

Ralph Lauren Corp. (RL)

\$84.68 (As of 06/03/20)

Price Target (6-12 Months): **\$72.00**

Long Term: 6-12 Months

Zacks Recommendation: Underperform

(Since: 05/19/20)

Prior Recommendation: Neutral

Short Term: 1-3 Months

Zacks Rank: (1-5)

5-Strong Sell

Zacks Style Scores:

VGM:F

Value: F

Growth: F

Momentum: F

Summary

Ralph Lauren's shares fell and lagged the industry year-to-date owing to the impacts of the coronavirus outbreak and protests related business disruptions in Hong Kong, which also marred fourth-quarter fiscal 2020 results. Notably, the company reported wider-than-expected loss per share in the fiscal fourth quarter, while sales missed estimates. Apart from global store closures, soft margins and adverse currency rates remain headwinds. However, the company is set to gain from the phased re-opening of stores across all regions. Also, its strong online capabilities like BOPUS and curbside pickup bode well. Nonetheless, it expects results for the coming quarters and fiscal 2021 to reflect impacts from the coronavirus outbreak as there are uncertainties regarding the path of recovery. Consequently, it suspended all of its forward guidance.

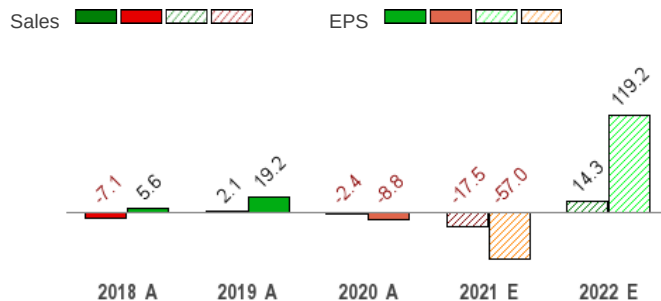
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$128.29 - \$59.82
20 Day Average Volume (sh)	1,589,904
Market Cap	\$6.2 B
YTD Price Change	-27.8%
Beta	1.27
Dividend / Div Yld	\$2.75 / 3.2%
Industry	Textile - Apparel
Zacks Industry Rank	Bottom 26% (188 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-3,300.0%
Last Sales Surprise	-1.4%
EPS F1 Est- 4 week change	-51.6%
Expected Report Date	08/04/2020
Earnings ESP	0.0%
P/E TTM	13.0
P/E F1	30.0
PEG F1	2.5
P/S TTM	1.0

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	1,400 E	1,698 E	1,717 E	1,294 E	5,806 E
2021	649 E	1,471 E	1,748 E	1,316 E	5,079 E
2020	1,429 A	1,706 A	1,751 A	1,274 A	6,160 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	\$0.65 E	\$2.29 E	\$2.63 E	\$0.44 E	\$6.18 E
2021	-\$1.47 E	\$1.61 E	\$2.65 E	\$0.34 E	\$2.82 E
2020	\$1.77 A	\$2.55 A	\$2.86 A	-\$0.68 A	\$6.56 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 06/03/2020. The reports text is as of 06/04/2020.

Overview

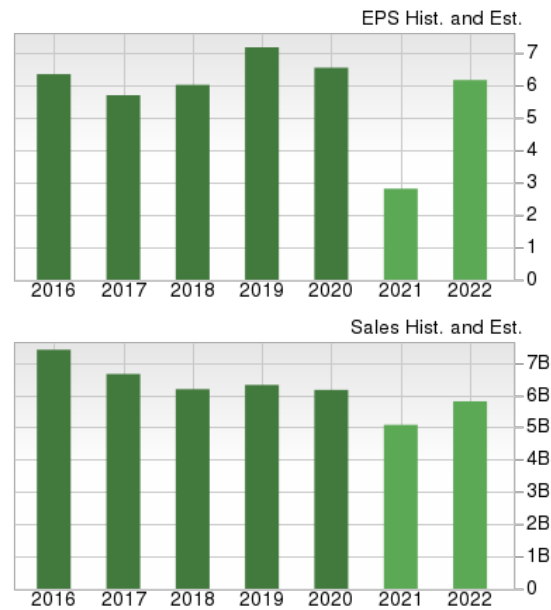
Ralph Lauren Corp. is a major designer, marketer and distributor of premium lifestyle products in North America, Europe, Asia, and internationally. It offers products in the apparel, footwear, accessories, home furnishings, and other licensed product categories. The company possesses a strong portfolio of globally recognized brand names such as Polo Ralph Lauren, Ralph Lauren Purple Label, Ralph Lauren Collection, Double RL, Lauren Ralph Lauren, Polo Golf Ralph Lauren, Ralph Lauren Golf, RLX Ralph Lauren, Polo Ralph Lauren Children, Chaps, Club Monaco and American Living.

The company offers lifestyle product collections in 4 categories – Apparel, which includes men's, women's, and children's clothing; Home, which includes bedding and bath products, furniture, fabric and wallpaper, paint, tabletop and giftware; Accessories, comprising footwear, eyewear, watches, fashion and fine jewelry, and leather goods; and Fragrance and skin care products sold under the Glamorous, Romance, Polo, Lauren, Safari, and Polo Sport brands.

The company's reportable segments include North America, Europe and Asia. These segments contributed roughly 51%, 26.5% and 16.5% respectively to net revenue in fiscal 2020. The rest of the contribution came from other non-reportable segments.

The company operates through wholesale, retail and licensing channels of distribution. It sells products to department stores, specialty stores, and golf and pro shops through the wholesale channel. It also sells directly to consumers through an integrated retail channel, which includes retail stores, concession-based shop-within-shops, and its digital commerce sites. It also licenses to third parties for specified periods the right to access its trademarks in connection with the licensees' manufacture and sale of designated products.

As of Mar 28, 2020, Ralph Lauren had 530 directly-operated stores and 654 concession shops globally. The directly-operated stores included 138 Ralph Lauren, 74 Club Monaco and 318 Polo factory. Additionally, the company operated 250 licensed stores globally.



Reasons To Sell:

- ▼ **Dismal Q4 Results:** Shares of Ralph Lauren have slumped 27.8% year to date compared with the industry's 20.6% decline. The stock has been in doldrums owing to impacts of the coronavirus pandemic, which also hurt quarterly results. The company has reported fourth-quarter fiscal 2020 results, wherein loss per share was wider than expected and sales missed estimates. The results were primarily marred by the impacts of the ongoing coronavirus outbreak as well as protest-related business disruptions in Hong Kong. Driven by the coronavirus outbreak across the globe, the company closed nearly all of its stores in North America, Europe and other parts of the world since mid-March. Fourth-quarter fiscal 2020 revenues declined 15% on a reported basis and 14% on a constant-currency basis. The pandemic also led to revenue declines of 11%, 19% and 22% across North America, Europe and Asia segments, respectively.
- ▼ **Fiscal 2021 View Suspended:** Though the company notes restrictions are easing and re-opens stores in phases, it suspended all guidance in light of the unprecedented impacts of the COVID-19 outbreak. It expects results for the coming quarters and fiscal 2021 to reflect impacts from the coronavirus outbreak as there are uncertainties regarding the path of recovery.
- ▼ **Soft Q4 Margins:** Ralph Lauren's fiscal fourth-quarter adjusted gross profit margin contracted 100 basis points (bps) to 62.2%. Gross margin decline was attributed to unfavorable geographic mix due to lower sales in Asia and Europe as well as currency headwinds. Further, adjusted operating expenses, as a percentage of sales, increased 870 bps to 62.5% on fixed expense deleverage. Driven by a decline in gross margin and higher operating expense rate, the company reported an adjusted operating loss of \$43 million against adjusted operating income of \$96 million in the prior-year quarter.
- ▼ **Headwinds in Hong Kong:** Ralph Lauren's Asia business has been witnessing impacts from protest-related business disruption in Hong Kong for the past few quarters, which continued in fourth-quarter fiscal 2020. The decline in top and bottom lines in the fourth quarter and fiscal 2020 mainly reflect protest related disruptions and the impacts of COVID-19. In fiscal 2020, net income decline was primarily due to a \$224.8 million decrease in operating income, reflecting adverse impacts related to COVID-19 and Hong Kong protest business. Further, operating margin decline in Asia for fiscal 2020 comprised 160 bps negative impact related to COVID-19 and Hong Kong protest. Moreover, the company expects headwinds in Hong Kong to continue hurting its results in the near term.
- ▼ **Currency Headwinds:** Ralph Lauren's earnings and sales for the fiscal fourth quarter continued to be impacted by foreign currency headwinds due to strong U.S. dollar. Notably, adverse foreign currency rates marred gross margin by 20 bps and operating margin by 40 bps in the quarter. Foreign currency also negatively impacted adjusted operating margin rate by 10 bps in Asia and 90 bps in Europe. Moreover, currency headwinds hurt net revenue for fiscal 2020 by \$77.1 million. We expect the negative currency impacts to persist due to the company's global operations.
- ▼ **Competitive Pressure:** Ralph Lauren operates in a highly fragmented market and competes with a number of well-established players such as Estee Lauder, Coach, V.F. Corp., Phillips-Van Heusen, Jones Apparel, Liz Claiborne and Kenneth Cole Productions. The company primarily competes on the basis of fashion, quality and service. Failure to offer high-quality distinguished products at a competitive price may hamper Ralph Lauren's market share, resulting in lower earnings and sales.
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Ralph Lauren's fourth-quarter fiscal 2020 results were primarily marred by the impacts of the ongoing coronavirus outbreak as well as protest-related business disruptions in Hong Kong.

Risks

- **Store Re-opening Plan:** With restrictions easing off, Ralph Lauren has been re-opening stores on a market-by-market basis in coherence with the government guidelines. As of May 27, it re-opened about two-thirds of its stores in Europe and nearly half of its stores in North America. As stores re-open across North America and Europe, the company is applying the learning from the China market, which is now almost fully operational, after closures initiated in early February. The company is looking to expand options that provide greater convenience and limit physical interactions as stores re-open. In China, it expanded the Buy Online-Ship From Store program as stores started to re-open. Apart from this, in North America and Europe, the company is exploring other contactless options like curbside pickup and self-checkout in many locations.
- **Digital Strength Aids Amid Pandemic:** Expansion of digital platforms is a key aspect of Ralph Lauren's growth strategy. The company has developed a winning digital ecosystem, including directly-operated flagship sites, wholesale digital, pure plays and social commerce. The company continued to invest in digital partnerships and capabilities during fiscal 2020, which included launch of localized digital sites in Europe, innovative new omni-channel functionality, and expansion into new digital distribution platforms like rental, subscription, resale, and social commerce, with the recent launch of Instagram Checkout. In fiscal 2020, constant-currency digital revenues improved in high-single digits, backed by strong double-digit growth in Asia and Europe before the coronavirus pandemic.

While the company witnessed declines in overall digital business in fourth-quarter fiscal 2020 due to the coronavirus pandemic, the continuity of digital business partly cushioned the top line. Notably, Ralph Lauren's digital business and fulfillment operations resumed, after a brief closure in late March for implementing safety and health protocols. It continued to operate online through capabilities like digital clienteling, Buy Online Ship From Store, Buy Online Pick Up From Store, curbside pickup and other initiatives. While the North America and Europe businesses continue to grapple with the impacts of COVID-19, the company is encouraged by the recent recovery path in Mainland China and Korea, with strong digital growth in the fiscal fourth quarter. Notably, the company recorded a 15% rise in digital operations in Asia during the fiscal fourth quarter. Moreover, it notes that Mainland China returned to positive sales growth in early May.

- **AUR Growth:** Average unit retail (AUR) across Ralph Lauren's direct-to-consumer network increased 8% in the fourth quarter and 3% for fiscal 2020, driven by ongoing initiatives for brand elevation, improve quality of sales and drive targeted price increases. Further, it benefited from efforts to build its high-potential under-developed categories, led by momentum in outerwear and denim. Further, driven by its brand elevation initiatives, including product, marketing, and distribution, the company delivered positive AUR growth across all three regions for the fourth quarter and fiscal 2020.
- **Strategic Growth Plan – Next Great Chapter:** Despite the impacts of COVID-19, Ralph Lauren is on track to exceed its top and bottom line targets under the "Next Great Chapter" plan that was announced in June 2018. The growth plan focuses on delivering sustainable long term growth and value creation. The company expects to execute this growth plan through by five strategic priorities including – winning over a new generation of customers; energizing core products and accelerating under developed categories; drive targeted expansion in its regions and channels; lead with digital; and operate with discipline to fuel growth. As part of the plan, the company targets delivering low to mid-single digit revenue compounded annual growth rate (CAGR) and mid-teen operating margin by fiscal 2023, in constant currency. Additionally, it anticipates marketing spend to grow nearly 5% of revenue by fiscal 2023, while capital expenditure is expected to represent 4-5% of revenue. Furthermore, the company plans returning 100% free cash flow to shareholders in the next five years, amounting to about \$2.5 billion on a cumulative basis through fiscal 2023 in the form of dividends and share repurchases.
- **Financial Stability:** Ralph Lauren's cash and short-term investments at the end of fourth-quarter fiscal 2020 increased 10.9% sequentially to \$2,116.3 million. Notably, the company's cash position remains sufficient to fund its short term obligations of about \$1,063 million as of Mar 28, 2020. Further, its long-term debt of \$1,964.7 million (including non-current operating lease liabilities) declined 3.4% sequentially. Its debt-to-capitalization ratio of 0.53 represents a sequential increase from 0.46 as of Dec 28, 2019. However, the debt-to-capitalization ratio compares favorably with the industry's ratio of 0.61. The company's times interest earned ratio of 19.5 versus the industry's 3.5 indicates that it is better positioned to meet its debt obligations, compared to its peers.

Moreover, the company drew down \$475 million from Global Credit Facility in the fiscal fourth quarter as part of precautionary measures to preserve cash and strengthen liquidity to navigate through the global pandemic. It has also taken several other measures to preserve cash and liquidity amid the coronavirus crisis, including stringent expense management, reduced capital expenditure and inventory commitments, halting share repurchases, and temporary suspension of quarterly dividends.

Last Earnings Report

Ralph Lauren Q4 Loss Wider Than Expected, Sales Miss

Ralph Lauren has reported fourth-quarter fiscal 2020 results, wherein loss per share was wider than expected and sales missed estimates. The results have been primarily marred by the impacts of the ongoing coronavirus outbreak as well as protest-related business disruptions in Hong Kong.

Driven by the coronavirus outbreak across the globe, the company closed nearly all of its stores in North America, Europe and other parts of the world since mid-March. However, it has continued to operate online through capabilities like digital clienteling, Buy Online Ship From Store, Buy Online Pick Up From Store, curbside pickup and other initiatives.

With restrictions easing off, the company has been re-opening stores on a market-by-market basis in coherence with the government guidelines. So far, it has re-opened about two-thirds of its stores in Europe and nearly half of its stores in North America through the last half of May.

However, the company suspended all guidance in light of the unprecedented impacts of the COVID-19 outbreak. It expects results for the coming quarters and fiscal 2021 to reflect impacts from the coronavirus outbreak as there are uncertainties regarding the path of recovery.

Q4 in Detail

Ralph Lauren reported an adjusted loss per share of 68 cents in the fiscal fourth quarter, much wider than the Zacks Consensus Estimate of a loss of 2 cents. The bottom line also compares unfavorably with adjusted earnings of \$1.07 reported in the prior-year quarter.

On a reported basis, the company posted a loss of \$3.38 per share against earnings of 39 cents in the year-ago quarter. The reported figure primarily included restructuring and other charges.

Net revenues declined 15% year over year to \$1,274.1 million and missed the Zacks Consensus Estimate of \$1,291.5 million. On a constant-currency basis, revenues were down 14% from the prior-year quarter. Soft revenues have mainly reflected the adverse impacts of the coronavirus outbreak on the company's results as well as Hong Kong protests-related business disruptions.

Segment Details

North America: During the fiscal fourth quarter, the segment's revenues declined 11% from the year-ago quarter to \$629 million, driven by the impacts of the coronavirus outbreak-related business disruptions across distribution channels. The retail channel in the region delivered a significant decline, with a 13% fall in comparable store sales (comps) and a 7% dip in digital commerce. Revenues from the North America wholesale business declined 12% from the prior-year period.

Europe: The segment's revenues fell 19% year over year to \$353 million, with a 16% decline in currency-neutral revenues. The decline was mainly attributed to the COVID-19 outbreak-related disruptions across all channels. Comps at retail stores in Europe declined 16%, on a constant currency basis, driven by an 18% decrease in brick-and-mortar stores and a 2% fall in digital. Revenues for the segment's wholesale business fell 21% on a reported basis and 18% in constant currency.

Asia: The segment's revenues decreased 22% from a year ago to \$214 million on a reported basis and fell 21% on a currency-neutral basis. Results reflect the impacts of the coronavirus outbreak as well as protest-related disruptions in Hong Kong. Comps in Asia dropped 23% in constant currency. Notably, a 15% rise in digital operations in the quarter was more than offset by significant declines in brick-and-mortar comps due to store closures in the wake of the coronavirus outbreak.

Margins

Ralph Lauren's adjusted gross profit margin contracted 100 basis points (bps) to 62.2%. Currency headwinds impacted gross margin by 20 bps in the fiscal fourth quarter.

Adjusted operating expenses declined 2% from the year-ago period to \$796 million in the fiscal fourth quarter. However, adjusted operating expenses, as a percentage of sales, increased 870 bps to 62.5% on fixed expense deleverage.

Driven by a decline in gross margin and higher operating expense rate, the company reported an adjusted operating loss of \$43 million against adjusted operating income of \$96 million in the prior-year quarter. Further, foreign currency marred operating margin by 40 bps in the fiscal fourth quarter.

Financials

Ralph Lauren ended fiscal 2020 with cash and short-term investments of \$2,116.3 million, total debt of \$1.2 billion, and total shareholders' equity of \$2,693.1 million. Moreover, the company drew down \$475 million from Global Credit Facility in the fiscal fourth quarter as part of precautionary measures to preserve cash and strengthen liquidity to navigate through the global pandemic.

Inventory dipped nearly 10% from a year ago to \$736.2 million at the end of fiscal 2020. The decline in inventory was mainly attributed to a significant increase in inventory reserves, owing to the COVID-19 outbreak-led business disruptions.

In fiscal 2020, the company incurred capital expenditure of \$270 million. Prior to the coronavirus crisis, it repurchased Class A shares worth \$152 million in the fiscal fourth quarter, resulting in total buybacks of \$650 million for fiscal 2020.

However, the company has taken several measures to preserve cash and liquidity amid the coronavirus crisis, including stringent expense

Quarter Ending 03/2020

Report Date	May 27, 2020
Sales Surprise	-1.35%
EPS Surprise	-3,300.00%
Quarterly EPS	-0.68
Annual EPS (TTM)	6.50

management, reduced capital expenditure and inventory commitments, halting share repurchases, and temporary suspension of quarterly dividends.

Store Update

As of Mar 28, 2020, Ralph Lauren had 530 directly-operated stores and 654 concession shops globally. The directly-operated stores included 138 Ralph Lauren, 74 Club Monaco and 318 Polo factory. Additionally, the company operated 250 licensed stores globally.

Recent News

Ralph Lauren Offers More Updates in the Wake of Coronavirus – April 7, 2020

Ralph Lauren has been undertaking efficient measures to manage business amid the coronavirus outbreak. The company recently allocated \$10 million for emergency relief. Apart from keeping it for the impacted employees, the company is also utilizing this fund to produce and donate masks and isolation gowns to front-line employees.

Further, management announced salary reductions and lower compensations for several executives. As for employees of the stores that were closed in mid-March, they continued being paid till April 11. Thereafter, the company furloughed all store employees where retail operations have been suspended. This includes most workers in North America, Europe and certain other parts of the world. While stores remain closed temporarily in these regions, the improving situation in South Korea and China has led to re-opening of most retail stores. Further, Ralph Lauren continues to operate online.

Ralph Lauren Joins Peers in Closing Stores on Coronavirus Alert – Mar 17, 2020

Ralph Lauren closed all of its stores across North America between Mar 18 and Apr 1 in response to the government's public health guidance to contain the coronavirus outbreak. This move marks the company's initiative of playing its part in safeguarding its employees and society. It revealed that all employees will get full pay for the two weeks. However, the company's online sites and mobile apps remain up for customers. Ralph Lauren also highlighted that it already closed several stores in Asia and Europe.

It is taking other measures to protect employees, which include canceling travels, allowing work from home, deep cleansing all work stations and implementing staggered schedules in distribution centers. Further, the company stated that it will provide an update on the financial impacts of the coronavirus outbreak as well as its outlook for the first quarter and fiscal 2021 on its fourth-quarter fiscal 2020 earnings call.

Valuation

Ralph Lauren shares are down 27.8% in the year-to-date period and 23.7% for the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Consumer Discretionary sector are down 20.6% and 9.9% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and the sector are down 12.9% and 1.3%, respectively.

The S&P 500 index is down 4.4% in the year-to-date period but up 9.2% in the past year.

The stock is currently trading at 23.71X forward 12-month earnings, which compares to 27.94X for the Zacks sub-industry, 32.21X for the Zacks sector and 22.29X for the S&P 500 index.

Over the past five years, the stock has traded as high as 23.71X and as low as 8.16X, with a 5-year median of 15.89X. Our Underperform recommendation indicates that the stock will perform worse than the market. Our \$72 price target reflects 20.16X forward 12-month earnings.

The table below shows summary valuation data for RL

Valuation Multiples - RL					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	23.71	27.94	32.21	22.29
	5-Year High	23.71	27.94	32.21	22.29
	5-Year Low	8.16	13.34	16.21	15.23
	5-Year Median	15.89	17.92	19.91	17.49
P/S F12M	Current	1.17	2.33	2.23	3.47
	5-Year High	1.9	2.58	3.19	3.47
	5-Year Low	0.72	1.42	1.67	2.53
	5-Year Median	1.26	2.04	2.52	3.02
EV/EBITDA TTM	Current	10.1	18.5	10.29	11.4
	5-Year High	11.22	25.31	17.65	12.86
	5-Year Low	5.65	11.05	8.26	8.26
	5-Year Median	7.69	17.66	12.24	10.81

As of 06/03/2020

Industry Analysis Zacks Industry Rank: Bottom 26% (188 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
HUGO BOSS (BOSSY)	Neutral	3
GIII Apparel Group, LTD. (GIII)	Neutral	3
lululemon athletica inc. (LULU)	Neutral	3
PVH Corp. (PVH)	Neutral	5
Tailored Brands, Inc. (TLRD)	Neutral	3
Under Armour, Inc. (UA)	Neutral	NA
Hanesbrands Inc. (HBI)	Underperform	5
V.F. Corporation (VFC)	Underperform	5

Industry Comparison Industry: Textile - Apparel				Industry Peers		
	RL	X Industry	S&P 500	HBI	LULU	VFC
Zacks Recommendation (Long Term)	Underperform	-	-	Underperform	Neutral	Underperform
Zacks Rank (Short Term)	5	-	-	5	3	5
VGM Score	F	-	-	D	C	D
Market Cap	6.24 B	645.33 M	22.50 B	4.19 B	42.14 B	25.26 B
# of Analysts	6	4.5	14	6	16	9
Dividend Yield	3.25%	0.00%	1.88%	4.98%	0.00%	3.00%
Value Score	F	-	-	D	F	F
Cash/Price	0.38	0.18	0.06	0.32	0.03	0.06
EV/EBITDA	9.93	8.17	12.98	7.70	39.32	18.60
PEG Ratio	2.48	3.69	3.05	6.08	4.31	4.88
Price/Book (P/B)	2.32	0.99	3.11	4.80	21.62	7.52
Price/Cash Flow (P/CF)	8.05	4.23	12.18	5.56	52.26	14.80
P/E (F1)	29.55	28.46	22.19	20.07	72.67	56.97
Price/Sales (P/S)	1.01	0.45	2.40	0.63	10.59	2.27
Earnings Yield	3.33%	2.83%	4.31%	4.98%	1.37%	1.75%
Debt/Equity	0.73	0.70	0.76	5.26	0.31	1.08
Cash Flow (\$/share)	10.52	2.17	7.01	2.17	6.20	4.32
Growth Score	F	-	-	D	A	C
Hist. EPS Growth (3-5 yrs)	2.77%	4.02%	10.87%	0.90%	25.21%	3.16%
Proj. EPS Growth (F1/F0)	-57.04%	-59.81%	-10.74%	-65.91%	-9.63%	-58.09%
Curr. Cash Flow Growth	-10.72%	4.78%	5.48%	2.71%	26.75%	-3.63%
Hist. Cash Flow Growth (3-5 yrs)	-4.88%	4.10%	8.55%	2.82%	19.56%	-3.37%
Current Ratio	1.61	1.64	1.29	2.21	2.91	1.66
Debt/Capital	42.18%	43.13%	44.75%	84.03%	23.85%	51.94%
Net Margin	6.24%	3.58%	10.59%	7.75%	16.22%	6.09%
Return on Equity	17.25%	12.14%	16.29%	50.63%	39.88%	27.75%
Sales/Assets	0.84	1.07	0.55	0.87	1.41	1.02
Proj. Sales Growth (F1/F0)	-17.55%	-12.87%	-2.65%	-16.74%	3.75%	-21.79%
Momentum Score	F	-	-	B	F	B
Daily Price Chg	8.02%	3.50%	2.42%	12.31%	3.66%	7.83%
1 Week Price Chg	3.67%	4.03%	4.60%	2.82%	8.44%	0.83%
4 Week Price Chg	19.05%	13.43%	13.40%	25.42%	45.06%	14.24%
12 Week Price Chg	-6.61%	-2.86%	12.78%	18.39%	67.10%	2.04%
52 Week Price Chg	-23.70%	-39.45%	0.89%	-24.32%	86.57%	-25.36%
20 Day Average Volume	1,589,904	51,261	2,528,787	8,275,789	2,066,287	3,264,948
(F1) EPS Est 1 week change	-13.77%	0.00%	0.00%	0.00%	-0.02%	0.00%
(F1) EPS Est 4 week change	-51.59%	-3.93%	-0.14%	0.00%	-1.81%	-45.30%
(F1) EPS Est 12 week change	-67.50%	-65.68%	-16.00%	-65.68%	-22.46%	-69.61%
(Q1) EPS Est Mthly Chg	-800.95%	-27.00%	-0.02%	5.88%	-8.24%	-110.60%

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	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.

Disclosures

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