

## NVIDIA Corporation (NVDA)

**\$507.34** (As of 08/21/20)

Price Target (6-12 Months): **\$533.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 02/12/20)

Prior Recommendation: Outperform

Short Term: 1-3 Months

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

**3-Hold**

Zacks Style Scores:

VGM:C

Value: F

Growth: A

Momentum: C

### Summary

NVIDIA reported better-than-expected Q2 results. The company is benefiting from the coronavirus-induced work from home and learn-at-home wave. It is also benefiting from strong growth in GeForce desktop and notebook GPUs, which is boosting gaming revenues. Moreover, a surge in Hyperscale demand remains a tailwind for the company's Data Center business. Expansion of NVIDIA GeForce NOW is expected to drive user base. Further, solid uptake of AI-based smart cockpit infotainment solutions is a boon. Additionally, collaboration with Daimler-owned Mercedes-Benz is expected to further strengthen NVIDIA's presence in the autonomous vehicles and other automotive electronics space. However, management expects COVID-19 pandemic to negatively impact near-term revenues by \$100 million. Moreover, the U.S.-China trade war remains a key concern.

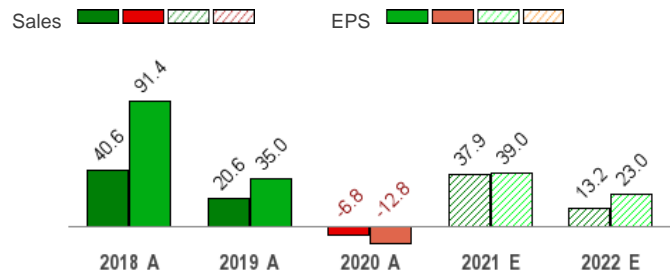
### Price, Consensus & Surprise



### Data Overview

52 Week High-Low	\$516.50 - \$159.00
20 Day Average Volume (sh)	10,291,822
Market Cap	\$313.0 B
YTD Price Change	115.6%
Beta	1.35
Dividend / Div Yld	\$0.64 / 0.1%
Industry	<a href="#">Semiconductor - General</a>
Zacks Industry Rank	Top 28% (71 out of 252)

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



Last EPS Surprise	12.4%
Last Sales Surprise	5.8%
EPS F1 Est- 4 week change	-0.0%
Expected Report Date	NA
Earnings ESP	13.2%
P/E TTM	66.3
P/E F1	63.0
PEG F1	6.7
P/S TTM	24.0

### Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	3,923 E	4,291 E	4,676 E	4,507 E	17,047 E
2021	3,080 A	3,866 A	4,404 E	3,983 E	15,059 E
2020	2,220 A	2,579 A	3,014 A	3,105 A	10,918 A

### EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	\$1.99 E	\$2.30 E	\$2.62 E	\$2.59 E	\$9.90 E
2021	\$1.80 A	\$2.18 A	\$2.18 E	\$2.03 E	\$8.05 E
2020	\$0.88 A	\$1.24 A	\$1.78 A	\$1.89 A	\$5.79 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

NVIDIA Corporation is the worldwide leader in visual computing technologies and the inventor of the graphic processing unit, or GPU. Over the years, the company's focus has evolved from PC graphics to artificial intelligence (AI) based solutions that now support high performance computing (HPC), gaming and virtual reality (VR) platforms.

NVIDIA's GPU success can be attributed to its parallel processing capabilities supported by thousands of computing cores, which are necessary to run deep learning algorithms. The company's GPU platforms are playing a major role in developing multi-billion-dollar end-markets like robotics and self-driving vehicles.

NVIDIA is a dominant name in the Data Center, professional visualization and gaming markets where Intel and Advanced Micro Devices are playing a catch-up role. The company's partnership with almost all major cloud service providers (CSPs) and server vendors is a key catalyst.

NVIDIA's GPUs are also getting rapid adoption in diverse fields ranging from radiology to precision agriculture. The company's GPUs power the top two supercomputers in the world, located at Oak Ridge and Lawrence Livermore National Laboratories in the United States, as well as the top supercomputers in Europe and Japan. In all, NVIDIA powers 136 of the TOP500 supercomputers.

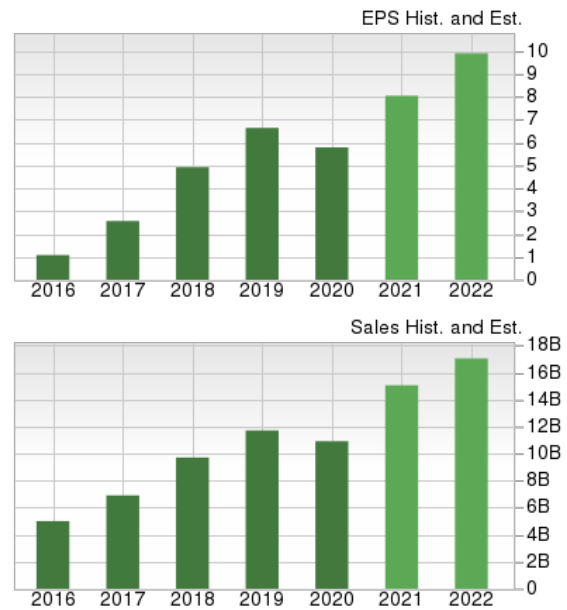
Santa Clara, CA-based, NVIDIA reported revenues of \$10.92 billion in fiscal 2020, down approximately 7% from fiscal 2019.

Beginning first-quarter, NVIDIA started reporting revenues under two segments – Graphics and Compute & Networking.

Graphics includes GeForce GPUs for gaming and PCs, the GeForce NOW game streaming service and related infrastructure, and solutions for gaming platforms; Quadro GPUs for enterprise design; GRID software for cloud-based visual and virtual computing; and automotive platforms for infotainment systems.

Compute & Networking comprises Data Center platforms and systems for AI, HPC, and accelerated computing; DRIVE for autonomous vehicles; and Jetson for robotics and other embedded platforms. Mellanox revenues will also be included in this segment beginning second-quarter fiscal 2021.

Graphics and Compute & Networking accounted for 61.9% and 38.1% of first-quarter fiscal 2021 adjusted revenues, respectively.



## Reasons To Buy:

- ▲ NVIDIA is gaining a decent market share among the gaming service providers. The strong line-up of advanced graphics cards has made it a favorite graphics card provider among the PC makers. A strong uptick in PC gamers, esports players and higher spending on the gaming GPUs are key catalysts. Further, NVIDIA's Turing GPU and its real-time ray tracing technology are witnessing a massive adoption. To propel wider embracement, NVIDIA is enabling ray tracing backup to several GeForce GTX GPUs, which is likely to lend developers a massive installed base of gamers. Moreover, the launch of GeForce RTX SUPER GPUs is expected to strengthen its leadership in the high end of the market. The company announced that the increasing number of blockbuster AAA titles have pledged support for NVIDIA RTX ray tracing technology. Notably, Microsoft teamed up with NVIDIA to add real-time ray tracing technology to *Minecraft*. Moreover, Activision Blizzard's *Call of Duty: Modern Warfare*, Ubisoft Toronto's *Watch Dogs: Legion* and Tencent NEXT Studios' *Synced: Off Planet* have also adopted RTX.
- ▲ Datacenter presents a solid growth opportunity for the company. As more and more businesses are shifting toward cloud, the need for datacenters is increasing. To cater to this huge demand, datacenter operators like Amazon, Microsoft and Alphabet are expanding their operations across the world, which is driving demand for the GPUs. This bodes well for NVIDIA's uptrend as well. Further, the company intends to focus on new growth boosters for its data center business, such as inference, data science and machine learning techniques to consolidate its presence in this niche market. NVIDIA anticipates datacenter TAM to more than double to \$50 billion by 2023. Considered most preferred by the datacenter operators, NVIDIA's GPUs are likely to help the company grab a larger market space. The company's recently announced acquisition of Mellanox is a key catalyst in this regard.
- ▲ NVIDIA's GPUs are rapidly benefiting from the proliferation of AI. By applying its GPUs in AI models, the company is expanding its base in the other untapped markets like automotive, healthcare and manufacturing, which will support its earnings and revenues. The company is engaged with a number of organizations including the top cloud server companies like Amazon, Baidu and Facebook, which are infusing AI in various applications. NVIDIA has also partnered with the industry biggies — IBM, Microsoft and SAP in order to bring AI to the enterprise users' table. The company recently collaborated with the top-ranked OEMs including Dell, HP and Lenovo to deliver powerful workstations inclusive of Quadro RTX GPUs and its new CUDAX AI accelerated software. Moreover, a steady ramp-up of the new products is enabling the company to gain a competitive edge over the likes of AMD and Intel, and also widen its market share.
- ▲ NVIDIA's foray into the autonomous vehicles and other automotive electronics space is a positive. The company currently is on a firmer footing in the autonomous vehicle market. It is working with more than 320 automakers, tier-one suppliers, automotive research institutions, HD mapping companies and start-ups to develop and deploy AI systems for self-driving vehicles. Notably, NVIDIA's focus on incorporating AI into the cockpit for infotainment systems is allowing it to grow its autonomous driving revenues. The company expects its automotive TAM to be \$30 billion by 2025, which comprises \$25 billion for driving, \$3 billion for training/development of deep neural networks and \$2 billion for validation and testing.
- ▲ NVIDIA is a cash rich company with a strong balance sheet. As of Jul 26, 2020, the company had cash and cash equivalents of nearly \$10.98 billion, which is significantly higher than its total debt of \$6.96 billion. Since it has net cash available on its balance sheet, the existing cash can be used for pursuing strategic acquisitions, investment in growth initiatives and distribution to shareholders.
- ▲ NVIDIA boasts a sturdy cash-flow generating ability. The company's accelerated revenue growth along with improving operating efficiency is bringing in higher cash flows. The higher cash flow generating ability lends NVIDIA flexibility to invest in the long-term growth prospects and return money to its shareholders. Notably, NVIDIA returned approximately \$6 billion to shareholders through dividend payments and share buybacks in the last five fiscals. In 2019, the company committed to return \$3 billion to shareholders. In the first half of fiscal 2021, NVIDIA paid dividends of \$197 million. Moreover, NVIDIA is evaluating the timing of resuming share repurchases. The company is currently authorized to repurchase up to \$7.24 billion in shares through December 2022.

Growth opportunities in ray-traced gaming, rendering, high-performance computing, AI and self-driving cars are encouraging.

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## Reasons To Sell:

- ▼ Although datacenter has a tremendous growth scope in the long run, the near-term headwinds make us anxious, due to a temporary pause in spending by data center customers. Increasingly watchful behavior of customers across the broad-based vertical markets and geographies due to coronavirus-led economic volatility poses a threat to NVIDIA, at least in the near term..
- ▼ Recent developments like the suspension of test drives for all its driverless vehicles and the absence of demand from cryptocurrency miners make us slightly alert about the company's short-term functions. The discontinuation of mid-range Pascal GPU shipments for stabilizing the channel-inventory levels is a major headwind to its gaming revenues. Moreover, coronavirus outbreak has negatively impacted demand for automobile infotainment system. Autonomous development infrastructure builds have also declined and the negative impact is expected to continue for the next several quarters, which is a concern..
- ▼ The competition between NVIDIA and AMD has taken a meaningful turn. Previously, NVIDIA and ATI made graphics chips for the PC market. Later AMD acquired ATI and combined the CPU and parallel graphics chip into a single component. AMD is now making an effort to strengthen its position in the commodity graphics segment and CPUs for console gaming systems. AMD chips have made an entry into Sony Corp.'s PS4. Nintendo's Wii U and Microsoft's Xbox One will also be going with AMD. NVIDIA also has limited scope for growth in the apps processor market as it is dominated by Apple, Samsung and Qualcomm. We believe that competitive pressure from two CPU vendors, Intel and AMD, who are planning to integrate graphics cores into their chips can negatively impact NVIDIA's revenues in the long haul.
- ▼ Further, a substantial portion of the company's sales is derived from outside the United States. Notably, sales revenues to customers outside the United States accounted for 87% of the total revenue for each of the last three fiscal years. Hence, we believe that any unfavorable currency fluctuation and an uncertain macroeconomic environment may moderate the company's growth.

Adverse impact of coronavirus outbreak on economy, bleak demand for automobile infotainment system, forex headwinds and stiff competition from AMD are major headwinds.

## Last Earnings Report

NVIDIA delivered second-quarter fiscal 2021 non-GAAP earnings of \$2.18 per share, beating the Zacks Consensus Estimate by 12.4%. The reported figure also surged 76% year over year. Moreover, the bottom line increased 21% sequentially.

Revenues of \$3.87 billion beat the consensus mark by 6% and jumped 50% year over year as well. The top line also climbed 26% sequentially.

The COVID-19 pandemic negatively impacted the company's professional visualization and automotive businesses. Nevertheless, strong data-center and gaming performances offset these negatives to a large extent.

**Quarter Ending** **07/2020**

Report Date	Aug 19, 2020
Sales Surprise	5.79%
EPS Surprise	12.37%
Quarterly EPS	2.18
Annual EPS (TTM)	7.65

### Segment Details

Beginning first-quarter fiscal 2021, NVIDIA started reporting revenues under two segments – Graphics and Compute & Networking.

Graphics include GeForce GPUs for gaming and PCs, the GeForce NOW game streaming service and related infrastructure, and solutions for gaming platforms; Quadro GPUs for enterprise design; GRID software for cloud-based visual and virtual computing; and automotive platforms for infotainment systems.

Graphics accounted for 54% of revenues. The segment top-line figure grew 16% year over year and 9% sequentially.

Compute & Networking represented 46% of second-quarter fiscal 2021 revenues. The segment comprises Data-Center platforms and systems for AI, HPC, and accelerated computing; DRIVE for autonomous vehicles; and Jetson for robotics and other embedded platforms.

Compute & Networking revenues soared 130% from the year-ago quarter and 52% sequentially.

### Market Platform Top-Line Details

Based on the market platform, Gaming revenues (43% of revenues) were up 26% year over year and 24% quarter on quarter to \$1.65 billion driven by higher sales across the company's major gaming products. During the fiscal second quarter, the firm ramped up more than 100 new GeForce laptops for students, creators and gamers across different price points.

Revenues from Data Center (45% of revenues) soared 167% year over year and 54% sequentially to \$1.75 billion. This upswing was driven by solid demand from hyperscale and vertical industry end customers. Mellanox contributed 30% to data-center revenues and 14% to the company's overall revenues.

Professional Visualization revenues (5% of revenues) plunged 30% year over year and 34% sequentially to \$203 million.

Automotive revenues (3% of revenues) in the reported quarter totaled \$111 million, down 47% on a year-over-year basis and 28% sequentially.

OEM and Other revenues were up 32% year over year and 6% sequentially to \$146 million (4% of revenues). This year-over-year growth primarily resulted from higher demand for entry-level laptop GPUs from PC OEMs.

### Operating Details

NVIDIA's non-GAAP gross margin expanded 590 basis points (bps) from the year-ago quarter to 66%, reflecting higher data-center products and a favorable GeForce GPU product mix.

Non-GAAP operating expenses flared up 38% year over year and 26% sequentially to \$1.04 billion on increased headcount and the Mellanox acquisition-related costs.

Non-GAAP operating income soared 89% year over year and 26% sequentially to \$1.52 billion.

### Balance Sheet and Cash Flow

As of Jul 26, 2020, NVIDIA's cash, cash equivalents and marketable securities were \$10.98 billion, down from \$16.35 billion as of Apr 26.

As of Jul 26, total long-term debt \$6.96 billion, flat with the fiscal first quarter.

Cash flow from operating activities increased 67.3% year over year and 72.2% sequentially to \$1.57 billion. Free cash flow was \$1.35 billion, up 63.9% year over year and 78.9% sequentially. In the first half of fiscal 2021, the company generated operating and free cash flows of \$2.48 billion and \$2.1 billion, respectively.

In the second quarter, NVIDIA paid dividends of \$99 million. The company remains committed to paying its quarterly dividend. During the first half of fiscal 2021, the company returned \$197 million in dividend to shareholders.

### Guidance

For the third quarter of fiscal 2021, NVIDIA anticipates revenues of \$4.4 billion (+/-2%).

Non-GAAP gross margin is projected to be 65.5% (+/-50 bps). Non-GAAP operating expenses are expected to be \$1.54 billion.

Capital expenditures are expected to be approximately \$225-\$250 million.

## Recent News

On Jun 23, NVIDIA announced collaborating with Daimler-owned Mercedes-Benz to develop an in-vehicle computing system and AI-computing infrastructure. The partnership is expected to boost NVIDIA's presence in the self-driving vehicle market.

On Jun 22, NVIDIA introduced NVIDIA Mellanox UFM Cyber-AI platform. The platform minimizes downtime in InfiniBand data centers by harnessing AI-powered analytics to detect security threats and operational issues, as well as predict network failures.

On the same day, NVIDIA revealed that world's top server makers including HPE, Cisco, Dell, Lenovo, and Asus are expected to launch over 50 NVIDIA A100-powered systems.

On May 22, NVIDIA announced that it will pay out a quarterly cash dividend of 16 cents per share on Jun 26 to its shareholders of record Jun 5.

On May 14, NVIDIA announced major expansion to its NVIDIA Clara healthcare platform, aimed at providing new capabilities to the medical community to better track, test and treat coronavirus.

NVIDIA also announced that BMW Group has selected the new NVIDIA Isaac robotics platform to enhance its automotive factories.

Moreover, NVIDIA announced two powerful products for its EGX Edge AI platform, the EGX A100 for larger commercial off-the-shelf servers and the tiny EGX Jetson Xavier NX for micro-edge servers.

Additionally, the company announced the release of NVIDIA Jarvis, a GPU-accelerated application framework that allows companies to use video and speech data to build advanced conversational AI services customized for their own industry, products and customers.

On Apr 27, NVIDIA announced the completion of its previously announced acquisition of Mellanox Technologies for a transaction value of \$7 billion.

On Apr 2, 2020, NVIDIA launched notebook versions of its high-end RTX 2080 Super and RTX 2070 Super GPUs, based on the Turing architecture, which leverages hardware RT Cores to process ray tracing and AI in real time, enhancing visual fidelity. The company also revealed that PC OEMs are deploying more than 100 new laptop models featuring its GeForce GPUs, including the RTX 2080 Super or RTX 2070 Super.

On Mar 26, 2020, NVIDIA announced that coronavirus researchers would get a 90-day free access to its GPU-accelerated genome analysis toolkit — Parabricks.

## Valuation

NVIDIA shares are up 115.6% in the year-to-date period and 206.6% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Technology sector increased 25% and 23.8% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and the sector gained 60.7% and 40.9%, respectively.

The S&P 500 Index is up 5.4% in the year-to-date period and gained 18.3% in the past year.

The stock is currently trading at 55.79X forward 12-month earnings, which compares to 21.62X for the Zacks sub-industry, 26.85X for the Zacks sector and 22.85X for the S&P 500 index.

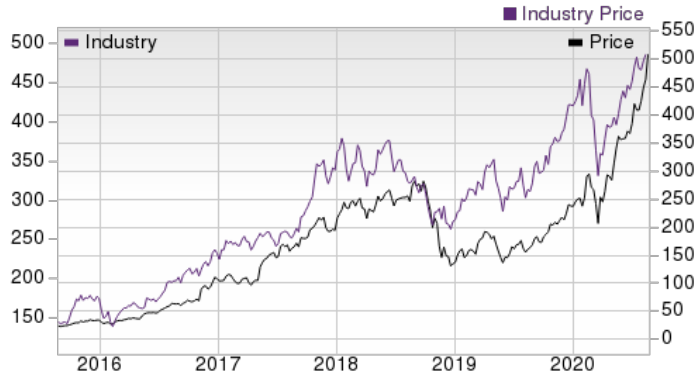
Over the past five years, the stock has traded as high as 66.25X and as low as 18.78X, with a 5-year median of 35.93X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$533 price target reflects 58.58X forward 12-months earnings.

The table below shows summary valuation data for NVDA

Valuation Multiples - NVDA					
		Stock	Sub-Industry	Sector	S&P 500
P/E F 12M	Current	55.79	21.62	26.82	22.85
	5-Year High	66.25	21.62	26.82	22.85
	5-Year Low	18.78	12.86	16.72	15.25
	5-Year Median	35.93	16.37	19.61	17.58
P/S F12M	Current	18.27	5.80	4.17	3.71
	5-Year High	19.12	5.80	4.17	3.71
	5-Year Low	2.25	2.40	2.32	2.53
	5-Year Median	9.04	4.04	3.14	3.05
P/B TTM	Current	22.50	5.48	5.56	4.56
	5-Year High	23.55	5.60	5.84	4.56
	5-Year Low	2.61	2.15	3.16	2.83
	5-Year Median	11.14	3.88	4.44	3.75

As of 08/21/2020

## Industry Analysis Zacks Industry Rank: Top 28% (71 out of 252)



## Top Peers

Company (Ticker)	Rec	Rank
Texas Instruments Incorporated (TXN)	Outperform	1
Ambarella, Inc. (AMBA)	Neutral	3
Advanced Micro Devices, Inc. (AMD)	Neutral	3
Broadcom Inc. (AVGO)	Neutral	2
Intel Corporation (INTC)	Neutral	3
Marvell Technology Group Ltd. (MRVL)	Neutral	3
QUALCOMM Incorporated (QCOM)	Neutral	2
Xilinx, Inc. (XLNX)	Neutral	3

Industry Comparison Industry: Semiconductor - General				Industry Peers		
	NVDA	X Industry	S&P 500	AMD	INTC	TXN
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Outperform
Zacks Rank (Short Term)	3	-	-	3	3	1
VGM Score	C	-	-	C	A	D
Market Cap	313.03 B	15.09 B	23.62 B	98.40 B	209.59 B	128.53 B
# of Analysts	13	3	14	12	13	12
Dividend Yield	0.13%	0.41%	1.65%	0.00%	2.68%	2.57%
Value Score	F	-	-	F	A	F
Cash/Price	0.06	0.12	0.07	0.02	0.12	0.04
EV/EBITDA	89.41	6.59	13.29	128.80	6.30	18.68
PEG Ratio	6.64	3.36	3.03	1.66	1.35	2.98
Price/Book (P/B)	22.50	2.56	3.11	29.77	2.56	16.82
Price/Cash Flow (P/CF)	96.58	11.85	12.69	110.19	6.48	21.62
P/E (F1)	62.28	27.77	21.51	76.02	10.15	27.77
Price/Sales (P/S)	23.96	2.65	2.43	12.87	2.65	9.39
Earnings Yield	1.59%	3.28%	4.46%	1.31%	9.84%	3.60%
Debt/Equity	0.54	0.31	0.76	0.15	0.44	0.82
Cash Flow (\$/share)	5.25	4.89	6.93	0.76	7.60	6.49
Growth Score	A	-	-	A	A	C
Hist. EPS Growth (3-5 yrs)	40.62%	22.01%	10.44%	80.17%	22.01%	18.71%
Proj. EPS Growth (F1/F0)	39.01%	-5.25%	-5.53%	72.27%	-0.33%	-3.58%
Curr. Cash Flow Growth	-20.70%	-14.35%	5.20%	44.79%	6.53%	-4.66%
Hist. Cash Flow Growth (3-5 yrs)	28.68%	12.14%	8.52%	27.24%	9.99%	8.82%
Current Ratio	6.09	3.52	1.33	2.10	1.97	3.92
Debt/Capital	35.24%	23.47%	44.50%	12.91%	30.56%	44.96%
Net Margin	25.93%	10.14%	10.13%	7.96%	29.97%	36.83%
Return on Equity	30.41%	13.98%	14.67%	28.66%	31.55%	60.61%
Sales/Assets	0.64	0.62	0.51	1.29	0.55	0.77
Proj. Sales Growth (F1/F0)	37.92%	-1.98%	-1.54%	32.03%	4.34%	-7.80%
Momentum Score	C	-	-	C	D	F
Daily Price Chg	4.47%	0.00%	-0.15%	1.26%	0.22%	1.27%
1 Week Price Chg	3.25%	2.21%	1.09%	-4.18%	1.79%	2.84%
4 Week Price Chg	25.21%	-2.04%	1.64%	40.69%	-18.41%	8.75%
12 Week Price Chg	49.45%	-0.00%	6.72%	61.98%	-20.13%	21.11%
52 Week Price Chg	195.86%	8.71%	1.00%	162.73%	5.34%	12.08%
20 Day Average Volume	10,291,822	1,311,497	1,873,576	77,823,080	46,121,560	3,903,263
(F1) EPS Est 1 week change	-0.03%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	-0.03%	0.00%	1.79%	9.71%	0.76%	10.00%
(F1) EPS Est 12 week change	2.11%	0.79%	3.35%	10.51%	0.97%	26.52%
(Q1) EPS Est Mthly Chg	-0.07%	-0.07%	0.42%	16.78%	-5.10%	-0.15%



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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	A
Momentum Score	C
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.

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### Disclosures

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