

Target Corporation (TGT)

\$92.57 (As of 04/03/20)

Price Target (6-12 Months): **\$98.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 01/20/20)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:A

Value: B

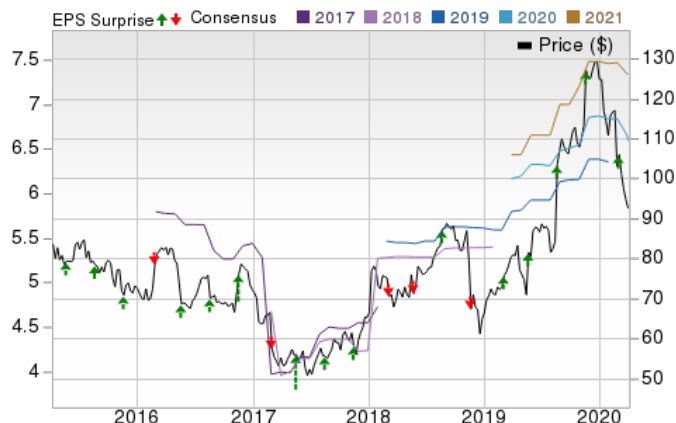
Growth: A

Momentum: D

Summary

Shares of Target have slid and underperformed the industry in the past three months. The stock came under pressure in spite of the company witnessing higher traffic and sales for Essentials and Food & Beverage categories in the month of March. We note that Apparel & Accessories' performance remained soft. Management remains wary of persistent decline in higher-margin discretionary items sales due to the coronavirus outbreak. Owing to the pandemic, Target has not only withdrawn its first-quarter and fiscal 2020 view but also shifted certain strategic projects. Nonetheless, the company remains focused on enhancing omni-channel capabilities, coming up with new brands, remodeling stores, expanding same-day delivery options and rationalizing supply chain. Notably, both the top and the bottom line continued to increase year over year.

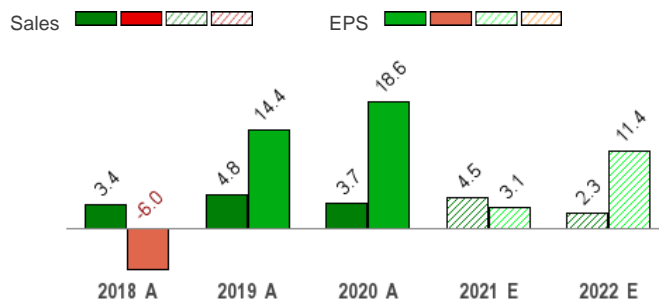
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$130.24 - \$70.03
20 Day Average Volume (sh)	7,555,068
Market Cap	\$46.4 B
YTD Price Change	-27.8%
Beta	0.65
Dividend / Div Yld	\$2.64 / 2.9%
Industry	Retail - Discount Stores
Zacks Industry Rank	Bottom 38% (157 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	1.8%
Last Sales Surprise	-0.3%
EPS F1 Est- 4 week change	-3.9%
Expected Report Date	05/27/2020
Earnings ESP	-10.5%

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	18,786 E	19,751 E	19,860 E	24,909 E	83,552 E
2021	19,003 E	19,215 E	19,237 E	24,341 E	81,656 E
2020	17,627 A	18,422 A	18,665 A	23,398 A	78,112 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	\$1.76 E	\$2.08 E	\$1.56 E	\$1.95 E	\$7.34 E
2021	\$1.53 E	\$1.88 E	\$1.43 E	\$1.80 E	\$6.59 E
2020	\$1.53 A	\$1.82 A	\$1.36 A	\$1.69 A	\$6.39 A

*Quarterly figures may not add up to annual.

P/E TTM	14.5
P/E F1	14.1
PEG F1	2.0
P/S TTM	0.6

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 04/03/2020. The reports text is as of 04/06/2020.

Overview

Target Corporation (TGT) has evolved from just being a pure brick-&-mortar retailer to an omni-channel entity. The company has been making investment in technologies, improving websites and mobile apps and modernizing supply chain to keep pace with the changing retail landscape and better compete with pure e-commerce players. Its acquisition of Shipt to provide same-day delivery of groceries, essentials, home, electronics as well as other products is worth noting.

Founded in 1902, Target provides an array of goods ranging from household essentials and electronics to toys and apparel for men, women and kids. It also houses food and pet supplies, home furnishings and décor, home improvement, automotive products, and seasonal merchandise.

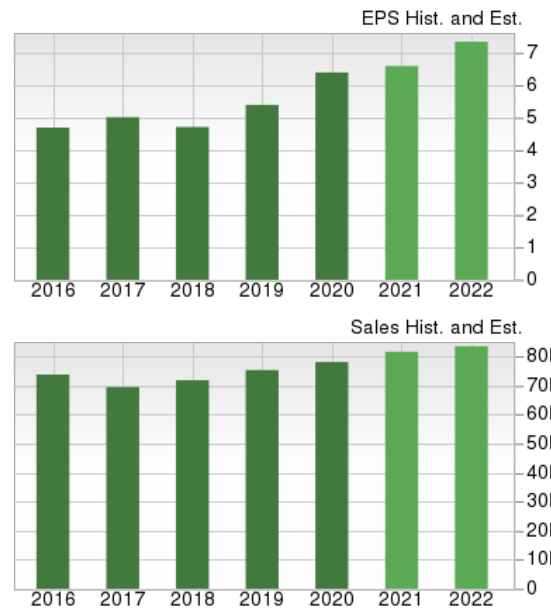
This Minneapolis, MN-based company also offers in-store amenities, consisting of Target Café, Target Photo, Target Optical, Portrait Studio, Starbucks, and other food service offerings. Target operates more than 1,800 stores.

A greater number of general merchandise stores provides an edited food assortment, including perishables, dry grocery, dairy, and frozen items. The company's stores, which are larger than 170,000 square feet, offer a full line of food items comparable to traditional supermarkets.

The company's small format stores, which are smaller than 50,000 square feet, offer curated general merchandise and food assortments. The company's digital channels include a wide merchandise assortment, including many items found in stores, along with a complementary assortment.

Some of the company's Owned Brands includes: A New Day, Cat & Jack, Cloud Island, Made By Design, Opalhouse, Prologue, Project 62, Ava & Viv, Smith & Hawken, Wild Fable and Wine Cube.

Some of the company's Exclusive Brands includes: C9 by Champion, Hand Made Modern, Kid Made Modern, DENIZEN from Levi's, Fieldcrest, Genuine Kids from OshKosh, Isabel Maternity by Ingrid & Isabel and Umbro.



Reasons To Buy:

▲ **Positive Earnings Surprise Streak Continues:** Target Corporation came up with fourth-quarter fiscal 2019 results, which display the fourth straight quarter of an earnings beat. Notably, both the top and the bottom line continued to increase year over year. Again, management highlighted that this was the 11th successive quarter of comparable sales growth buoyed by decent performance in both stores and digital channels. Adjusted earnings of \$1.69 per share surpassed the Zacks Consensus Estimate of \$1.66 and improved 10.6% from the prior-year period. This year-over-year growth can be attributable to higher sales and share repurchase activity.

Target's initiatives, including the development of omni-channel capacities, diversification and localization of assortments along with emphasis on flexible format stores, bode well.

▲ **Strategic Initiatives Bode Well:** Target has undertaken several strategic initiatives to boost performance. The company is deploying resources to enhance omni-channel capacities, come up with new brands, remodel or refurbish stores, and expand same-day delivery options. Target has also adopted cost reduction strategy, rationalization of supply chain with same-day delivery of in-store purchases and technology and process improvements. With regards to supply chain, Target will commence robotics solutions. To sum it up, the company has been aggressively adopting strategies to enhance the shopping experience through miscellaneous channels. The company plans to expand its merchandise assortments with special emphasis on Style, Baby, Kids, and Wellness categories that are performing well. Moreover, management is focusing on key departments, such as Apparel, Beauty, Electronics and Food and Beverage. Target launched a new food brand, Good & Gather. Prior to this, the company's owned brand launches included Everspring, Auden, Colsie and Cloud Island Essentials. The company in collaboration with Disney launched exclusive collection of more than 350 items comprising apparel, toys, bedding, beauty, food and pet treats, inspired by Mickey Mouse. Target has been gaining from its same-day delivery options.

▲ **Flexible & Smaller Format Stores:** Target continues to lay emphasis on developing flexible format stores to penetrate deeper into urban areas. Earlier, the company used to concentrate on large format stores for a particular location, which lowered its accessibility to the country's densely populated urban regions and space-crunched cities. However, with the changing business scenario and rising competition, Target felt the need to have stores of various sizes and formats in order to better serve its target areas. We believe this approach will help the company to augment its sales without substantial capital investment. These types of stores generally have higher sales productivity. These small format stores contributed more than \$1 billion in total sales during fiscal 2019. The company intends to open 15-20 small-format stores during the current fiscal year, down from its prior plans of 36 openings. The company now plans to remodel roughly 130 stores in fiscal 2020, instead of 300 outlets. Further, the company is exploring sites for stores that are approximately 6,000 square feet – roughly half the size of its smallest small-format store. The first store lease is expected to be signed in 2020, with an opening date in 2021.

▲ **Customer Friendly Initiatives:** With an aim to capture the booming online grocery delivery market, Target teamed up with popular online grocery delivery service Instacart. The company further made significant headway in the same-day delivery race by acquiring Internet-based grocery delivery service Shipt to provide same-day delivery of groceries, essentials, home, electronics as well as other products. Shipt is now operating in more than 1,500 outlets in over 200 markets. The company also rolled out Target Restock program that allows customers to restock their shipping box with essential items online and get them delivered at door steps by the next business day for a nominal charge. Further, in order to improve supply chain and expand delivery capabilities, Target acquired Grand Junction. This transportation technology company provides a platform that allows retailers, distributors and third-party logistics providers to manage local deliveries through a network of over 700 carriers. Drive Up, an app-based service, is another initiative to expedite the shopping process. The service allows customers to place orders using the Target app and have them delivered to their cars. The company offers the service across more than 1,750 stores. To enhance service to its customers, the company rolled out a new loyalty program — Target Circle — nationwide on Oct 6, 2019. Courtesy of this program, customers can avail more convenient and customized shopping experience in the upcoming holiday season. The program also comes with a zero-membership fee.

▲ **Shareholder Friendly Moves:** Target has been actively managing its capital and returning much of its free cash via share repurchases and dividends. The company hiked its quarterly dividend by 3.1% in June 2019. During the fourth quarter of fiscal 2019, Target repurchased shares worth \$606 million and paid dividends of \$334 million. The company still had about \$0.1 billion remaining under its \$5 billion share buyback program approved in 2016. In September 2019, the company's board authorized a new \$5 billion share repurchase program. Management incurred capital expenditures of roughly \$3 billion during fiscal 2019. For the time being, the company has suspended its share repurchase activity in the wake of coronavirus outbreak.

Reasons To Sell:

- ▼ **Dismal Stock Performance:** Shares of Target have fallen 25% compared with the industry's decline of 18% in the past three months. The stock came under pressure in spite of the company witnessing higher traffic and sales for Essentials and Food & Beverage categories with comps up more than 50% during the month of March. We note that Apparel & Accessories' performance remained soft with comps down more than 20%. Management remains wary of persistent decline in higher-margin discretionary items sales due to the coronavirus outbreak. Owing to the pandemic, Target has not only withdrawn its first-quarter and fiscal 2020 projection but also shifted its certain strategic projects. Also, costs associated with escalated investments in pay and benefits, higher merchandise volumes, supply chain and other related impacts may cumulatively result in more than \$300 million of incremental expense for fiscal first quarter.
- ▼ **Negative Sales Surprise:** Target's fourth-quarter fiscal 2019 total revenues fell shy of the Zacks Consensus Estimate, after surpassing the same in the preceding three quarters. Again, we note that the rate of comparable sales growth decelerated on a sequential basis. This may be due to disappointing holiday season with sales coming in below expectations. Softer-than-expected performance across Electronics, Toys and portions of Home assortment hurt the overall holiday sales. Comparable sales for the quarter increased 1.5% compared with 4.5% increase registered in the preceding quarter and 5.3% growth witnessed in the year-ago period. Also, comparable digital channel sales figure of 20% does not look as outstanding when compared with 31% increase reported in the third quarter of fiscal 2019.
- ▼ **High SG&A Expense May Strain Margins:** SG&A expenses have been increasing for quite some time now. Certainly, any deleverage in the same has a direct bearing on margins. After increasing 5.5% during the third quarter of fiscal 2019, SG&A expenses rose 2.9% in the fourth quarter due to higher marketing expenses. Again, SG&A expense rate deleveraged 30 basis points to 19.3% during the quarter under review. Analysts pointed that any increase in depreciation and amortization on account of remodel program, rise in costs due to new fulfillment options, higher wages and incremental investments may also weigh on margins. Target expects to raise the minimum hourly wage to \$15 by the end of 2020. Management expects SG&A expense rate to increase during the first quarter and fiscal 2020.
- ▼ **Stiff Competition May Hurt Results:** The retail landscape has been witnessing a sea change with the focus gradually shifting to online shopping. In the retail segment, Target faces stiff competition from discount stores, department stores, drug stores, specialty stores, supermarkets, wholesale clubs, and other forms of retail commerce such as online retailers, contingent on location, price and quality of merchandise, in-stock consistency, merchandise assortments, and customer service. Some of the company's competitors are also far more geographically diversified. We believe that unhealthy price competition to gain market share and attract footfall might weigh on the company's profit margins.
- ▼ **Dip in Consumer Sentiment May Impact Sales:** Any dip in consumer confidence – a key determinant of the economy's health – may have serious bearing on spending. The company's customers remain sensitive to macroeconomic factors including interest rate hikes, increase in fuel and energy costs, credit availability, unemployment levels, and high household debt levels, which may negatively impact their sentiment. This may adversely impact its growth and profitability.

Some of Target's competitors are far more geographically diversified. We believe that incremental investments, higher wages and rise in costs due to new fulfillment options may squeeze margins.

Last Earnings Report

Target Q4 Earnings Surpass Estimates, Increase Y/Y

Target Corporation came up with fourth-quarter fiscal 2019 results, which display the fourth straight quarter of an earnings beat. However, total revenues fell shy of the Zacks Consensus Estimate. On a brighter note, both the top and the bottom line continued to increase year over year. Again, management highlighted that this was the 11th successive quarter of comparable sales growth buoyed by decent performance in both stores and digital channels.

However, we note that the rate of comparable sales growth decelerated on a sequential basis.

This may be due to disappointing holiday season with sales coming in below expectations. Softer-than-expected performance across Electronics, Toys and portions of Home assortment hurt the overall holiday sales. Nonetheless, Target continued to gain market share across core merchandise categories, namely Apparel, Essentials & Beauty and Food & Beverage.

Quarter Ending 01/2020

Report Date	Mar 03, 2020
Sales Surprise	-0.32%
EPS Surprise	1.81%
Quarterly EPS	1.69
Annual EPS (TTM)	6.40

Let's Delve Deeper

This operator of general merchandise stores reported adjusted earnings of \$1.69 per share that surpassed the Zacks Consensus Estimate of \$1.66 and improved 10.6% from the prior-year period. This year-over-year growth can be attributable to higher sales and share repurchase activity.

Target envisions first-quarter fiscal 2020 adjusted earnings between \$1.55 and \$1.75 per share, the mid-point of which — \$1.65 — is higher than \$1.53 reported in the year-ago period. For fiscal 2020, management anticipates adjusted earnings in the band of \$6.70-\$7.00, the mid-point of which — \$6.85 — is higher than earnings of \$6.39 posted in fiscal 2019.

The company generated total revenues of \$23,398 million that increased 1.8% from the year-ago period but fell short of the Zacks Consensus Estimate of \$23,472 million, after surpassing the same in the preceding three quarters. We note that sales jumped 1.8% to \$23,133 million, while other revenue rose 9.3% to \$265 million.

Target is deploying resources to enhance omni-channel capacities, coming up with new brands, remodeling or refurbishing stores, and expanding same-day delivery options. Target has undertaken rationalization of supply chain with same-day delivery of in-store purchases along with technology and process improvements.

Meanwhile, comparable sales for the quarter increased 1.5% compared with 4.5% increase registered in the preceding quarter and 5.3% growth witnessed in the year-ago period. The number of transactions rose 1.3%, while the average transaction amount improved 0.2%. Management envisions low-single digit increase in comparable sales during the first quarter as well as fiscal 2020.

Comparable digital channel sales surged 20% and added 2.2 percentage points to comparable sales. Clearly, the figure does not look as outstanding when compared with 31% increase reported in the third quarter of fiscal 2019.

Gross margin expanded 60 basis points to 26.3% during the quarter on account of cost optimization, pricing, promotions and assortment, and favorable category sales mix. Management expects gross margin rate to improve moderately in the first quarter and remained flat in fiscal 2020.

Operating income increased 7.3% to \$1,198 million, whereas operating margin expanded 20 basis points to 5.1%. Target expects mid-single digit increase in operating income in both the first quarter and fiscal 2020.

Target's debit card penetration shrunk 20 basis points to 12.4%, while credit card penetration fell 10 basis points to 10.9%. Total REDcard penetration declined to 23.3% from 23.6% in the year-ago quarter.

Other Financial Details

During the quarter, Target repurchased shares worth \$606 million and paid dividends of \$334 million. The company still had about \$0.1 billion remaining under its \$5 billion share buyback program approved in 2016. In September 2019, the company's board authorized a new \$5 billion share repurchase program.

The company ended the quarter with cash and cash equivalents of \$2,577 million, long-term debt and other borrowings of \$11,338 million and shareholders' investment of \$11,833 million. Management incurred capital expenditures of roughly \$3 billion during fiscal 2019.

Recent News

Target Provides Business Update Related to COVID-19 – March 25, 2020

Driven largely by coronavirus-led demand, Target has been witnessing higher traffic and sales for Essentials and Food & Beverage. Apparently, Target's comps for the month of March (till March 25) were up over 20% than prior year, thanks to Essentials and Food & Beverage comps growth of more than 50%. It has also shifted its certain strategic plans including store remodels and other projects. The company now plans to remodel roughly 130 stores in fiscal 2020, instead of 300 outlets. Also, it intends to open 15-20 small-format stores during the current fiscal year, down from its prior plans of 36 openings. Again, the company has decided to hold for the moment the incorporation of fresh grocery and adult beverages into its Drive Up and Order Pickup services.

Owing to volatility stemming from the pandemic, management also withdrew its guidance for first-quarter and fiscal 2020. Meanwhile, the retailer's Apparel & Accessories' performance remained soft, as comps in this category tumbled over 20% year over year. Management remains wary of persistent decline in higher-margin discretionary items' sales, which may hurt margins. Nonetheless, in recognition of the contributions of frontline team members, Target has increased the minimum wage by \$2 an hour until at least May 2. It has also decided to pay bonus to frontline team executives. Also, costs associated with escalated investments in pay and benefits, higher merchandise volumes, supply chain and other related impacts may cumulatively result in more than \$300 million of incremental expense for fiscal first quarter.

Valuation

Target shares are down 27.8% in the year-to-date period but up 12.9% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Retail-Wholesale sector are down 18.1% and 14.7%, respectively, in the year-to-date period. Over the past year, the Zacks sub-industry is up 0.2% but the sector is down 9.4%.

The S&P 500 index is down 22.7% in the year-to-date period and 14.3% in the past year.

The stock is currently trading at 13.34X forward 12-month earnings, which compares to 20.49X for the Zacks sub-industry, 22.62X for the Zacks sector and 15.74X for the S&P 500 index.

Over the past five years, the stock has traded as high as 19.65X and as low as 10.88X, with a 5-year median of 14.18X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$98 price target reflects 14.14X forward 12-month earnings.

The table below shows summary valuation data for TGT

Valuation Multiples - TGT					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	13.34	20.49	22.62	15.74
	5-Year High	19.65	23.75	26.2	19.34
	5-Year Low	10.88	17.95	19.06	15.19
	5-Year Median	14.18	20.07	23.07	17.44
P/S F12M	Current	0.57	1.15	0.85	2.72
	5-Year High	0.81	1.39	1.11	3.44
	5-Year Low	0.4	0.94	0.8	2.54
	5-Year Median	0.57	1.12	0.92	3
EV/EBITDA TTM	Current	7.97	15.88	13.26	9.1
	5-Year High	11	19.86	16.24	12.87
	5-Year Low	5.38	10.91	10.89	8.27
	5-Year Median	7.89	13.54	12.52	10.78

As of 04/03/2020

Industry Analysis Zacks Industry Rank: Bottom 38% (157 out of 253)



Top Peers

Burlington Stores, Inc. (BURL)	Neutral
Costco Wholesale Corporation (COST)	Neutral
Dollar General Corporation (DG)	Neutral
Dollar Tree, Inc. (DLTR)	Neutral
Ross Stores, Inc. (ROST)	Neutral
The TJX Companies, Inc. (TJX)	Neutral
Tuesday Morning Corp. (TUES)	Neutral
Big Lots, Inc. (BIG)	Underperform

Industry Comparison Industry: Retail - Discount Stores				Industry Peers		
	TGT Neutral	X Industry	S&P 500	DG Neutral	DLTR Neutral	TJX Neutral
VGM Score	A	-	-	B	B	B
Market Cap	46.37 B	12.97 B	16.73 B	40.86 B	16.63 B	49.06 B
# of Analysts	12	11	13	17	10	13
Dividend Yield	2.85%	0.84%	2.53%	0.79%	0.00%	2.25%
Value Score	B	-	-	D	B	C
Cash/Price	0.05	0.06	0.06	0.01	0.03	0.06
EV/EBITDA	7.90	11.51	10.55	18.29	11.05	10.58
PEG Ratio	2.06	1.79	1.71	1.78	1.33	1.66
Price/Book (P/B)	3.92	5.01	2.28	6.10	2.66	8.29
Price/Cash Flow (P/CF)	7.95	11.81	8.96	18.23	7.92	11.91
P/E (F1)	14.54	18.04	14.34	21.76	14.34	17.41
Price/Sales (P/S)	0.59	0.70	1.78	1.47	0.70	1.18
Earnings Yield	7.12%	5.36%	6.84%	4.60%	6.98%	5.74%
Debt/Equity	1.15	1.46	0.70	1.60	1.36	1.69
Cash Flow (\$/share)	11.64	6.38	7.01	8.90	8.87	3.44
Growth Score	A	-	-	A	B	A
Hist. EPS Growth (3-5 yrs)	7.09%	12.09%	10.95%	13.67%	18.69%	11.85%
Proj. EPS Growth (F1/F0)	3.10%	-7.16%	1.08%	10.78%	2.90%	-11.87%
Curr. Cash Flow Growth	10.26%	9.68%	5.92%	9.68%	-55.39%	19.07%
Hist. Cash Flow Growth (3-5 yrs)	3.95%	8.54%	8.55%	9.69%	19.78%	7.38%
Current Ratio	0.89	1.19	1.24	1.14	1.20	1.24
Debt/Capital	53.50%	59.24%	42.29%	61.55%	57.61%	62.83%
Net Margin	4.20%	4.38%	11.69%	6.17%	3.50%	7.84%
Return on Equity	28.46%	24.73%	16.74%	26.04%	19.71%	59.70%
Sales/Assets	1.85	1.76	0.54	1.25	1.21	1.78
Proj. Sales Growth (F1/F0)	4.54%	3.00%	1.56%	7.72%	4.03%	1.96%
Momentum Score	D	-	-	C	F	F
Daily Price Chg	-1.90%	-0.38%	-1.59%	1.57%	-0.31%	-6.46%
1 Week Price Chg	-2.73%	5.73%	12.26%	4.27%	1.42%	25.23%
4 Week Price Chg	-12.65%	-19.57%	-22.86%	3.00%	-9.94%	-31.24%
12 Week Price Chg	-25.04%	-33.61%	-30.01%	6.30%	-22.86%	-34.61%
52 Week Price Chg	13.75%	-23.91%	-23.87%	34.99%	-33.50%	-24.50%
20 Day Average Volume	7,555,068	3,054,557	4,256,776	3,964,192	4,463,176	14,344,325
(F1) EPS Est 1 week change	-0.88%	-1.45%	-0.04%	0.00%	-1.45%	-5.25%
(F1) EPS Est 4 week change	-3.91%	-4.69%	-4.29%	0.04%	-4.69%	-14.13%
(F1) EPS Est 12 week change	-4.03%	-14.15%	-5.40%	0.20%	-4.94%	-14.15%
(Q1) EPS Est Mthly Chg	-7.52%	-16.74%	-5.90%	-0.64%	-19.14%	-44.07%

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	B
Growth Score	A
Momentum Score	D
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

This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock. The EPS and revenue forecasts are the Zacks Consensus estimates, unless indicated otherwise on the reports first page. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment. This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time. ZIR is not a broker-dealer. ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients. Zacks and its staff are not involved in investment banking activities for the stock issuer covered in this report.

ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.

No part of this report can be reprinted, republished or transmitted electronically without the prior written authorization of ZIR.