

Ralph Lauren Corp. (RL)

\$65.87 (As of 05/14/20)

Price Target (6-12 Months): **\$69.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 03/16/20)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

4-Sell

Zacks Style Scores:

VGM:A

Value: A

Growth: A

Momentum: C

Summary

Shares of Ralph Lauren have declined year to date. The company has temporarily closed stores in North America since Mar 18 due to the spread of COVID-19 virus. These closures along with earlier shutdowns in China and Europe are likely to significantly affect its results. Although concerns regarding the estimated impacts of coronavirus outbreak across several countries continue to linger, its fundamentals remain intact. The company boasts a robust earnings and sales surprise trend. It delivered top and bottom line beat in third-quarter fiscal 2020 driven by strength across all businesses, stringent cost discipline and continued investment in brand elevation and other strategic endeavors. Further, its international and digital businesses remain growth drivers.

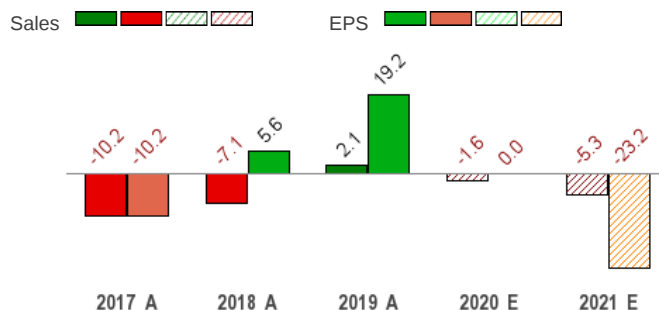
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$128.29 - \$59.82
20 Day Average Volume (sh)	1,391,182
Market Cap	\$4.9 B
YTD Price Change	-43.8%
Beta	1.28
Dividend / Div Yld	\$2.75 / 4.2%
Industry	Textile - Apparel
Zacks Industry Rank	Bottom 9% (229 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	16.7%
Last Sales Surprise	1.9%
EPS F1 Est- 4 week change	-17.4%
Expected Report Date	05/27/2020
Earnings ESP	561.5%

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	895 E	1,615 E	1,754 E	1,336 E	5,884 E
2020	1,429 A	1,706 A	1,751 A	1,328 E	6,213 E
2019	1,391 A	1,691 A	1,726 A	1,506 A	6,313 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.21 E	\$2.08 E	\$2.60 E	\$0.53 E	\$5.52 E
2020	\$1.77 A	\$2.55 A	\$2.86 A	-\$0.02 E	\$7.19 E
2019	\$1.54 A	\$2.26 A	\$2.32 A	\$1.07 A	\$7.19 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 05/14/2020. The reports text is as of 05/15/2020.

Overview

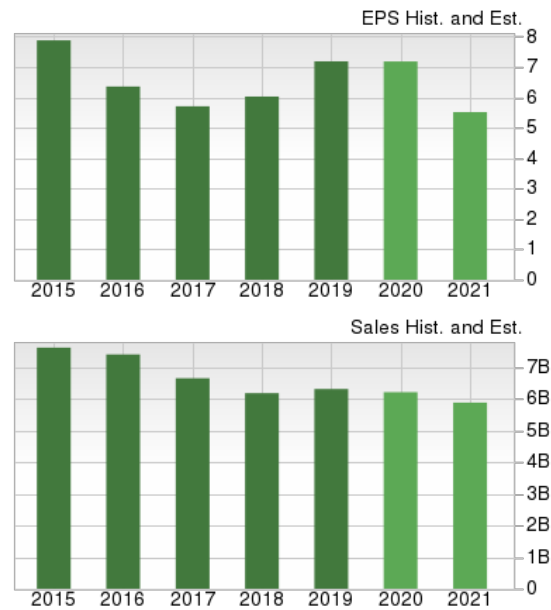
Ralph Lauren Corp. is a major designer, marketer and distributor of premium lifestyle products in North America, Europe, Asia, and internationally. It offers products in the apparel, footwear, accessories, home furnishings, and other licensed product categories. The company possesses a strong portfolio 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 50.7%, 26.3% and 16.5% respectively to net revenue in fiscal 2019. 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 Sep 28, 2019, Ralph Lauren had 517 directly-operated stores and 653 concession shops globally. The directly-operated stores included 132 Ralph Lauren, 75 Club Monaco and 310 Polo factory stores. Additionally, the company had 254 global licensed stores.



Reasons To Buy:

▲ **Robust Q3 Performance:** Ralph Lauren's top and bottom line earnings beat the Zacks Consensus Estimate and improved year over year in third-quarter fiscal 2020. The results benefited from consistent strength across all regions, led by Asia and Europe. In addition, a stringent cost discipline and continued investment in brand elevation and other strategic endeavors — including "Next Great Chapter" — aided the quarterly results. Adjusted gross profit margin expanded 60 bps, both on reported and currency-neutral basis, on improved pricing and promotions, as well as positive geographic and channel mix. Further, adjusted operating income margin expanded 10 bps.

Ralph Lauren's results benefited from consistent strength in international markets, mainly fueled by constant currency revenue growth of 5% and 5.4%, respectively, in Europe and Asia.

▲ **AUR Growth to Aid Performance:** Average unit retail (AUR) across Ralph Lauren's direct-to-consumer network increased 6% in the fiscal third quarter, driven by momentum in both core and under-developed categories, led by strong sales of fleece and outerwear during the holiday season. This is consistent with the company's target of improving AUR throughout fiscal 2020. Going forward, the company expects to realize AUR increases by reducing discounts, elevating product mix, geographic and channel shifts, and strategic ticket price increases.

▲ **Strong Inventory Levels:** Ralph Lauren exited third-quarter fiscal 2020 with clean inventory levels. Notably, inventory dipped 1% from a year ago to \$905 million at the end of the fiscal third quarter. In constant currency, inventories were flat year over year due to strong sell-throughs, improved product assortment and supply-chain initiatives. Further, the company notes that inventory positions for both direct-to-consumer and wholesale businesses are current and well controlled after the holiday season. Going forward, the company remains focused on managing inventories with discipline and leveraging supply chain agility and responsiveness.

▲ **Strategic Growth Plan – Next Great Chapter:** Ralph Lauren is well on track with its "Next Great Chapter" plan that was announced in June 2018. This 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.

▲ **Strong International Presence:** Ralph Lauren remains keen on bolstering international presence by continually expanding in underpenetrated markets. In the past two years, the company has elevated the brand in Asia, particularly China, and built strong business foundation by enhancing the quality of sales and profitability. In third-quarter fiscal 2020, Ralph Lauren inaugurated 48 stores and concessions worldwide, while closing 31 locations. The openings comprised 37 stores in Asia. Meanwhile, it opened six owned and partnered full-price stores in Europe. Overall, the company's international business remained strong with constant currency revenue growth of 5% and 5.4%, respectively, in Europe and Asia. Further, it continued to witness strong growth in key markets, with more than 30% constant-currency revenue growth in Mainland China. Meanwhile, total China sales were up 6% owing to disruptions in Hong Kong. Moreover, the company sees immense potential to expand in Europe, where it currently has only 46 full-price stores. Going forward, the company remains on track to expand real estate locations in order to elevate the brand globally, and drive sales and profitability.

▲ **Digital Growth:** 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. In third-quarter fiscal 2020, constant-currency digital revenues improved in double-digits, backed by strong growth across all regions. Notably, digital comps in North America improved high-single digits, with double-digit growth in Europe and Asia.

In Asia, the company added new digital partners in the quarter, including Myer in Australia, and Tmall's luxury selected platform in China. Digital growth in China accelerated in the quarter on the launch of buy online, ship from store fulfillment to leverage store inventories. Moving to Europe, the company added six wholesale digital partners, including LuisaViaRoma in Italy, SockShop in the U.K. and Brown Hamburg in Germany. In fact, its directly-operated digital sites experienced strong momentum in Europe, delivering 15% comps growth. These partnerships coupled with strong brand-building efforts and higher quality of sales is likely to drive growth at the company's digital business, particularly in the international regions.

Reasons To Sell:

▼ **Impact of Coronavirus:** The crippling effect of the coronavirus outbreak has been leading to supply-chain disruptions, slowdown in production activities and reduced demand for several commodities. Given the prevalent scenario, most of Ralph Lauren's stores in North America, Europe and various other parts of the world are temporarily closed. Further, the company earlier 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. Shares of Ralph Lauren have slumped 43.8% year to date, compared with the industry's 38.6% decline.

Soft wholesale business and lower digital sales to international shoppers have been headwinds in the North America segment.

Earlier, in mid-February, the company temporarily closed nearly two-thirds of its stores in mainland China in response to the coronavirus outbreak. For fourth-quarter fiscal 2020, it estimated that the situation in China, Japan and Korea will hurt its Asia operation's net sales by \$55-\$70 million and operating income by \$35-\$45 million.

▼ **Soft North America Wholesale Revenues:** Although Ralph Lauren reported a 0.2% increase in North America revenues in third-quarter fiscal 2020, revenues from North America wholesale declined 8%. Excluding decline in off-price sales, underlying North America wholesale revenues were down in high-single digits. The company is on track to improve customer experience in the wholesale business by implementing store refreshes, enhanced marketing and expansion in underpenetrated categories. However, these efforts will take time to reflect in the results of the segment's wholesale business.

Apart from the wholesale business, the North America segment's top line was affected by continued headwinds from reduced sales to international shoppers on its U.S. site due to currency headwinds and import restrictions in Asia. However, in the fiscal third quarter, comps on ralphlauren.com were up 6%, driven by single-digits sales to domestic consumers. Nevertheless, management expects lower digital sales to international shoppers to remain a headwind through the rest of fiscal 2020. Clearly, soft wholesale business and lower digital sales to international shoppers are likely to affect the North America business in the near term.

▼ **Headwinds in Hong Kong:** Although Ralph Lauren witnessed robust growth in Asia in the fiscal third quarter, comparable store sales (comps) in the region were significantly impacted by protest-related business disruption in Hong Kong. Comps in Asia dipped 1% year over year, as growth in brick and mortar and digital channels was more than offset by decline in Hong Kong due to business disruptions. Excluding Hong Kong, comps improved 2% from the prior-year quarter. Moreover, the company expects headwinds in Hong Kong to continue hurting its results in the near term. These protest disruptions are estimated to hurt comps in Asia by about five points.

▼ **Currency Headwinds & Tariffs:** Though Ralph Lauren posted robust earnings and sales in third-quarter fiscal 2020, results were impacted by foreign currency headwinds due to strong U.S. dollar. Notably, currency headwinds hurt revenue growth by nearly 60 basis points (bps) in the fiscal third quarter. Currency headwinds are likely to persist throughout fiscal 2020. The company estimates foreign currency to negatively impact revenue growth and operating margin expansion by 110-130 bps and 10 bps, respectively, in fiscal 2020. For the fiscal fourth quarter, currency headwinds are expected to mar revenue growth by 50 bps.

Based on supply chain diversification out of China and recent tariff reductions, the company expects less than \$10 million negative impact from tariffs on fiscal 2020 cost of goods sold. However, the company expects majority of this impact to reflect in the fiscal fourth quarter. Further, it estimates tariffs to hurt results by about \$12-\$15 million in fiscal 2021.

▼ **Higher Operating Expenses:** In third-quarter fiscal 2020, Ralph Lauren's adjusted operating expense increased 50 basis points, on reported and constant-currency basis. The increase was mainly due to higher marketing investments and store expansion. Notably, marketing spending increased 16% as the company perked up investments for the key holiday selling period. Further, the company expects marketing expenses to increase ahead of sales in fiscal 2020 driven by continued investments in its brands, with emphasis on digital.

Last Earnings Report

Ralph Lauren Q3 Earnings & Sales Beat, Gross Margin Aids

Ralph Lauren's earnings and sales beat trend continued in third-quarter fiscal 2020. The results benefited from consistent strength across all regions, led by Asia and Europe. In addition, a stringent cost discipline and continued investment in brand elevation and other strategic endeavors — including "Next Great Chapter" — aided the quarterly results.

Ralph Lauren reported adjusted earnings of \$2.86 per share in the fiscal third quarter, which surpassed the Zacks Consensus Estimate of \$2.45. The bottom line increased in double digits (up 23.3%) from the prior-year quarter.

On a reported basis, the company posted earnings of \$4.41 per share, up from the year-ago quarter's \$1.48, reflecting triple-digit growth. The reported earnings primarily included restructuring and other charges, as well as impacts of tax reform.

Net revenues grew 1.4% year over year to \$1,750.7 million and surpassed the Zacks Consensus Estimate of \$1,715 million. On a constant-currency basis, revenues were up 2% from the prior-year quarter. The top line was driven by growth across all geographic regions, led by Europe and Asia. However, foreign currency hurt revenue growth by nearly 60 basis points (bps) in the fiscal third quarter.

Ralph Lauren's adjusted gross profit margin expanded 60 bps to 62.2%, both on reported and currency-neutral basis. Gross margin growth was driven by improved pricing and promotions, as well as positive geographic and channel mix.

Adjusted operating expenses increased 2% from the year-ago period to \$843 million in the fiscal third quarter. Adjusted operating expense, as a percentage of sales, increased 50 bps to 48.2% on higher marketing investments and store expansion. Driven by gross margin expansion, adjusted operating income margin expanded 10 bps to 14%.

Segment Details

North America: During the quarter under review, the segment's revenues rose 0.2% from the year-ago quarter to \$910.6 million. The retail channel in the region delivered strong growth, with a 4% increase in comparable store sales (comps). Comps growth was backed by 4% improvement in brick-and-mortar stores and 6% rise at ralphlauren.com. However, revenues from North America wholesale declined 8% from the prior-year period.

Europe: The segment's revenues improved 3% year over year to \$437.8 million and currency-neutral revenues were up 5%. Comps at retail stores in Europe rose 3% from the year-ago period, driven by a 2% increase in brick-and-mortar stores and 15% rise in digital. Revenues for the segment's wholesale business improved 2% on a reported basis and 5% in constant currency.

Asia: The segment's revenues increased 5.4% from a year ago to \$289.6 million on a reported and currency-neutral basis, backed by robust performance in the retail channel. Comps in Asia dipped 1% year over year, as growth in brick and mortar and digital channels was more than offset by decline in Hong Kong due to business disruptions. Excluding Hong Kong, comps improved 2% from the prior-year quarter.

Financials

Ralph Lauren ended the quarter with cash and short-term investments of \$1,908.4 million, total debt of \$694 million, and total shareholders' equity of \$3,116.5 million. Inventory dipped 1% from a year ago to \$905 million at the end of the fiscal third quarter. In constant currency, inventories were flat year over year due to strong sell-throughs, improved product assortment and supply-chain initiatives.

The company incurred capital expenditure of \$216 million in the first nine months of fiscal 2020. It repurchased Class A shares worth \$98 million in the fiscal third quarter. It has nearly \$732 million remaining under the currently authorized share repurchase program.

As of Dec 28, 2019, Ralph Lauren had 532 directly-operated stores and 655 concession shops globally. The directly-operated stores included 138 Ralph Lauren, 76 Club Monaco and 318 Polo factory. Additionally, the company operated 257 licensed stores globally.

Guidance

For fiscal 2020, Ralph Lauren retained the net revenue growth target of 2-3% on a currency-neutral basis. The guidance includes negative impacts from tariffs and business disruptions in Hong Kong. However, it does not include any potential impact from coronavirus outbreak in Asia, as the company is closely monitoring the situation with regard to employees, customers and supply chain. It now expects operating margin expansion, in constant currency, at the higher end of the prior guidance range of 40-60 bps.

Foreign currency is now expected to hurt revenue growth and operating margin expansion by 110-130 bps and 10 bps, respectively. Tax rate for the fiscal year is estimated to be 20%.

For the fiscal fourth quarter, management envisions net revenues to be slightly up on both reported and constant-currency basis. Foreign currency is expected to mar revenue growth by 50 bps. Moreover, operating margin is anticipated to increase marginally, in both reported and constant-currency basis. This will include a minimal impact from currency. Tax rate for the fiscal fourth quarter is envisioned to be 26%.

Quarter Ending 12/2019

Report Date	Feb 04, 2020
Sales Surprise	1.87%
EPS Surprise	16.73%
Quarterly EPS	2.86
Annual EPS (TTM)	8.25

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.

Ralph Lauren Declares Dividend – Mar 16, 2020

Ralph Lauren announced a quarterly cash dividend of 68.75 cents per share, payable Apr 10, 2020, to shareholders of record as on Mar 27.

Valuation

Ralph Lauren shares are down 43.8% in the year-to-date period and 42.6% for the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Consumer Discretionary sector are down 38.6% and 21.1%, respectively, in the year-to-date period. Over the past year, the Zacks sub-industry and the sector are down 34.2% and 15.9%, respectively.

The S&P 500 index is down 11.5% in the year-to-date period and 1.2% in the past year.

The stock is currently trading at 11.01X forward 12-month earnings, which compares to 25.01X for the Zacks sub-industry, 27.54X for the Zacks sector and 20.67X for the S&P 500 index.

Over the past five years, the stock has traded as high as 22.44X and as low as 8.16X, with a 5-year median of 15.94X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$69 price target reflects 11.53X 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	11.01	25.01	27.54	20.67
	5-Year High	22.44	25.01	27.54	20.79
	5-Year Low	8.16	13.34	16.2	15.19
	5-Year Median	15.94	17.99	19.92	17.45
P/S F12M	Current	0.82	1.73	1.94	3.22
	5-Year High	1.9	2.58	3.2	3.44
	5-Year Low	0.72	1.42	1.67	2.54
	5-Year Median	1.27	2.04	2.53	3.02
EV/EBITDA TTM	Current	6.36	13.02	9.59	10.32
	5-Year High	11.22	26.49	17.63	12.86
	5-Year Low	5.65	11.09	8.28	8.28
	5-Year Median	7.62	17.76	12.32	10.77

As of 05/14/2020

Industry Analysis Zacks Industry Rank: Bottom 9% (229 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
HUGO BOSS (BOSSY)	Neutral	3
lululemon athletica inc. (LULU)	Neutral	3
Tailored Brands, Inc. (TLRD)	Neutral	3
Under Armour, Inc. (UA)	Neutral	3
GIII Apparel Group, LTD. (GIII)	Underperform	5
Hanesbrands Inc. (HBI)	Underperform	5
PVH Corp. (PVH)	Underperform	4
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)	Neutral	-	-	Underperform	Neutral	Underperform
Zacks Rank (Short Term)	4	-	-	5	3	5
VGM Score	A	-	-	F	B	C
Market Cap	4.86 B	425.25 M	18.95 B	2.97 B	30.92 B	21.88 B
# of Analysts	6	4	14	6	16	10
Dividend Yield	4.17%	0.00%	2.2%	7.03%	0.00%	3.46%
Value Score	A	-	-	D	F	D
Cash/Price	0.36	0.18	0.06	0.33	0.04	0.03
EV/EBITDA	5.63	7.05	11.58	6.48	28.74	12.63
PEG Ratio	1.01	2.66	2.60	4.31	3.05	2.89
Price/Book (P/B)	1.56	0.88	2.59	3.40	15.86	4.79
Price/Cash Flow (P/CF)	5.92	4.07	10.20	3.94	38.35	12.12
P/E (F1)	12.05	15.40	19.00	14.22	50.47	30.26
Price/Sales (P/S)	0.76	0.38	1.93	0.44	7.77	1.78
Earnings Yield	8.38%	4.32%	5.05%	7.03%	1.98%	3.30%
Debt/Equity	0.65	0.66	0.75	5.26	0.31	0.69
Cash Flow (\$/share)	11.12	2.16	7.01	2.17	6.20	4.57
Growth Score	A	-	-	D	A	A
Hist. EPS Growth (3-5 yrs)	1.80%	4.50%	10.82%	0.90%	25.21%	4.12%
Proj. EPS Growth (F1/F0)	-23.20%	-58.87%	-10.48%	-65.91%	-4.51%	-36.51%
Curr. Cash Flow Growth	9.60%	9.47%	5.68%	2.71%	26.75%	51.18%
Hist. Cash Flow Growth (3-5 yrs)	-3.42%	4.10%	8.52%	2.82%	19.56%	4.29%
Current Ratio	1.94	1.70	1.27	2.21	2.91	2.12
Debt/Capital	39.49%	41.50%	44.25%	84.03%	23.85%	40.92%
Net Margin	10.40%	3.58%	10.54%	7.75%	16.22%	10.54%
Return on Equity	20.83%	12.14%	16.29%	50.63%	39.88%	30.78%
Sales/Assets	0.91	1.10	0.54	0.87	1.41	1.14
Proj. Sales Growth (F1/F0)	-5.31%	-12.02%	-2.55%	-16.74%	6.28%	-13.14%
Momentum Score	C	-	-	D	C	D
Daily Price Chg	1.82%	0.00%	1.17%	3.39%	3.57%	5.08%
1 Week Price Chg	-1.38%	0.81%	3.23%	-1.15%	8.83%	5.05%
4 Week Price Chg	-3.87%	0.00%	1.06%	-1.73%	13.57%	1.08%
12 Week Price Chg	-45.95%	-39.04%	-22.80%	-42.05%	-9.90%	-33.99%
52 Week Price Chg	-42.60%	-52.94%	-12.40%	-49.29%	34.37%	-39.28%
20 Day Average Volume	1,391,182	87,775	2,553,422	8,274,339	1,747,773	2,679,763
(F1) EPS Est 1 week change	-5.21%	0.00%	0.00%	0.00%	2.13%	-5.13%
(F1) EPS Est 4 week change	-17.39%	-16.52%	-5.57%	-46.19%	2.13%	-24.93%
(F1) EPS Est 12 week change	-37.06%	-63.59%	-16.22%	-65.68%	-18.19%	-50.83%
(Q1) EPS Est Mthly Chg	-86.54%	-19.71%	-11.63%	-199.56%	0.00%	-2,025.93%

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	A
Momentum Score	C
VGM Score	A

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

Disclosures

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