 | 782 A | 883 A | 916 A   | 1,397 A | 3,979 A |

### EPS Estimates

|      | Q1       | Q2       | Q3       | Q4       | Annual*  |
|------|----------|----------|----------|----------|----------|
| 2022 | \$0.63 E | \$0.85 E | \$1.18 E | \$3.07 E | \$6.22 E |
| 2021 | \$0.22 A | \$0.49 E | \$0.90 E | \$2.50 E | \$4.37 E |
| 2020 | \$0.74 A | \$0.96 A | \$0.96 A | \$2.28 A | \$4.93 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 06/22/2020. The reports text is as of 06/23/2020.

## Overview

Founded in 1998 and based in Vancouver, Canada, lululemon athletica inc. is a yoga-inspired athletic apparel company that creates lifestyle components. The company designs, manufactures and distributes athletic apparel and accessories for women, men and female youth.

The company offers a line of apparel assortment, including fitness pants, shorts, tops and jackets designed for healthy lifestyle and athletic pursuits, such as yoga, training, and running as well as other sweaty and general fitness under the lululemon athletica brand name. Moreover, its fitness-related items comprise an array of accessories like bags, socks, underwear, yoga mats, instructional yoga DVDs, water bottles and other equipments.

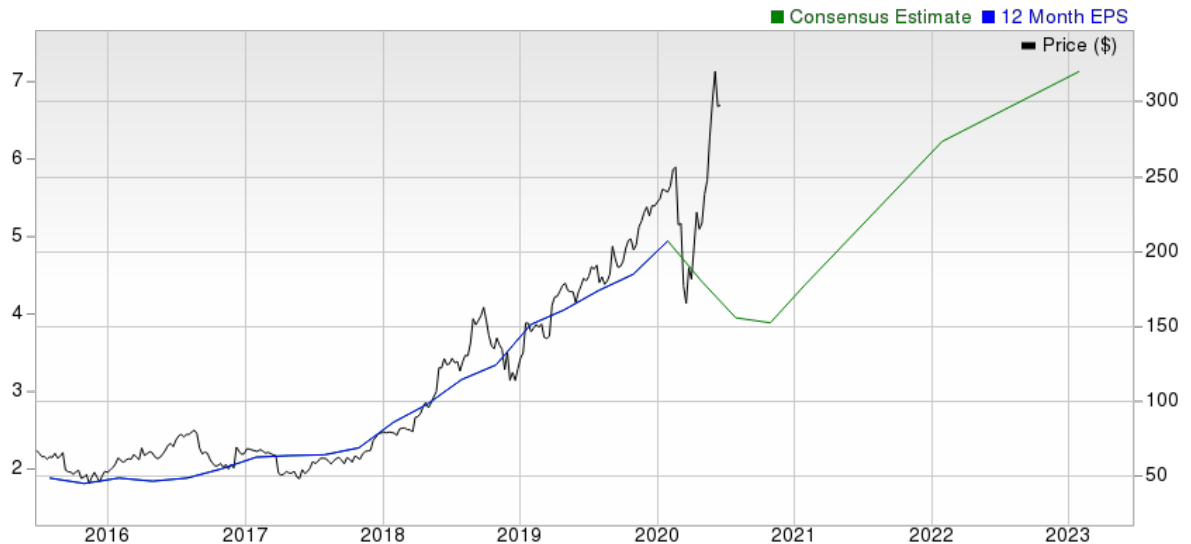
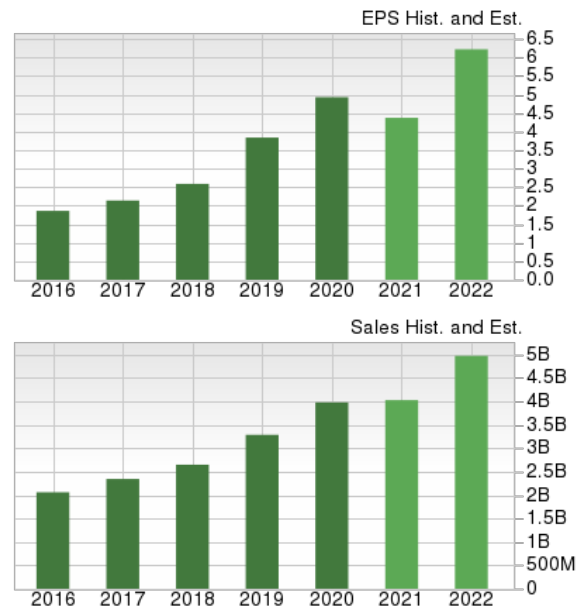
Notably, the company sells its products primarily in North America through a chain of corporate-owned and retail stores, outlets and warehouse sales, independent franchises, and a network of wholesale accounts. Also, the company has an e-commerce site with an aim to rapidly expand its online business.

Additionally, the company has entered into license and supply agreements with partners in the Middle East and Mexico, through which they are permitted to operate lululemon branded retail locations in the United Arab Emirates, Kuwait, Qatar, Oman, Bahrain, and Mexico. Also, they have the rights to sell lululemon products via the company's e-commerce websites in these countries.

Under these arrangements, the company supplies its license partners with lululemon products, training and other support. While the initial agreement term for the Middle East expires in January 2020, the term for Mexico expires in November 2026.

Furthermore, the company conducts its business through two segments: company-operated stores and direct to consumer.

As of May 3, 2020, lululemon operated 489 company-operated stores.



## Reasons To Buy:

- ▲ **Robust e-commerce Trend Amid Pandemic:** Shares of lululemon have rallied 58% in the past three months compared with the industry's 30.9% growth. The stock is witnessing momentum owing to its strong e-commerce performance, despite store closures. The coronavirus pandemic has transformed the retail industry, putting e-commerce in the forefront as consumers' preference is shifting to online shopping. Notably, lululemon's first-quarter fiscal 2020 results reflected strong e-commerce growth in March and April, which continued into May. The company's direct-to-consumer sales, through its website and app jumped 70% on a reported basis and in constant dollars, in the fiscal first quarter. This marked a significant improvement from constant-dollar growth of 35% in the year-ago quarter and 41% in fourth-quarter fiscal 2019. Notably, e-commerce revenues contributed about \$352 million or 54% of total sales in the fiscal first quarter, whereas its contribution was 26.8% in the year-ago quarter. The company has been investing in websites and mobile app for the last several quarters to enhance the guest experience. These investments have improved functionality, including checkout, navigation, search browse and the speed of our sites. The capabilities clearly paid out amid the coronavirus crisis in the fiscal first quarter, when most of its stores across the world remained closed.

lululemon's e-commerce platform remained more relevant amid the pandemic, as most stores were closed in Q1. It reported strong e-commerce growth in March and April, which continued into May.

After witnessing lockdowns since mid-March in North America and Europe, the company entered the recovery phase from late March and April. This period led to the emergence of a new normal, with more people embracing working and sweating at home. Consequently, online sales soared 125% in April, with the momentum continuing in the fiscal second quarter. Notably, e-commerce sales increased 170% in Europe and nearly 150% in Australia in the fiscal first quarter. Meanwhile, in China, the company witnessed positive comps in March as the strength in e-commerce more than offset the declines in stores. Notably, the China market reached the recovery phase in March when other parts of the world were starting to feel the impacts of the virus.

- ▲ **Enhanced Distribution:** To back growth in e-commerce, lululemon also moved to quickly harness the power of its flexible distribution network to ensure a high level of service to guests. It recently implemented intelligent sourcing capabilities that use machine learning and artificial intelligence to route e-commerce orders through the distribution network in the most efficient way. This is likely to result in increased delivery speed, minimizing costs and efficiently utilizing inventory pools to help reduce markdowns.
- ▲ **Phased Re-Opening of Stores:** As the coronavirus led restrictions are being lifted gradually, lululemon gears up to re-open stores in a phased manner. Following its successful re-opening in Greater China, the company is opening stores in select other regions, week-by-week and market-by-market as per the guidelines of local governments as well as public health authority. The company began reopening stores in Europe and North America in mid-May. As of June 11, the company reopened nearly 300 stores across North America, Europe, Asia, New Zealand and Australia. The store re-openings included 190 in North America, 13 in Europe, 53 in Asia, and 39 in Australia, and New Zealand. Furthermore, all of the company's distribution centers are operational. The company has undertaken extra measures to ensure safety and sanitization at reopened stores. While it is working on the reopening of its store, it expects continued momentum in the e-commerce business in the fiscal second quarter and the year ahead, placing it for growth among its peers.
- ▲ **Robust Outlook:** Though lululemon did not provide guidance for fiscal 2020, it remains optimistic about its performance in the quarters ahead. In the fiscal second quarter, the company expects revenues for the digital channel to remain strong, which is anticipated to moderate in the second half as the store business continues to recover. Digital sales in the fiscal second quarter is likely to be relatively consistent with the April trends of 125% growth. Moreover, it predicts revenues to improve sequentially throughout the rest of fiscal 2020. For the fiscal second quarter, it anticipates revenues to decline in the high-single digits, which is likely to improve sequentially in the quarters ahead. For the fiscal fourth quarter, it anticipates generating high single-digit revenue growth.
- ▲ **Strong Financial Position:** Despite the ongoing headwinds related to the coronavirus outbreak, lululemon remains well-poised financially to steer to the situation. Notably, it ended first-quarter fiscal 2020 with total liquidity of \$1.2 billion. This comprised of \$823 million in cash & cash equivalents and \$398.2 million of available capacity under its revolving credit facility. The company's strong liquidity position is sufficient to meet its short term debt obligations. Further, the company is efficiently managing inventory by balancing inventory supply with the current reduction in demand, as well as working terms with vendors for smooth assortment flow in the second half of the year, when the situation might likely improve. To retain its financial strength, management is evaluating expense structure and capital investments for store opening and remodeling projects. The company has also suspended its share repurchase program for the time being. However, prior to the suspension, the company bought back 0.4 million shares at an average price of \$172.68 per share in the fiscal first quarter.
- ▲ **Power of Three Strategic Plan:** While coronavirus significantly impacted the first quarter results, lululemon is on track with the its five-year Power of Three plan, which aims at doubling sales in the men's and digital categories, and quadrupling sales in the international unit by 2023. This five-year plan focuses on three core objectives – product innovation, augmenting omni-guest experiences and market expansion. Notably, the company is witnessing positive consumer response for its merchandise. Going forward, the company remains optimistic about the innovations it plans to bring in its assortments for both men and women. Management plans to keep investing in strategies to maintain customer footfall, including efforts to augment store base and enhancing shopping experiences. Driven by these plans, the company had earlier anticipated to deliver sales growth in the low-teens in the next five years. lululemon also expects some annual benefits of this plan, which include modest gross margin improvement, slight reduction in SG&A costs, operating growth in excess of sales growth, earnings per share growth equal to or more than operating income growth, and capital expenditure of about 6-8% of sales.

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## Reasons To Sell:

- ▼ **Stock Valuation Looks Stretched:** Considering Price-to-Earnings (P/E) ratio, lululemon looks pretty overvalued when compared with the broader industry and the S&P 500. The stock has a trailing 12-month P/E of 68.9x compared with 21x for the industry and 19.9x for the S&P 500. Its trailing 12-month P/E ratio is higher than the median level of 47.2x and below the high level of 73.2x scaled in the past year. These factors profess that the stock's valuation is quite stretched.
- ▼ **Soft Q1 Performance:** lululemon reported lower-than-expected top and bottom lines in first-quarter fiscal 2020. Moreover, earnings and revenues declined year over year. This marked the company first earnings and sales miss in last three years. Results were primarily marred by extended store closures due to the COVID-19 outbreak. The bottom line was hurt by a decline in the top line as well as gross and operating margins. The sharp 17% decline in revenues was attributed to the closure of a large number of stores globally. Owing to the store closures, the company also did not provide same-store sales. Management did not issue any guidance for fiscal 2020 due to the unprecedented impact of the coronavirus outbreak.
- ▼ **Margins Remain Pressurized:** During the fiscal first quarter, lululemon's margins remained pressured due to higher costs amid the pandemic. The company's gross profit declined 21%, while gross margin contracted 260 basis points (bps) to 51.3%. Gross margin primarily benefited from a 180 bps increase in product margins stemming from lower product costs and favorability of product mix. The increased product margins were more than offset by a 330 bps deleverage in occupancy and depreciation, 100 bps deleverage on products and supply team costs, and negative impact of 20 bps from foreign exchange. Moreover, SG&A expenses rose 3% in the fiscal first quarter, reflecting an 890 bps expansion, as a percentage of sales. SG&A deleverage mainly resulted from lower revenue due to COVID-19 related store closures and continued payments to employees through this period. Driven by soft gross margin and higher SG&A expenses, operating income declined 74.5% to \$32.8 million. Operating margin contracted to 5% compared with 16.5% in the prior-year quarter.
- ▼ **Competition:** lululemon is an elite and premium activewear brand which had established itself as a market leader in the yoga apparel segment. However, the company is facing stiff competition from leading brands like Gap, NIKE, Nordstrom, L Brands and Under Armour, as well as other private and boutique brands to capture market share in the female yoga, running, dancing and stylish casual compression pant product lines. Apart from this, Amazon.com is also extending activewear offerings, thus intensifying the competition.
- ▼ **Macroeconomic Challenges:** The apparel retail industry is consumer-driven and hence, very sensitive to the health of the economy. Spending on apparel and accessories is heavily dependent on the personal disposable income of consumers. Macroeconomic challenges such as high household debt and unemployment levels may restrain consumer spending on these items.

lululemon reported lower-than-expected earnings & sales in first-quarter fiscal 2020, marking its first miss in three years. Results were marred by store closures due to the COVID-19 outbreak.

## Last Earnings Report

### lululemon Q1 Earnings & Sales Miss

lululemon reported lower-than-expected top and bottom lines in first-quarter fiscal 2020. Moreover, earnings and revenues declined year over year. Results were primarily marred by extended store closures due to the COVID-19 outbreak, offset by solid e-commerce performance. Management did not issue any guidance for fiscal 2020 due to the unprecedented impact of the coronavirus outbreak.

lululemon's earnings of 22 cents per share in the fiscal first quarter lagged the Zacks Consensus Estimate of 26 cents and declined 70% from earnings of 74 cents in the year-ago quarter. The bottom line was hurt by a decline in the top line as well as gross and operating margins.

The Vancouver, Canada-based company's quarterly revenues declined about 17% to \$652 million and missed the Zacks Consensus Estimate of \$711 million. On a constant-dollar basis, revenues fell 16%. The sharp decline in revenues is attributed to the closure of a large number of stores globally due to the coronavirus outbreak. Owing to the store closures, the company also did not provide same-store sales.

Meanwhile, its e-commerce business continued to perform well, as consumers shifted to the online portals for their purchases amid the pandemic. The company's e-commerce (direct-to-consumer) revenues increased 68% on a reported basis and 70% in constant dollars. This marked a significant improvement from constant-dollar growth of 35% in the year-ago quarter and 41% in fourth-quarter fiscal 2019. Notably, e-commerce revenues contributed about \$352 million or 54% of total sales in the fiscal first quarter, whereas its contribution was 26.8% in the year-ago quarter.

### Margins

Gross profit declined 21% to \$334.4 million in first-quarter fiscal 2020. Moreover, gross margin contracted 260 basis points (bps) to 51.3% as higher occupancy and other non-product costs marred the improvement in the product margin.

SG&A expenses rose 3% to \$301.7 million. Moreover, SG&A expenses, as a percentage of sales, expanded 890 bps to 46.3%.

Driven by soft gross margin and higher SG&A expenses, operating income declined 74.5% to \$32.8 million. Operating margin contracted to 5% compared with 16.5% in the prior-year quarter.

### Store Updates

During the fiscal first quarter, the company opened four stores, two in Mainland China, one in South Korea and one in Hong Kong. Apart from the temporary closures due to the COVID-19 outbreak, it closed six stores in the fiscal first quarter. It also completed three planned optimizations. As of May 3, 2020, it operated 489 stores.

### Financials

lululemon exited the fiscal first quarter with cash and cash equivalents of \$823 million and stockholders' equity of \$1,835.8 million. Moreover, it had \$398.2 million available under its revolving credit facility. Inventories were up 41% to \$625.8 million.

During the fiscal first quarter, the company bought back 0.4 million shares at an average price of \$172.68 per share.

Quarter Ending 04/2020

|                  |              |
|------------------|--------------|
| Report Date      | Jun 11, 2020 |
| Sales Surprise   | -8.36%       |
| EPS Surprise     | -15.38%      |
| Quarterly EPS    | 0.22         |
| Annual EPS (TTM) | 4.42         |

## Recent News

### **lululemon Reopens Stores In Phased Manner – May 21, 2020**

lululemon is reopening stores in a phased manner as the coronavirus-led curbs being lifted gradually. Following its successful reopening in Greater China, the company is opening stores in select other regions, week-by-week and market-by-market as per the guidelines of local governments as well as public health authority.

lululemon has reopened more than 150 store locations till today, across North America, Asia, Europe, Australia and New Zealand. Further, about 200 more locations are likely to re-open in the next two weeks. Meanwhile, lululemon informed that with the stores reopening, the company has undertaken extra measures to ensure safety and sanitization.

### **lululemon Extends Store Closure on Rising Coronavirus Impact – Apr 2, 2020**

Given the growing cases of COVID-19 and the unprecedented impacts of it, lululemon announced certain control measures to safeguard customers and employees. To this end, the company has decided to extend store closures in North America, Europe, Malaysia, Australia and New Zealand until the situation stabilizes. It will continue to pay its employees till Jun 1, irrespective of whether stores remain closed or reopen. However, the company informed that shoppers can continue purchasing via website and mobile app.

Further, lululemon's senior leadership will take a salary cut by 20% while the board members will forgo their cash retainers. The proceeds from these will then be utilized to fund its new initiative — We Stand Together Fund — in a bid to support employees affected by the pandemic. Moreover, management has undertaken some bold steps, which involves managing expense structure, capital investment, and store opening and remodel projects. The company has also suspended its share repurchase program for the time being.

## Valuation

lululemon shares are up 31.5% in the year-to-date period but up nearly 66.8% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Consumer Discretionary sector are down 24.9% and 11.4% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and the sector are down 20% and 6.2%, respectively.

The S&P 500 index is down 3.8% in the year-to-date period and 5.2% in the past year.

The stock is currently trading at 59.71X forward 12-month earnings, which compares to 28.7X for the Zacks sub-industry, 33.65X for the Zacks sector and 22.39X for the S&P 500 index.

Over the past five years, the stock has traded as high as 63.85X and as low as 19.31X, with a 5-year median of 29.65X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$320 price target reflects 62.71X forward 12-month earnings.

The table below shows summary valuation data for LULU

| Valuation Multiples - LULU |               |       |              |        |         |
|----------------------------|---------------|-------|--------------|--------|---------|
|                            |               | Stock | Sub-Industry | Sector | S&P 500 |
| P/E F12M                   | Current       | 59.71 | 28.7         | 33.65  | 22.39   |
|                            | 5-Year High   | 63.85 | 28.7         | 33.65  | 22.39   |
|                            | 5-Year Low    | 19.31 | 13.34        | 16.21  | 15.23   |
|                            | 5-Year Median | 29.65 | 17.99        | 19.92  | 17.49   |
| P/S F12M                   | Current       | 9.01  | 2.16         | 2.22   | 3.47    |
|                            | 5-Year High   | 9.47  | 2.58         | 3.19   | 3.47    |
|                            | 5-Year Low    | 2.47  | 1.42         | 1.67   | 2.53    |
|                            | 5-Year Median | 4.06  | 2.04         | 2.51   | 3.02    |
| EV/EBITDA TTM              | Current       | 40.23 | 17.55        | 10.14  | 11.47   |
|                            | 5-Year High   | 42.8  | 25.31        | 17.63  | 12.85   |
|                            | 5-Year Low    | 11.52 | 11.05        | 8.29   | 8.25    |
|                            | 5-Year Median | 19.24 | 17.61        | 12.23  | 10.83   |

As of 06/22/2020

## Industry Analysis Zacks Industry Rank: Bottom 34% (168 out of 253)



## Top Peers

| Company (Ticker)                   | Rec          | Rank |
|------------------------------------|--------------|------|
| Columbia Sportswear Company (COLM) | Neutral      | 3    |
| Guess, Inc. (GES)                  | Neutral      | 3    |
| GIII Apparel Group, LTD. (GIII)    | Neutral      | 3    |
| Gildan Activewear, Inc. (GIL)      | Neutral      | 3    |
| NIKE, Inc. (NKE)                   | Neutral      | 4    |
| PVH Corp. (PVH)                    | Neutral      | 4    |
| Ralph Lauren Corporation (RL)      | Underperform | 5    |
| V.F. Corporation (VFC)             | Underperform | 5    |

| Industry Comparison Industry: Textile - Apparel |           |            |           | Industry Peers |           |              |
|-------------------------------------------------|-----------|------------|-----------|----------------|-----------|--------------|
|                                                 | LULU      | X Industry | S&P 500   | COLM           | NKE       | RL           |
| Zacks Recommendation (Long Term)                | Neutral   | -          | -         | Neutral        | Neutral   | Underperform |
| Zacks Rank (Short Term)                         | 3         | -          | -         | 3              | 4         | 5            |
| VGM Score                                       | F         | -          | -         | F              | C         | F            |
| Market Cap                                      | 39.67 B   | 702.39 M   | 21.83 B   | 5.25 B         | 154.74 B  | 5.33 B       |
| # of Analysts                                   | 17        | 4.5        | 14        | 7              | 7         | 6            |
| Dividend Yield                                  | 0.00%     | 0.00%      | 1.93%     | 1.31%          | 0.98%     | 3.75%        |
| Value Score                                     | F         | -          | -         | D              | C         | D            |
| Cash/Price                                      | 0.02      | 0.24       | 0.07      | 0.14           | 0.02      | 0.41         |
| EV/EBITDA                                       | 37.28     | 7.68       | 12.63     | 9.31           | 28.33     | 8.44         |
| PEG Ratio                                       | 3.81      | 4.78       | 2.90      | 12.81          | 3.18      | 2.52         |
| Price/Book (P/B)                                | 21.61     | 1.38       | 3.01      | 3.10           | 17.11     | 2.00         |
| Price/Cash Flow (P/CF)                          | 49.18     | 5.18       | 11.47     | 12.06          | 32.93     | 6.95         |
| P/E (F1)                                        | 70.02     | 34.83      | 21.30     | 39.82          | 38.86     | 26.02        |
| Price/Sales (P/S)                               | 10.31     | 0.45       | 2.29      | 1.78           | 3.75      | 0.87         |
| Earnings Yield                                  | 1.43%     | 2.30%      | 4.42%     | 2.51%          | 2.57%     | 3.85%        |
| Debt/Equity                                     | 0.35      | 0.73       | 0.77      | 0.21           | 0.69      | 0.73         |
| Cash Flow (\$/share)                            | 6.20      | 2.39       | 7.01      | 6.59           | 3.02      | 10.55        |
| Growth Score                                    | F         | -          | -         | F              | A         | F            |
| Hist. EPS Growth (3-5 yrs)                      | 26.32%    | 0.90%      | 10.84%    | 18.04%         | 7.68%     | 2.77%        |
| Proj. EPS Growth (F1/F0)                        | -11.30%   | -62.99%    | -10.80%   | -58.71%        | 23.88%    | -57.04%      |
| Curr. Cash Flow Growth                          | 26.75%    | 4.78%      | 5.46%     | 30.70%         | 0.27%     | -10.72%      |
| Hist. Cash Flow Growth (3-5 yrs)                | 19.56%    | 4.03%      | 8.55%     | 17.53%         | 7.69%     | -4.88%       |
| Current Ratio                                   | 2.68      | 1.70       | 1.29      | 2.80           | 1.90      | 1.61         |
| Debt/Capital                                    | 25.83%    | 47.60%     | 45.14%    | 17.68%         | 40.75%    | 42.18%       |
| Net Margin                                      | 15.01%    | 2.85%      | 10.53%    | 8.68%          | 10.46%    | 6.24%        |
| Return on Equity                                | 33.27%    | 7.73%      | 16.06%    | 14.34%         | 51.49%    | 17.25%       |
| Sales/Assets                                    | 1.28      | 1.04       | 0.55      | 1.07           | 1.61      | 0.84         |
| Proj. Sales Growth (F1/F0)                      | 1.24%     | -8.31%     | -2.66%    | -15.54%        | 8.32%     | -17.55%      |
| Momentum Score                                  | F         | -          | -         | F              | F         | F            |
| Daily Price Chg                                 | 2.46%     | 0.00%      | 0.09%     | 0.98%          | 3.89%     | 2.73%        |
| 1 Week Price Chg                                | 0.34%     | -1.75%     | 0.92%     | -1.54%         | -0.67%    | -4.52%       |
| 4 Week Price Chg                                | 10.10%    | 13.27%     | 5.61%     | 14.74%         | 6.14%     | 0.69%        |
| 12 Week Price Chg                               | 57.10%    | 19.37%     | 16.49%    | 11.98%         | 16.55%    | 2.92%        |
| 52 Week Price Chg                               | 66.82%    | -43.78%    | -6.63%    | -19.59%        | 17.76%    | -37.28%      |
| 20 Day Average Volume                           | 2,708,426 | 174,374    | 2,841,862 | 350,548        | 7,282,151 | 1,520,640    |
| (F1) EPS Est 1 week change                      | 2.69%     | 0.00%      | 0.00%     | 0.00%          | -0.83%    | 0.00%        |
| (F1) EPS Est 4 week change                      | -3.14%    | -1.64%     | 0.00%     | -0.07%         | -2.58%    | -29.89%      |
| (F1) EPS Est 12 week change                     | -17.71%   | -62.78%    | -13.25%   | -54.33%        | -11.70%   | -62.82%      |
| (Q1) EPS Est Mthly Chg                          | -30.90%   | 0.00%      | 0.00%     | 0.00%          | -5.69%    | -1,103.64%   |

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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    | F |
| 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.

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