

The Macerich Company (MAC)

\$8.14 (As of 08/04/20)

Price Target (6-12 Months): **\$9.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 04/15/19)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

4-Sell

Zacks Style Scores:

VGM:C

Value: A

Growth: D

Momentum: D

Summary

Macerich recently announced a cut of 70% in its dividend to 15 cents a share. Its shares have underperformed the industry in the past year. Higher e-commerce adoption, store closures and tenant bankruptcy remain woes. Further, overdue rents from the company's tenants due to low footfall at its properties are likely to hurt growth. However, the company has a concentration of premium shopping centers in vibrant markets and is likely to gain from resumption of economic activity. Efforts to support omni-channel retailing and balance-sheet strengthening moves will help it sail through the crisis. In mid-June Macerich announced that all 47 of its major retail properties nationwide are open for business, and a number of centers are witnessing traffic numbers "approaching near normal levels", denoting a healthy return to business.

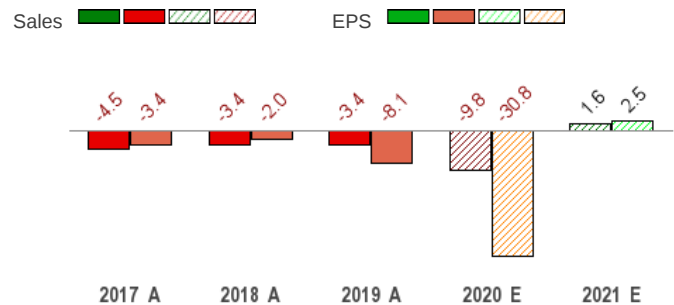
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$34.13 - \$4.81
20 Day Average Volume (sh)	4,073,054
Market Cap	\$1.2 B
YTD Price Change	-69.8%
Beta	1.70
Dividend / Div Yld	\$0.60 / 4.9%
Industry	REIT and Equity Trust - Retail
Zacks Industry Rank	Bottom 7% (237 out of 254)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	2.5%
Last Sales Surprise	1.4%
EPS F1 Est- 4 week change	-5.0%
Expected Report Date	08/11/2020
Earnings ESP	13.8%
P/E TTM	2.3
P/E F1	3.3
PEG F1	1.8
P/S TTM	1.2

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	228 E	224 E	227 E	233 E	849 E
2020	227 A	191 E	206 E	212 E	836 E
2019	211 A	211 A	214 A	223 A	927 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.54 E	\$0.59 E	\$0.62 E	\$0.67 E	\$2.51 E
2020	\$0.81 A	\$0.46 E	\$0.58 E	\$0.63 E	\$2.45 E
2019	\$0.81 A	\$0.88 A	\$0.88 A	\$0.98 A	\$3.54 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 08/04/2020. The reports text is as of 08/05/2020.

Overview

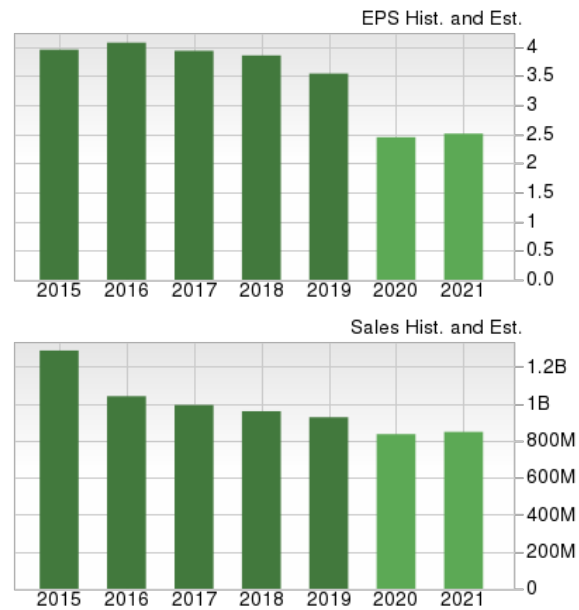
Founded in 1994 and headquartered in Santa Monica, CA, The Macerich Company is a retail real estate investment trust (REIT) that owns, acquires, leases, manages, develops, and redevelops regional and community shopping centers in high barrier-to-entry markets.

Macerich primarily focuses on the attractive, densely populated markets of the United States. It has notable presence in the West Coast, Arizona, Chicago, and the Metro New York to Washington, DC corridor.

At present, Macerich's real-estate ownership spreads 51 million square feet of space, comprising mainly interests in 47 regional shopping centers and five community/ power shopping centers. As of Mar 31, 2020, its mall portfolio occupancy was 93.1%.

Notably, Macerich's joint venture Hudson Pacific Properties is engaged in redevelopment of One Westside into 584,000 square feet of creative office space and 96,000 square feet of dining and entertainment space. The full office space has been leased to Google and is projected to be completed in 2022.

Moreover, the company has a 50/50 joint venture with Simon Property Group to develop Los Angeles Premium Outlets in Carson, CA. The first phase will open, with an area spanning 400,000 square feet, and the second phase will comprise 165,000 square feet.



Note**: All EPS numbers presented in this report represent FFO per share. FFO, a widely used metric to gauge the performance of REITs, is obtained after adding depreciation and amortization and other non-cash expenses to net income.



Reasons To Buy:

- ▲ Macerich has a high concentration of premium malls in vibrant U.S. markets. These properties are located in densely-populated areas, where affluent consumers with significant disposable incomes live, work and play, offering the company solid scope to generate decent cash flows. The company also has a number of well-capitalized retailers that have fared relatively well in the post-recession environment, where U.S. consumers have become more budget conscious.
- ▲ Macerich has been focusing on an aggressive capital-recycling program, which involves the divestiture of non-core and slower-growth assets, and usage of the proceeds in higher-growth properties through acquisitions, developments and redevelopment initiatives. In fact, the company raised \$1.8 billion over the past six years through its capital-recycling program, disposing of lesser quality assets in slower-growing, secondary and tertiary markets. Apart from raising capital, the strategic dispositions reduced impending bankruptcy issues across the lower quality disposition portfolio. Meanwhile, the company's joint venture with Hudson Pacific Properties is redeveloping One Westside into 584,000 square feet of creative office space and 96,000 square feet of dining and entertainment space, which will serve as Google's new office campus. The company noted that work is on the project despite the pandemic and is fully funded by a non-recourse construction loan. We expect such moves to offer an upside potential to the company and strengthen its high-end portfolio.
- ▲ With the relaxation of the shelter-in-place orders in the upcoming period and resumption of the economy, this retail REIT is poised to benefit from its superior assets in premium locations. On Jun 18, 2020, Macerich announced that all 47 of its major retail properties nationwide are now open for business, and a number of centers are witnessing traffic numbers "approaching near normal levels", indicating a healthy return to business. Also, the federal stimulus is lessening the income impact of unemployment and hence, retail sales are likely to benefit, in turn, benefiting the retail landlords which house the retailers.
- ▲ Macerich has been making efforts to enhance its assets quality as well as customer relationships through increasing adoption of the omni-channel model. In light of the pandemic, omni-channel business model has become crucial among several retailers as well as digital brands and brick-and-mortar locations are playing a key role in satisfying orders. Amid the current crisis, with store closures to curb the coronavirus spread, several retailers have been fulfilling orders out of their mall-based stores. Also, retailers have already been catering to thousands of curbside/online pick-up orders daily. Even subsequent to reopening of all business, curbside pick-up is likely to gain attention. Macerich remains committed to accommodate curbside pick-up for its retailers and such efforts are likely to add competitive advantage. Also, shift towards re-use and mixed-use properties through recapture and repositioning of anchor tenants remains a key emphasis.
- ▲ In light of the coronavirus pandemic, the resultant uncertainty and a disrupted rent-collection environment, Macerich has rolled out measures to preserve its liquidity. The company has drawn bulk of the remaining capacity on its \$1.5-billion revolving line of credit. It exited first-quarter 2020 with \$735 million of cash on its balance sheet, including joint ventures at the company's share. Furthermore, the redevelopment pipeline has been considerably reduced for the rest of the current year. Apart from these, the company lowered its controllable shopping center expenses by roughly 45% during the period. Earlier, the company had announced a reduction of quarterly dividend to 50 cents per share, payable 20% in cash and 80% in common stock, for the upcoming dividend. This cut in dividend helps preserve roughly \$150 million of cash annually. Moreover, the company noted that an additional \$60 million in cash will be preserved for each quarter the board chooses to pay the dividend in stock. Such efforts are likely to help the company sail through the current challenging times.

Concentration of premium shopping centers in vibrant markets, efforts to support omni-channel retailing, along with balance-sheet strengthening moves, will aid Macerich sail through the current crisis.

Reasons To Sell:

- ▼ Mall traffic continues to decline due to a change in shopping patterns with online purchases taking precedence. This has forced retailers to reconsider their strategy and shift investments from traditional retailing to online channels and optimize their brick-and-mortar presence. These optimization efforts and the consequent decision to close stores by a number of retailers have raised concerns over cash flows of mall landlords. Also, retailers unable to cope with competition have been filing bankruptcies. This is affecting the demand for retail real estate space and emerged as a pressing concern for retail REITs like Macerich. The company has been witnessing higher volumes of tenant bankruptcies and these are expected to weigh on Macerich's operating results. Moreover, the coronavirus pandemic is likely to keep retail REITs on tenterhooks with dwindling footfall in the properties amid social-distancing mandates and higher e-commerce adoption.
- ▼ The high number of coronavirus cases has forced several retailers to close stores, in order to contain the spread of the virus. Some retailers have also reduced store hours, while many others are keeping their e-retail operations running as consumers are now increasingly opting for online purchases. As a result, retail REITs, including Macerich, which have already been battling store closures and bankruptcy issues, are feeling the brunt. In an effort to reduce the spread of coronavirus in its communities, Macerich's retail properties were closed earlier. In addition, given the financial stress on its tenants, rent collection is likely to suffer in the near term.
- ▼ Solid dividend payouts remain the biggest attraction for REIT investors and Macerich had remained committed to that. However, Macerich has made a reduction of quarterly dividend to 15 cents per share, which will be paid on Sep 8, 2020 to stockholders of record on Aug 19, 2020. The company paid a quarterly cash dividend of 50 cents per share for its shareholders in the prior quarter.
- ▼ The company has a substantial number of centers positioned across California, New York and Arizona. This geographical concentration risk will likely weigh upon its earnings in times of economic uncertainty. In fact, recently Macerich announced that all 47 of its major retail properties nationwide are now open for business. However, the company noted that six of its properties in New York, two in New Jersey, and one in Pennsylvania are presently offering limited retail operations, including "curbside pickup" and retail with exterior access. Excluding these properties, other shopping centers of Macerich are ushering in shoppers. In fact, choppy real estate conditions in New York will likely remain a concern in the near term.
- ▼ Shares of Macerich have underperformed the industry it belongs to in the past year. During this period, shares of the company have plummeted 73.7% compared with its industry's decline of 21.9%. Additionally, the trend in estimate revisions for current-year FFO per share does not indicate a favorable outlook for the company. In fact, the Zacks Consensus Estimate for 2020 FFO per share has been revised 5% downward over the past month. Therefore, given the above-mentioned concerns and downward estimate revisions, the stock has a limited upside potential.

Shrinking traffic at its properties, store closures and tenant bankruptcy are concerns, while rent collection issues amid the pandemic add to its woes. Substantial asset concentration raises its risk.

Last Earnings Report

Macerich's Q1 FFO and Revenues Surpass Estimates

Macerich reported first-quarter 2020 adjusted FFO per share of 81 cents, surpassing the Zacks Consensus Estimate of 79 cents. The figure remained flat year over year. Adjusted FFO per share for the quarter excludes financing expense in relation to Chandler Freehold and loss on extinguishment of debt.

The company generated revenues of roughly \$227 million in the quarter. The figure inched up 0.2% year over year and beat the Zacks Consensus Estimate of \$223.9 million.

However, amid the coronavirus pandemic, management noted that "all but a few of the Company's malls had shuttered, except for the continued operation of essential retail and services, and approximately 74% of the gross leasable area, which was previously occupied prior to the COVID-19 closures, had closed." Also, a number of those stores that remained open did on a limited-hour basis.

Nevertheless, in the past two weeks, 13 assets in Texas, Colorado, Missouri, Iowa, Indiana and Arizona have re-opened. Further, the company anticipates being able to open, as permitted, roughly 35 properties by the end of May.

In March, the company had withdrawn its previously-issued guidance. It has not issued any updated outlook as of now.

Behind the Headlines

As of Mar 31, 2020, the mall portfolio occupancy shrunk 160 basis points year over year to 93.1%.

Mall tenant annual sales for the 12-month period ended Feb 29, 2020 increased 7.4% to \$801 per square feet. Notably, in March, there were widespread closures of a bulk of the company's tenants. Leasing volumes remained healthy in the first quarter. Nearly 200 leases were signed for 739,000 square feet, aggregating \$38 million of rent.

Average rent per square foot rose 2.8% to \$62.44 from \$60.74 as of Mar 31, 2019. For the 12-month period ended Mar 31, 2020, re-leasing spreads were up 6.5%, indicating a sequential improvement compared to re-leasing spreads for the 12-month period ended Dec 31, 2019, which were up 4.7%.

Also, same-center net operating income (excluding lease termination revenues) inched up 1.03% to \$209.6 million from the prior-year number.

Balance Sheet Position

Macerich has rolled out measures to preserve its liquidity in light of the coronavirus pandemic, the resultant uncertainty and a disrupted rent-collection environment. Particularly, the company has drawn bulk of the remaining capacity on its \$1.5-billion revolving line of credit. It exited first-quarter 2020 with \$735 million of cash on its balance sheet, including joint ventures at the company's share.

Furthermore, the redevelopment pipeline has been considerably reduced for the rest of the current year. In fact, for the remaining three quarters of 2020, the company expects spending \$60 million on redevelopment. This marks a 60% reduction in the previously-estimated 2020 redevelopment expenditures for the same period. However, the joint-venture owned project at One Westside, Google's new Class A creative office campus in West Los Angeles, is excluded from this reduction. This project is entirely funded by a non-recourse construction facility.

Apart from these, the company has lowered its controllable shopping center expenses by roughly 45% during the period. Properties were significantly closed, excluding essential retail and services.

Earlier, the company had announced a reduction of quarterly dividend to 50 cents per share, payable 20% in cash and 80% in common stock, for the upcoming dividend. This cut in dividend helps in preserving roughly \$150 million of cash annually. Moreover, the company noted an additional \$60 million in cash will be preserved for each quarter the board chooses to pay the dividend in stock.

Quarter Ending 03/2020

Report Date	May 12, 2020
Sales Surprise	1.36%
EPS Surprise	2.53%
Quarterly EPS	0.81
Annual EPS (TTM)	3.55

Recent News

Macerich's Retail Assets Open, Witness Healthy Initial Traffic – Jun 18, 2020

Macerich announced that all 47 of its major retail properties nationwide are now open for business, and a number of centers are witnessing traffic numbers "approaching near normal levels", indicating a healthy return to business.

However, the company noted that six of its properties in New York, two in New Jersey, and one in Pennsylvania are presently offering limited retail operations, including "curbside pickup" and retail with exterior access. Excluding these properties, other shopping centers of Macerich are ushering in shoppers.

The company noted that the South Plains Mall in Texas, which opened on May 1, registered 93.5% of year-over-year traffic on Jun 14. Meanwhile, Vintage Faire Mall in California's Central Valley, fully open since May 22, witnessed 97.1% traffic on the same day. Further, the company noted that Flatiron Crossing in Colorado, which reopened on Jun 16, also recorded healthy initial traffic of 33% on its first day.

Doug Healey, who serves as the senior executive vice president, leasing for Macerich, also pointed out that "Beyond increasingly strong shopper traffic, some key retail partners including Macy's and Nordstrom are describing better-than-expected sales at their reopened physical stores." This resumption of activity is encouraging for Macerich, as it helps the company's tenants to generate cash flows from their business and make rent payments.

Thomas O'Hern, the company's chief executive officer, noted that "local economies benefit in many important ways from strong retail activity." The company's centers generate employment for more than 110,000 people nationwide. Further, the portfolio makes \$1.1 billion in sales tax revenues and \$225 million in property taxes. These, in turn, support essential services, per the company's press release.

Macerich's 20 Assets Fully Open, Curbside Pick-Up in Few Others – May 19, 2020

Macerich announced that 20 of its major retail properties, including 11 in Arizona, are now fully open. Moreover, by the end of May, the company expects to open a total of roughly 35 centers and further anticipates reopening of a vast majority of its centers by the middle of June.

Among the 11 stores that are now open in Arizona are Arrowhead Towne Center, Biltmore Fashion Park, Chandler Fashion Center, Desert Sky Mall and some others. The company has implemented new protocols, including enhanced cleaning and sanitizing, social-distance queuing, path of travel, security, deliveries, furniture placement as well as some other relevant measures based on industry best practices and CDC recommendations. The company presently owns 51 million square feet of real estate comprising mainly interests in 47 regional shopping centers.

Furthermore, the coronavirus pandemic has made local grocery, pharmacy and essential physical brick and mortar retail all the more important. Amid these, apart from the fast adoption of the e-commerce platform, curbside pick-up, combined with click and collect options, are likely to gain attention.

In case of curbside pick-ups, customers are allowed to place the orders online or over phones. They later drive to the location and the items are delivered to their car trunks or kept outside for pick up. This is viewed as a modification to the "order online, pick up in-store" that retailers had earlier taken.

Such efforts are likely to add competitive advantage to the retailers and retail landlords in current times. In fact, according to Macerich, several retailers have already reported about catering to thousands of curbside/online pick-up orders daily and are requesting for providing this service even subsequent to reopening of all business.

Therefore, for many centers of the company which are not yet fully open in keeping with guidelines set by local health authorities, "curbside pick-up" is currently offered for Fresno Fashion Fair, Inland Center, Mall of Victor Valley, The Oaks and some other properties in California. Such services are also provided for Deptford Mall and Freehold Raceway Mall in New Jersey, Flatiron Crossing in Colorado.

Dividend Update

On Jul 24, Macerich announced a quarterly cash dividend of 15 cents per share, marking a cut of 75% from the prior payout. The dividend will be paid on Sep 8 to shareholders of record as of Aug 19.

The company informed that this reduction in dividend will allow the company to bolster its liquidity and financial flexibility amid the uncertain macroeconomic environment due to the coronavirus pandemic.

Valuation

Macerich's shares have been down 73.7% in the trailing 12 months. Stocks in the Zacks sub-industry and the Zacks Finance sector have declined 21.5% and 10% over the past year, respectively.

The S&P 500 Index has been up 14.6% over the trailing 12-month period.

The stock is currently trading at 3.28X forward 12-month FFO, which compares with the 12.81X for the Zacks sub-industry, 16.28X for the Zacks sector and 22.58X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 21.02X and as low as 1.52X, with a 5-year median of 14.28X. Our neutral recommendation indicates that the stock will perform in line with the market. Our \$9 price target reflects 3.63X FFO.

The table below shows summary valuation data for MAC.

Valuation Multiples - MAC					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	3.28	12.81	16.28	22.58
	5-Year High	21.02	19.44	16.28	22.58
	5-Year Low	1.52	9.72	11.59	15.25
	5-Year Median	14.28	14.73	14.21	17.55
P/S F12M	Current	1.37	6.82	6.05	3.6
	5-Year High	12.7	13.91	6.66	3.6
	5-Year Low	0.78	5.43	4.97	2.53
	5-Year Median	8.92	8.19	6.06	3.04
P/B TTM	Current	0.42	2.52	2.39	4.5
	5-Year High	2.91	5.57	2.91	4.56
	5-Year Low	0.26	1.77	1.72	2.83
	5-Year Median	2.1	3.35	2.53	3.72

As of 08/04/2020

Industry Analysis Zacks Industry Rank: Bottom 7% (237 out of 254)



Top Peers

Company (Ticker)	Rec	Rank
Kimco Realty Corporation (KIM)	Neutral	4
Washington Prime Group Inc. (WPG)	Neutral	2
CBLAssociates Properties, Inc. (CBL)	Underperform	5
Federal Realty Investment Trust (FRT)	Underperform	5
Pennsylvania Real Estate Investment Trust (PEI)	Underperform	5
Tanger Factory Outlet Centers, Inc. (SKT)	Underperform	5
Simon Property Group, Inc. (SPG)	Underperform	4
Taubman Centers, Inc. (TCO)	Underperform	5

Industry Comparison Industry: Reit And Equity Trust - Retail				Industry Peers		
	MAC	X Industry	S&P 500	FRT	KIM	SPG
Zacks Recommendation (Long Term)	Neutral	-	-	Underperform	Neutral	Underperform
Zacks Rank (Short Term)	4	-	-	5	4	4
VGM Score	C	-	-	D	D	C
Market Cap	1.15 B	1.46 B	22.75 B	5.80 B	4.99 B	20.18 B
# of Analysts	7	6	14	9	11	8
Dividend Yield	4.91%	5.48%	1.76%	5.48%	9.71%	8.26%
Value Score	A	-	-	D	C	B
Cash/Price	0.61	0.12	0.07	0.17	0.09	0.19
EV/EBITDA	10.94	11.54	13.09	13.33	13.48	10.55
PEG Ratio	1.82	5.91	2.95	6.24	8.14	1.22
Price/Book (P/B)	0.42	1.07	3.16	2.38	1.02	8.18
Price/Cash Flow (P/CF)	2.58	6.38	12.32	9.75	7.08	5.77
P/E (F1)	3.30	10.14	21.81	14.30	9.77	6.08
Price/Sales (P/S)	1.24	3.43	2.46	6.20	4.33	3.57
Earnings Yield	30.10%	9.86%	4.40%	7.00%	10.23%	16.43%
Debt/Equity	2.19	1.15	0.76	1.84	1.19	11.16
Cash Flow (\$/share)	3.15	2.19	6.94	7.86	1.63	10.91
Growth Score	D	-	-	C	D	D
Hist. EPS Growth (3-5 yrs)	-1.90%	1.39%	10.46%	4.59%	-1.00%	5.18%
Proj. EPS Growth (F1/F0)	-30.87%	-14.78%	-7.16%	-15.36%	-19.67%	-14.00%
Curr. Cash Flow Growth	5.81%	0.37%	5.47%	22.11%	-14.81%	-7.76%
Hist. Cash Flow Growth (3-5 yrs)	-2.91%	5.61%	8.55%	12.40%	1.91%	5.60%
Current Ratio	3.05	2.49	1.32	4.79	2.01	3.60
Debt/Capital	68.70%	54.42%	44.36%	64.19%	54.42%	91.71%
Net Margin	10.40%	20.07%	10.25%	37.27%	33.33%	35.20%
Return on Equity	3.38%	5.34%	14.67%	14.40%	7.64%	68.08%
Sales/Assets	0.10	0.13	0.51	0.14	0.10	0.17
Proj. Sales Growth (F1/F0)	-2.66%	-6.76%	-1.71%	-4.75%	-9.35%	-9.38%
Momentum Score	D	-	-	F	F	C
Daily Price Chg	7.11%	3.19%	0.42%	1.26%	4.06%	3.21%
1 Week Price Chg	-4.03%	2.94%	0.14%	4.53%	3.72%	2.94%
4 Week Price Chg	0.62%	-3.63%	4.97%	-6.92%	-5.02%	-4.46%
12 Week Price Chg	26.99%	14.97%	15.30%	5.61%	23.03%	15.49%
52 Week Price Chg	-73.68%	-40.49%	2.34%	-40.49%	-38.58%	-58.95%
20 Day Average Volume	4,073,054	840,188	2,082,836	795,851	5,933,225	5,056,489
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	-5.04%	-1.38%	0.93%	-6.26%	-6.75%	-1.99%
(F1) EPS Est 12 week change	-19.34%	-8.25%	0.78%	-10.10%	-14.98%	-10.40%
(Q1) EPS Est Mthly Chg	-6.20%	-1.37%	0.17%	-7.70%	-6.38%	-1.57%

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	A
Growth Score	D
Momentum Score	D
VGM Score	C

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.