Zacks | Our Research. Your Success.

Jun 15, 2020

Starbucks Corporation(SBUX)

$76.38 (As of 06/12/20)

Price Target (6-12 Months): **$80.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 05/12/19) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM:F
	Value: C | Growth: D | Momentum: F	

Summary

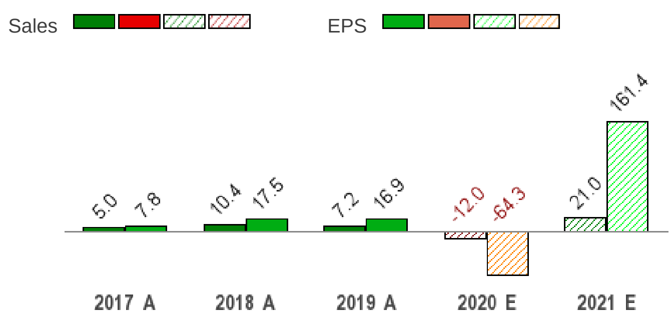
Shares of Starbucks have underperformed the industry so far this year. The dismal performance can be primarily attributed to the coronavirus related woes. Notably, the company witnessed dismal China comparable sales, which declined in the fiscal second quarter after witnessing robust growth in the trailing six quarters. It anticipates the impact of coronavirus to intensify in third-quarter fiscal 2020. Moreover, the company's high debt-to-capitalization makes it difficult to tide over the ongoing crisis. Notably, earning estimates for current year have declined over the past 30 days. However, operating fundamentals such as solid global footprint, successful innovations and digital offerings are likely to aid the company going forward. Despite the coronavirus, the company is on track to open minimum 500 net new stores this fiscal year.

Price, Consensus & Surprise

Data Overview

52 Week High-Low	**$99.72 - $50.02**
20 Day Average Volume (sh)	**9,860,029**
Market Cap	**$89.2 B**
YTD Price Change	**-13.1%**
Beta	**0.79**
Dividend / Div Yld	**$1.64 / 2.1%**
Industry	**Retail - Restaurants**
Zacks Industry Rank	**Top 29% (72 out of 252)**
Last EPS Surprise	**3.2%**
Last Sales Surprise	**4.5%**
EPS F1 Est- 4 week change	**-32.8%**
Expected Report Date	**07/23/2020**
Earnings ESP	**-20.7%**
P/E TTM	**29.5**
P/E F1	**75.6**
PEG F1	**5.9**
P/S TTM	**3.4**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2021	7,064 E	6,745 E	7,025 E	7,407 E	28,211 E
2020	7,097 A	5,996 A	4,414 E	5,979 E	23,317 E
2019	6,633 A	6,306 A	6,823 A	6,747 A	26,509 A

EPS Estimates

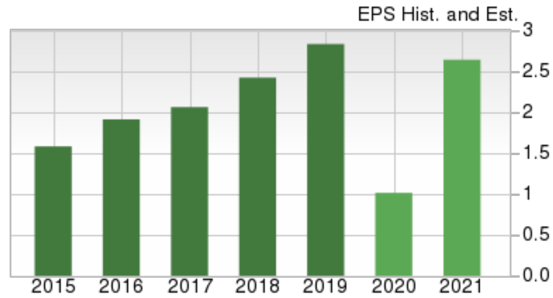
	Q1	Q2	Q3	Q4	Annual*
2021	$0.62 E	$0.55 E	$0.65 E	$0.77 E	$2.64 E
2020	$0.79 A	$0.32 A	-$0.41 E	$0.28 E	$1.01 E
2019	$0.75 A	$0.60 A	$0.78 A	$0.70 A	$2.83 A

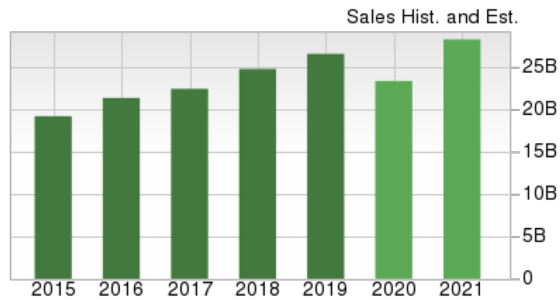
*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 06/12/2020. The reports text is as of 06/15/2020.

Overview

Founded in 1985 and based in Seattle, WA, Starbucks Corporation is the leading roaster and retailer of specialty coffee in the world. In addition to fresh, rich-brewed coffees, Starbucks' offerings include many complementary food items and a selection of premium teas and other beverages, sold mainly through the company's retail stores. The company's popular brands include Starbucks coffee, Teavana tea, Seattle's Best Coffee, La Boulange bakery products and Evolution Fresh juices.





Other than the company's own retail stores, it generates revenues through licensed stores, consumer packaged goods and foodservice operations. The company receives royalties and license fees from the U.S. and international licensed stores. Under its consumer packaged goods operations, Starbucks sells packed coffee and tea products as well as a variety of ready-to-drink beverages and single-serve coffee and tea products to grocery, warehouse clubs and specialty retail stores. It also includes revenues from licensing deals with many partners to produce and sell its Starbucks and Seattle's Best Coffee branded products. Under its foodservice operations, Starbucks supplies some of its products to restaurants, office coffee distributors, hotels, airlines and other retailers.

Starbucks operates through the following segments: Americas (inclusive of the United States), Canada and Latin America — (72% of total revenues in the fiscal second quarter); International (20%); and Channel Development (CD — 8%). The CD segment is not a geographic region but an entirely different channel (it is a combination of the consumer packaged goods or CPG and foodservice businesses). It includes roasted whole bean and ground coffees, premium Tazo teas, a variety of ready-to-drink beverages (like Frappuccino and Starbucks Refreshers) and Starbucks and Tazo branded K-Cup packs sold through channels such as grocery, specialty retailers, and foodservice to name a few. The All-Other segment comprises Teavana-branded stores, Seattle's Best Coffee, as well as certain developing businesses such as Siren Retail, which includes Starbucks Reserve Roastery & Tasting Rooms, Starbucks Reserve brand and products and Princi operations.

Reasons To Buy:

▲ **Strong Brand Position:** Starbucks is one of the most recognized coffee brands in the world. From espresso to specialty roast and ground coffee to premium single-serve market, Starbucks commands authority and a leading position in all coffee segments. Further, management focuses on increasing global market share by judiciously opening stores in new and existing markets, remodeling existing stores, deploying technology, controlling costs and aggressive product innovation and brand building. In fiscal 2019, Starbucks added 1,900 net new stores. In 2018 and 2017, the company had added 2,300 and 2,250 net new locations. Although, the coronavirus pandemic is hurting the company's original store opening program, it still expects to open at least 500 new stores in China in fiscal 2020.New store productivity and Return on Investment (ROI) in the United States and China are high. By fiscal 2021, the company intends to open approximately 12,000 stores globally. This will take the total store count to an estimated 37,000. Notably, Starbucks' long-term growth targets include 3-4% comps growth, yielding high-single digit revenue growth and EPS growth of at least 12%.

Starbucks' solid execution of several initiatives in the United States and China, along with best-in-class loyalty programs and digital offerings are expected to drive profits

▲ **Global Coffee Alliance With Nestle Expands Starbucks' Channel Development Footprint:** Starbucks and the Swiss-based food giant Nestle SA have teamed up to revitalize their coffee domains. Starbucks and Nestle announced a global marketing deal that gives the latter "perpetual rights " to market Starbucks' products globally outside its coffee shops. This alliance will expand the global reach of Starbucks brands in the consumer packaged goods ("CPG') and foodservice categories to nearly 190 countries around the world. In the past year, the company has launched three new coffee platforms in over 30 new markets — Starbucks by Nespresso, Starbucks by Dolce Gusto, and Starbucks roast and ground coffee.

▲ **Emphasis on China:** China Asia Pacific or CAP has now become the fastest growing segment. Improving customer experience via innovative new store designs, upgrading product offerings and margin expansion through process and supply chain efficiencies are driving CAP performance. China has witnessed comps growth of 1%, 3%, 6% and 5% in the first, second, third and fourth of fiscal 2019. In first-quarter 2020, China delivered comps growth of 3%. Although comps declined in second-quarter fiscal 2020 due to the coronavirus oubreak, China still remains one of the most important markets for the company. Management believes that China and the Asia-Pacific region will drive business growth over the next five years supported by rapid unit growth, growing brand awareness, and increased usage of the digital/mobile/loyalty platforms.

The company has announced a historic partnership with Alibaba for providing seamless Starbucks Experience to drive growth in China. Starbucks began delivery services in Beijing and Shanghai via Alibaba's Ele.me platform. The company announced that it has surpassed the goal of increasing Starbucks Delivers footprint to 3,000 stores in 100 cities by the end of fiscal 2019. Starbucks' business in China is rapidly growing due to innovative store designs, local product innovations and the success of MSR program. It has plans to launch certain features in China loyalty program this year and full digital capabilities over time. The company has plans to build 600 net new stores annually over the next five years in Mainland China that will double the market's store count from the end of fiscal 2017 to 6,000 across 230 cities. This speedy expansion in China is likely to triple its revenues and double its operating profit by the end of fiscal 2022 from fiscal 2017.

▲ **Best-in-Class Loyalty Program and Digital Offerings:** Starbucks holds a leading position in digital, card, loyalty and mobile capabilities. Starbucks' loyalty cards are gaining popularity. In the United States, the company's membership increased 11% year over year under the My Starbucks Rewards (MSR) program in fiscal 2017 and rose 15% as well to 15.3 million active members in fiscal 2018. The momentum continued in 2019 with the membership improving 15% year over year to 17.6 million active members. At the end of first-quarter 2020, the company had 18.9 million active members, up 16% from year-ago period's levels. During the second quarter, 90-day active Starbucks Rewards members rose to 19.4 million, up 15% from the prior year period. Customers in the United States are utilizing the chain's mobile app to order and pay for drinks. They are also joining the company's rewards program. Currently, MSR is one of the most important business drivers of Starbucks.

▲ **Focus on Innovation:** Starbucks is strengthening its product portfolio with significant innovation around beverages, refreshment, health and wellness, tea and core food offerings. Starbucks is leaning toward fast-growing categories like Cold Brew, Draft Nitro beverages, and plant-based modifiers, including almond, coconut, and soy milk alternatives. Apart from the numerous beverage innovations, Starbucks has also been making an effort to offer more nutritional and healthy products to its customers. Meanwhile, the company's Reserve Roastery and Tasting Room elevates the coffee experience to the next level, with small-batch super-premium coffee produced using innovative coffee-brewing techniques. Starbucks' strategy to boost the overall brand through its premium Roastery/Reserve brands is a huge opportunity. Starbucks is fast expanding its food offerings in the United States to complement its drinks.

Starbucks' recent collaboration with Beyond Meat to roll out a plant-based lunch menu in the China is a testament to the same. Now Starbucks customers can enjoy pastas and lasagna made utilizing Beyond Meat's plant-based beef products. It will also include meatless pork alternative known as Omnipork and popular non-dairy milk called Oatley. The new menu is available at more than 3,300 Starbucks locations in China. Both the companies have already partnered to roll out a plant-based sandwich to Canadian locations.

Reasons To Sell:

The coronavirus pandemic and operating margin contraction over the past few quarters has been a concern.

- **Q2 Top & Bottom Lines Decline Sharply:** Starbucks reported second-quarter fiscal 2020 results, wherein earnings and revenues declined 47% and 4.9%, respectively, year over year. The downside can be attributed to dismal global retail and comparable sales, and decline in store traffic. Global comparable store sales declined 10% against an improvement of 5% in first-quarter fiscal 2020. Global comps declined due to decrease of 13% comparable transactions, marginally offset by an increase of 4% in average ticket. Earnings estimates for fiscal 2020 and 2021 have witnessed sharp downward revisions in the past 30 days.

- **Coronavirus to Hurt Future Results:** The company anticipates the impact of coronavirus to intensify in third-quarter fiscal 2020 only to moderate in fourth-quarter fiscal 2020. In the second-quarter fiscal 2020, the COVID-19 pandemic impacted the company's performance between two to three weeks. However, it anticipates an impact of 13 weeks in third-quarter fiscal 2020. The impact of the deadly virus is expected to lessen in the month of May and June after wreaking havoc in April. Starbucks expects substantial recovery in China by the end of fiscal 2020.

- **Margins Decline a Concern:** Margin contraction remains a major concern. In the first, second, third and fourth quarter of fiscal 2018, Starbucks non-GAAP operating margin shriveled 170, 80, 230 and 190 bps, respectively. The downtrend continued in first, second, third and fourth-quarter fiscal 2019, with margin declining 180, 40, 20 and 80 bps year over year to 17.4%, 15.8%, 18.3% and 17.2%, respectively. Although margin expanded improved in first-quarter fiscal 2020, it declined gain in second-quarter 2020. On a non-GAAP basis, operating margin contracted 660 basis points year over year to 9.2%. The downtrend can primarily be attributed to sales deleverage and rise in costs due to the coronavirus pandemic, mostly catastrophe wages, and heightened pay programs and additional benefits in support of retail store partners, inventory write-offs and store safety items.

- **High Leverage Concern:** The company's total debt increased to $19.3 billion (as of Mar 29, 2020) from $18.4 billion at Dec 29, 2019. Moreover, the company's debt-to-capitalization of 149% is quite high compared to 124.1% for its industry. Notably, its times-interest-earned ratio of 12.3 reflects decline from 14.4 in the prior quarter. This indicates reduced relative freedom of the company from the constraints of debt. Moreover, the company ended second-quarter fiscal 2020 with cash and cash equivalent of $2.6 billion, which is not be enough to manage the high debt level. On May 6, 2020, the Fitch Ratings lowered the company's credit rating to BBB from BBB+ with a negative outlook.

- **Tricky Retail and Consumer Spending Environment in the United States:** Being a retail restaurant, Starbucks is dependent on consumer discretionary spending environment. Consumers' propensity to spend largely depends upon the overall macro-economic scenario. Although higher disposable income and increased wages are favoring the industry right now, it can change with the slightest disruption in the economy. The company, therefore, is highly vulnerable to the inconsistent nature of consumer discretionary spending. If it does not make pragmatic use of advanced technologies to innovate across value chains, it has high chances of fading out like many other restaurant retailers.

Last Earnings Report

Starbucks Q2 Earnings Top, Coronavirus to Hurt Future Results

Quarter Ending	03/2020
Report Date	Apr 28, 2020
Sales Surprise	4.52%
EPS Surprise	3.23%
Quarterly EPS	0.32
Annual EPS (TTM)	2.59

Starbucks reported second-quarter fiscal 2020 results, wherein both earnings and revenues surpassed the Zacks Consensus Estimate. While the bottom line surpassed the Zacks Consensus Estimate for the second straight quarter, the top line beat the same after missing in the preceding quarter.

However, both the metrics declined sharply year over year owing to the coronavirus pandemic. Comparable store sales were down 50% in China on account of store closures and reduced working hours. Notably, comparable sales from China declined in the quarter after witnessing robust growth in the trailing six quarters. The company anticipates the impact of coronavirus to intensify in third-quarter fiscal 2020 only to moderate in fourth-quarter fiscal 2020. In the quarter under review, the COVID-19 pandemic impacted the company's performance between two to three weeks. However, it anticipates an impact of 13 weeks in third-quarter fiscal 2020. The impact of the deadly virus is expected lessen in the month of May and June after wreaking havoc in April.

Discussion on Earnings, Revenues & Comps

In the quarter under review, adjusted earnings of 32 cents per share surpassed the consensus mark by a penny. However, the bottom line declined 47% on a year-over-year basis.

Total revenues came in at $5,995.7 million, beating the Zacks Consensus Estimate of $5,736.5 million. However, the top line fell 4.9% from the year-ago level. The downside can be attributed to dismal global retail sales and comparable sales and decline in store traffic.

Global comparable store sales declined 10% against an improvement of 5% in first-quarter fiscal 2020. Global comps declined due to 13% decrease comparable transactions, marginally offset by 4% increase in average ticket.

Starbucks opened 225 net new stores worldwide in the fiscal second quarter, bringing the total store count to 32,050. Global store growth came in at 6%, based on a year-over-year comparison.

Overall Margin Contracts in Q2

On a non-GAAP basis, operating margin contracted 660 basis points year over year to 9.2%. The downtrend can primarily be attributed to sales deleverage and rise in costs due to the coronavirus pandemic, mostly catastrophe wages, and heightened pay programs and additional benefits in support of retail store partners, inventory write-offs and store safety items.

Segmental Performance

Notably, in fourth-quarter fiscal 2019, the company realigned its operating segments. Specifically, the China/Asia Pacific segment and Europe, Middle East and Africa segment have been combined into one International segment.

Results of Siren Retail — which is a non-reportable operating segment consisting of Starbucks Reserve TM Roastery & Tasting Rooms, Starbucks Reserve brand and Princi operations — were previously included within Corporate and Other. It now reports within Americas and International segments based on the geographical location of operations.

Americas: Net revenues at this flagship segment came in at $4,330 million, almost flat year over year. Although the segment revenues in the quarter benefited from 552 net new store opening in a year's time, it was offset by 3% comparable store sales decline primarily due to the coronavirus outbreak.

In the first ten weeks of the quarter, the company sustained strong comparable store sales momentum and improved 8%. However, in the final three weeks of the quarter, comparable sales declined sharply owing to the coronavirus pandemic. Due to the outbreak, America's second-quarter revenues were impacted by nearly $450 million. Moreover, the segment's non-GAAP operating income was roughly impacted by $420 million.

Adjusted operating margin in the Americas segment contracted 590 bps to 14.4% due to sales deleverage and increase in costs on account of the coronavirus-induced crisis.

International: Net revenues declined 26% year over year to $1,134.6 million at this segment owing to decrease of 31% in comparable store sales due to the pandemic. Moreover, the decline can be attributed to 4% revenue-dilutive effect of transforming certain retail businesses to fully licensed markets. However, the downside was partially offset by 1,314 net new store openings in a year's time.

Moreover, adjusted operating margin in the segment declined to 3.9% from 19.3% in the year-ago quarter owing to sales deleverage. Although stores in most of the markets were closed or operating under modified models, the company had to bear partner wages and benefits and occupancy costs. Margin decline can also be attributable to higher-than-normal sales mix of delivery transactions as customers shifted to off-premise consumption.

Comps in China declined 50%, including 53% transaction decrease owing to store closures and reduced traffic.

The company announced that 98% of its stores in China have commenced operations and anticipates continued improvement in traffic. It stopped new store openings in the second quarter but restarted development activities toward the end of the quarter. The company is on track to open at least 500 net new stores in fiscal 2020, which is over 80% of its original target.

Channel Development: Net revenues at this segment jumped 16% from the prior-year quarter to $519.1 million. The upside was due to robust performance of the Global Coffee Alliance, which includes additional product sales to Nestlé to transition Foodservice order fulfillment, and benefits associated to the transfer of certain single-serve product activities to Nestlé on a go-forward basis. Moreover, operating margin expanded 320 bps to 36.5%.

Fiscal 2020 Guidance

The company announced that due to the coronavirus pandemic, the company had closed nearly 50% of its company-operated stores in the United States, and above 75% in Canada, Japan and the U.K. Although 98% stores are open in China, these are operating under modified schedules and enhanced safety-related protocols, which includes limited cafe seating.

The company is unable to provide full financial impact the coronavirus as it is unable to ascertain the duration and impact of the outbreak. China comparable store sales, which declined 50% in the second quarter, are expected to decrease in the range of 25% to 30%. This suggests an improvement from the prior quarter. In fourth-quarter fiscal 2020, it will further improve to a decline of 10% to flat year over year.

The company anticipates Channel Development GAAP revenue decline in the range of 6% to 8%. For fiscal 2020, the company expects capital expenditure to be nearly $1.5 billion.

Other Financial Updates

The company ended the quarter with cash and cash equivalents of $2,572.3 million, compared with $2,686.6 million at the end of Sep 29, 2019. As of Mar 29, 2020, long-term debt stands at $11,658.7 million, compared with $11,167 million as of Sep 29, 2019.

Moreover, the company's declared a cash dividend of 41 cents per share, payable on May 22, 2020, to shareholders of record as of May 8, 2020.

Recent News

Starbucks Provides Business Update Amid Coronavirus Pandemic – Jun 10, 2020

Starbucks recently provided business update in the light of the coronavirus pandemic. The company is witnessing improvement in comparable store sales in China. However, it anticipates losses in third-quarter fiscal 2020.

Starbucks to Bring Plant-Based Menu to China With Beyond Meat - Apr 20, 2020

Starbucks is leaving no stone unturned to attract customers in China. The company's collaboration with Beyond Meat to roll out a plant-based lunch menu in the country is a testament to the same.

Now Starbucks customers can enjoy pastas and lasagna made utilizing Beyond Meat's plant-based beef products. It will also include meatless pork alternative known as Omnipork and popular non-dairy milk called Oatley.

Starbucks Revokes 2020 Guidance - Apr 8, 2020

Starbucks recently withdrew fiscal 2020 guidance on account of the coronavirus pandemic. The company also provided preliminary second-quarter fiscal 2020 earnings. Starbucks anticipates second-quarter earnings to decline sharply due to the coronavirus outbreak.

Owing to business disruption in China on account of the coronavirus, the company's GAAP and non-GAAP earnings per share for the second quarter are likely to be impacted in the range of 15 to 18 cents, in line with its prior estimate. Moreover, the company's earnings are likely to be affected by coronavirus in the United States and other part of the world. The company's adjusted earnings in second-quarter fiscal 2020 is estimated to be 32 cents, down sharply from the prior-year quarter adjusted earnings of 60 cents.

Valuation

Starbucks shares have declined 13.1% in year-to-date period and 7.9% in the trailing 12-month period. Stocks in the Zacks sub-industry are down by 7.4%, but the Zacks Retail-Wholesale sector is up by 9%, in the year-to-date period. Over the past year, the Zacks sub-industry is down 7.5%, but the sector is up 17.2%.

The S&P 500 index is down 5.5% in the year-to-date period, but up 5.3% in the past year.

The stock is currently trading at 35.33X forward 12-month earnings, which compares to 33.83X for the Zacks sub-industry, 32.32X for the Zacks sector and 21.93X for the S&P 500 index.

Over the past five years, the stock has traded as high as 37.22X and as low as 18.15X, with a 5-year median of 25.99X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $80 price target reflects 37.03X forward 12-month earnings.

The table below shows summary valuation data for SBUX.

Valuation Multiples - SBUX

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	35.33	33.83	32.32	21.93
	5-Year High	37.22	34.04	32.32	22.11
	5-Year Low	18.15	20.49	19.06	15.23
	5-Year Median	25.99	23.09	23.36	17.49
P/S F12M	Current	3.37	3.65	1.1	3.41
	5-Year High	4.45	3.93	1.13	3.44
	5-Year Low	2.29	2.81	0.81	2.53
	5-Year Median	3.48	3.31	0.95	3.02
EV/EBITDA TTM	Current	21.41	16.91	17.33	11.25
	5-Year High	23.53	17.86	17.91	12.85
	5-Year Low	13.88	11.94	11.05	8.25
	5-Year Median	18.73	14.3	12.78	10.82

As of 06/12/2020

Industry Analysis **Zacks Industry Rank:** Top 29% (72 out of 252)

Top Peers

Company (Ticker)	Rec	Rank
Bloomin Brands, Inc. **(BLMN)**	Neutral	3
Chipotle Mexican Grill, Inc. **(CMG)**	Neutral	3
Dunkin Brands Group, Inc. **(DNKN)**	Neutral	3
Dominos Pizza Inc **(DPZ)**	Neutral	2
Darden Restaurants, Inc. **(DRI)**	Neutral	3
McDonalds Corporation **(MCD)**	Neutral	3
The Wendys Company **(WEN)**	Neutral	3
Yum Brands, Inc. **(YUM)**	Neutral	3

Industry Comparison Industry: Retail - Restaurants

Industry Peers

	SBUX	X Industry	S&P 500	DPZ	MCD	YUM
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	2	3	3
VGM Score	F	-	-	B	F	B
Market Cap	89.23 B	268.37 M	21.47 B	14.79 B	140.66 B	27.47 B
# of Analysts	15	6	14	12	15	8
Dividend Yield	2.15%	0.00%	1.96%	0.83%	2.64%	2.06%
Value Score	C	-	-	C	D	D
Cash/Price	0.03	0.12	0.06	0.03	0.04	0.04
EV/EBITDA	16.96	11.90	12.36	26.73	17.27	18.96
PEG Ratio	5.88	4.82	2.92	2.62	4.77	2.64
Price/Book (P/B)	NA	2.04	2.96	NA	NA	NA
Price/Cash Flow (P/CF)	18.52	8.46	11.51	33.20	18.71	22.61
P/E (F1)	75.47	41.29	20.86	33.40	35.02	32.58
Price/Sales (P/S)	3.35	0.61	2.25	4.05	6.75	4.90
Earnings Yield	1.32%	0.24%	4.55%	2.99%	2.85%	3.07%
Debt/Equity	-2.56	1.12	0.76	-1.26	-5.44	-1.34
Cash Flow ($/share)	4.12	1.81	7.01	11.39	10.11	4.04
Growth Score	D	-	-	A	D	B
Hist. EPS Growth (3-5 yrs)	14.15%	5.56%	10.87%	31.51%	12.05%	0.51%
Proj. EPS Growth (F1/F0)	-64.22%	-87.62%	-10.81%	18.29%	-31.11%	-21.09%
Curr. Cash Flow Growth	5.49%	4.82%	5.46%	9.16%	-0.99%	3.60%
Hist. Cash Flow Growth (3-5 yrs)	12.19%	6.26%	8.55%	17.68%	1.88%	-6.71%
Current Ratio	0.70	0.81	1.29	1.76	1.89	1.33
Debt/Capital	NA%	69.35%	44.75%	NA	NA	NA
Net Margin	12.71%	2.64%	10.54%	11.75%	27.86%	19.89%
Return on Equity	-50.19%	1.11%	16.08%	-13.60%	-70.25%	-12.97%
Sales/Assets	1.12	1.03	0.55	2.86	0.44	1.07
Proj. Sales Growth (F1/F0)	-12.04%	-9.93%	-2.60%	8.98%	-16.87%	-3.47%
Momentum Score	F	-	-	A	F	A
Daily Price Chg	5.25%	1.52%	1.48%	-1.21%	0.89%	0.67%
1 Week Price Chg	5.32%	11.36%	7.51%	-2.44%	5.82%	7.57%
4 Week Price Chg	2.95%	16.62%	9.78%	0.57%	7.84%	9.59%
12 Week Price Chg	24.38%	49.14%	27.11%	17.02%	26.54%	45.81%
52 Week Price Chg	-8.36%	-36.41%	-5.42%	34.43%	-7.49%	-16.24%
20 Day Average Volume	9,860,029	393,750	2,634,935	739,000	3,864,087	3,294,831
(F1) EPS Est 1 week change	-33.31%	0.00%	0.00%	1.09%	0.00%	0.00%
(F1) EPS Est 4 week change	-32.77%	0.15%	0.00%	3.55%	-1.76%	-2.76%
(F1) EPS Est 12 week change	-70.97%	-92.46%	-15.86%	3.95%	-36.74%	-29.83%
(Q1) EPS Est Mthly Chg	-135.51%	2.20%	0.00%	10.98%	0.00%	2.37%

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	C
Growth Score	D
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

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.