

## Target Corporation (TGT)

**\$152.24** (As of 08/20/20)

Price Target (6-12 Months): **\$175.00**

Long Term: 6-12 Months

**Zacks Recommendation:**
**Outperform**

(Since: 08/20/20)

Prior Recommendation: Neutral

Short Term: 1-3 Months

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

**1-Strong Buy**

Zacks Style Scores:

VGM:B

Value: D

Growth: B

Momentum: B

### Summary

Shares of Target have risen and outpaced the industry in the past three months. The stock gained following the company's better-than-expected second-quarter fiscal 2020 results, wherein both top and bottom line grew year over year. Notably, comps rose for the 13th straight quarter, gaining from strength in the digital channel as consumers shift to online shopping amid coronavirus-led social distancing. Target witnessed sturdy market-share gains in all five core merchandise categories. The company has been deploying resources to enhance omni-channel capabilities, come up with new brands, refurbish stores and expand same-day delivery options to take on rivals. While aforementioned factors raise optimism, we cannot overlook margins. Costs associated with digital fulfillment and supply chain as well as COVID-19 related expenses may hurt margins.

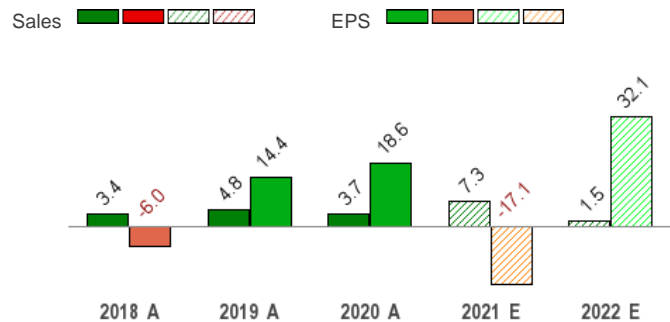
### Price, Consensus & Surprise



### Data Overview

52 Week High-Low	<b>\$156.10 - \$90.17</b>
20 Day Average Volume (sh)	<b>5,635,743</b>
Market Cap	<b>\$76.1 B</b>
YTD Price Change	<b>18.7%</b>
Beta	<b>0.79</b>
Dividend / Div Yld	<b>\$2.72 / 1.8%</b>
Industry	<b><a href="#">Retail - Discount Stores</a></b>
Zacks Industry Rank	<b>Top 13% (33 out of 252)</b>

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



Last EPS Surprise	<b>106.1%</b>
Last Sales Surprise	<b>13.5%</b>
EPS F1 Est- 4 week change	<b>6.9%</b>
Expected Report Date	<b>11/18/2020</b>
Earnings ESP	<b>0.0%</b>
P/E TTM	<b>21.7</b>
P/E F1	<b>28.7</b>
PEG F1	<b>4.1</b>
P/S TTM	<b>0.9</b>

### Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	19,314 E	20,051 E	20,147 E	25,065 E	85,074 E
2021	19,615 A	22,975 A	19,450 E	24,379 E	83,785 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	\$1.60 E	\$2.04 E	\$1.54 E	\$1.90 E	\$7.00 E
2021	\$0.59 A	\$3.38 A	\$1.31 E	\$1.78 E	\$5.30 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.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 08/20/2020. The reports text is as of 08/21/2020.

## 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.

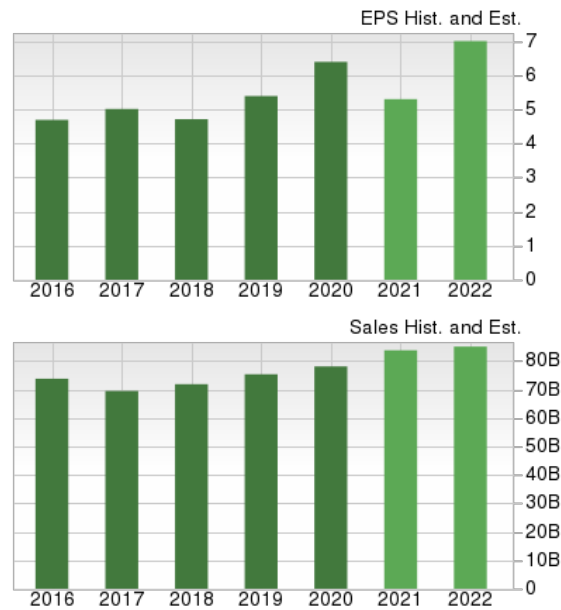
This Minneapolis, MN-based company also offers in-store amenities, consisting of Target Café, Target Photo, Target Optical, Portrait Studio, Starbucks, and other food service offerings. Target operates nearly 1,900 stores.

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:

- ▲ **Strategic Initiatives Bode Well:** Target has undertaken several strategic initiatives to boost performance. The company has been deploying resources to enhance omni-channel capacities, come up with new brands and remodel or refurbish stores. Notably, it plans to open nearly 30 new locations in fiscal 2020. It has also adopted cost reduction strategy, rationalization of supply chain with same-day delivery of in-store purchases and technology and process improvements. The company has been aggressively adopting strategies to enhance the shopping experience through miscellaneous channels. It is well equipped to serve shoppers be it curbside pickup or delivery at home. Management is focusing on key categories such as Apparel, Beauty, Electronics, Essentials and Food & Beverage. Some of the company's owned brand includes Good & Gather (reached \$1 billion in sales in less than a year), Everspring, Auden, Colsie and Cloud Island Essentials. Shares of Target have increased 29.6% compared with the industry's gain of 10.6% in the past three months.
- Target's initiatives, including the development of omni-channel capacities, diversification and localization of assortments along with emphasis on flexible format stores, bode well.
- ▲ **Stellar Q2 Performance:** Target registered a stellar performance in second-quarter fiscal 2020, wherein both the top and the bottom lines not only beat the Zacks Consensus Estimate but also grew year over year. While the quarter marked the sixth successive earnings beat, revenues surpassed the estimate for the second straight time. Notably, comparable sales increased for the 13th consecutive quarter. The metric gained from strength in the digital channel, given customers' increased shift to online shopping amid coronavirus-led social distancing. The company reported adjusted earnings of \$3.38 per share that surpassed the Zacks Consensus Estimate of \$1.64, and rose sharply from \$1.82 per share reported in the year-ago period. The company generated total revenues of \$22,975 million that increased 24.7% from the year-ago period and outpaced the Zacks Consensus Estimate of \$20,235.1 million.
- ▲ **Core Merchandise Categories Display Strength:** Target witnessed sturdy market-share gains in all five core merchandise categories owing to strong demand during the second quarter. Consumers splurged on office items, video games, décor, domestics and kitchenware as they work, learn, dine and play at home. While electronics sales soared more than 70%, apparel sales rebounded from a 20% decline in the first quarter to double-digit growth in the second quarter. Home and beauty rose by more than 30% and 20%, respectively. Notably, both essentials and food & beverage were up by about 20%. We note that stores fulfilled more than 90% of the company's sales in the quarter. Same-day services (Order Pick Up, Drive Up and Shipt) surged 273% and accounted for roughly 6 percentage points of total comparable sales growth. Sales fulfilled by Shipt were up more than 350% year over year and sales through Drive-Up were up more than 700% during the quarter under review. In-store pick-up sales rose more than 60%. Meanwhile, comparable sales for the quarter increased 24.3%, backed by a 18.8% jump in average basket as consumers consolidated trips amid the pandemic. The number of transactions rose 4.6%. Digital comparable sales soared 195% and added 13.4 percentage points to comparable sales. Store originated comparable stores sales grew 10.9% during the quarter. Target is adding 750 fresh and frozen grocery items to its in-store order pickup and curbside drive up online services.
- ▲ **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. This approach helps the company to augment 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. In the wake of the pandemic, the company intends to open 15-20 small-format stores in fiscal 2020, down from its prior plans of 36 openings. Notably, the company's pipeline is expected to support 35-40 of these new locations annually in future years. Additionally, the company now plans to remodel roughly 130 stores in the fiscal year, instead of 300 outlets.
- ▲ **Customer Friendly Initiatives:** Target made a significant headway in the same-day delivery race with the acquisition of Internet-based delivery service Shipt to provide same-day delivery of groceries, essentials, home, electronics and 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. 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. Notably, the company's loyalty program, Target Circle, has been gaining traction. The program comes with a zero-membership fee. Another strategic acquisition is that of local route optimization technology from Deliv.
- ▲ **Financial Flexibility & Dividend:** Target ended second-quarter fiscal 2020 with a cash and cash equivalents of \$7,284 million, which reflects a sequential increase of about 60%. Notably, the company's cash position remains sufficient to meet current portion of long-term debt and other borrowings of about \$109 million as of Aug 1, 2020. Although, the company's long-term debt and other borrowings of \$14,188 million increased roughly 1% on a sequential basis, its "times interest earned" ratio stands at a decent 10.5 up from 8.5 at the end of the preceding quarter. In June 2020, Target announced a 3%-dividend hike, marking the 49th successive year of increase. Notably, the company has a dividend payout of 38.2%, dividend yield of 1.7% and free cash flow yield of 6.4%. With an annual free cash flow return on investment of 19.8%, ahead of the industry's nearly 9.2%, the dividend payment is likely to be sustainable.

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## Risks

- **COVID-19 Impact:** Due to the outbreak of novel coronavirus, there has been a shift in consumer shopping pattern and behavior. There is shift in category sales mix to lower-margin non-discretionary merchandise. Industry experts are apprehensive about costs associated with digital fulfillment and supply chain as well as COVID-19 related expenses. We note that costs related to additional employee payments and benefits, along with investments undertaken to preserve safety and health of customers and team members amid the coronavirus crisis may weigh on margins.
  - **High SG&A Expenses:** 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 10.9% during the first quarter of fiscal 2020, SG&A expenses rose 14% in the second quarter. SG&A expenses included \$400 million of investments related to team members' pay benefits and measures to protect the health and safety of guests as well as team. 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 raised the minimum hourly wage to \$15, effective Jul 5, 2020.
  - **Stock Looks Little Stretched:** Considering price-to-earnings (P/E) ratio, Target looks pretty overvalued when compared with the industry as well as the S&P 500. The stock has a trailing 12-month P/E ratio of 27.88, which is above the median level of 18.73 but below the high level of 28.25 scaled in the past one year. On the contrary, the trailing 12-month P/E ratio for the industry and the S&P 500 is 26.77 and 23.99, respectively.
  - **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 a 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. Also, uncertainty surrounding government stimulus and a contentious November election may impact consumer spending activity. Cumulatively, these may adversely impact the company's growth and profitability.
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## Last Earnings Report

### Target's Q2 Earnings Surpass Estimates, Comps Rise

Target Corporation registered a stellar performance in second-quarter fiscal 2020, wherein both the top and the bottom lines not only beat the Zacks Consensus Estimate but also grew year over year. While the quarter marked the sixth successive earnings beat, revenues surpassed the estimate for the second straight time. Notably, comparable sales increased for the 13th consecutive quarter. The metric gained from strength in the digital channel, given customers' increased shift to online shopping amid coronavirus-led social distancing.

Quarter Ending **07/2020**

Report Date	Aug 19, 2020
Sales Surprise	<b>13.54%</b>
EPS Surprise	<b>106.10%</b>
Quarterly EPS	<b>3.38</b>
Annual EPS (TTM)	<b>7.02</b>

This operator of general merchandise stores reported adjusted earnings of \$3.38 per share that surpassed the Zacks Consensus Estimate of \$1.64, and rose sharply from \$1.82 per share reported in the year-ago period. Impressively, solid operating performance helped offset unprecedented investments in team member pay & benefits amid the coronavirus crisis.

The company generated total revenues of \$22,975 million that increased 24.7% from the year-ago period and outpaced the Zacks Consensus Estimate of \$20,235.1 million. We note that sales jumped 24.8% to \$22,696 million, while other revenues were up 16.6% to \$279 million.

### Let's Delve Deeper

Markedly, Target witnessed sturdy market-share gains in all five core merchandise categories owing to strong demand. Consumers splurged on office items, video games, décor, domestics and kitchenware as they work, learn, dine and play at home. While electronics sales soared more than 70%, apparel sales rebounded from a 20% decline in the first quarter to double-digit growth in the second quarter. Home and beauty rose by more than 30% and 20%, respectively. Notably, both essentials and food & beverage were up by about 20%.

We note that stores fulfilled more than 90% of the company's sales in the quarter. Same-day services (Order Pick Up, Drive Up and Shipt) surged 273% and accounted for roughly 6 percentage points of total comparable sales growth. Sales fulfilled by Shipt were up more than 350% year over year and sales through Drive-Up were up more than 700% during the quarter under review. In-store pick-up sales rose more than 60%.

Meanwhile, comparable sales for the quarter increased 24.3%, backed by a 18.8% jump in average basket as consumers consolidated trips amid the pandemic. The number of transactions rose 4.6%. Digital comparable sales soared 195% and added 13.4 percentage points to comparable sales. Store originated comparable stores sales grew 10.9% during the quarter.

Gross margin expanded 30 basis points to 30.9% during the quarter on account of higher sales and lower discounts driven by high sell through rates. Operating margin grew 280 basis points to 10% primarily due to strong expense leverage on solid sales performance.

Target's debit card penetration shrunk 70 basis points to 11.8%, while credit card penetration fell 200 basis points to 8.7%. Total REDcard penetration declined to 20.5% from the year-ago quarter's 23.2%.

### Other Financial Details

During the reported quarter, Target paid dividends of \$330 million. On Mar 25, the company informed that it has suspended its share-buyback plan as part of the company's efforts to preserve financial flexibility amid the crisis. The company had \$4.5 billion remaining under its \$5-billion share-buyback program approved last September.

Target incurred capital expenditures of about \$660 million during the quarter under review. Management now expects to incur capital expenditures between \$2.5 billion and \$3 billion in fiscal 2020, in contrast to prior expectation of about \$3.5 billion.

The company ended the quarter with cash and cash equivalents of \$7,284 million, long-term debt and other borrowings of \$14,188 million and shareholders' investment of \$12,578 million.

## Recent News

### Target Adds Fresh Grocery Items to Curbside Pickup Service – Jun 25, 2020

Target is adding 750 fresh and frozen grocery items to its in-store order pickup and curbside drive up online services. Notably, the services — which will be available in more than 1,500 outlets by the festive season — are free and do not entail minimum order or membership. The company will start by adding the expanded assortment to those services at stores in the Midwest, following successful pilots in the Twin Cities and Kansas City markets. The assortment includes 750 items across produce, dairy, bakery, meat and frozen products. Management notified that those items are in addition to the more than 250,000 items available for pickup across categories like home, apparel, essentials and more.

### Target Hikes Minimum Pay to \$15 – Jun 17, 2020

Target has announced a host of initiatives to boost its team's morale. Effective Jul 5, management will permanently increase the starting wage for U.S. team members to \$15 per hour, up from \$13 in June last year. Target's latest updates also include a \$200 one-time recognition bonus to the frontline store and distribution center hourly staff in order to highlight their efforts throughout the COVID-19 pandemic. This bonus will be distributed at July end to eligible full-time and part-time hourly staff members across the stores and distribution centers.

## Valuation

Target shares are up 18.7% in the year-to-date period and 43.2% over the trailing 12-month period. Stocks in the Zacks sub-industry and Zacks Retail-Wholesale sector are up 5.5% and 30.8%, respectively, in the year-to-date period. Over the past year, the Zacks sub-industry and the sector are up 16.1% and 39.1%, respectively.

The S&P 500 index is up 5.1% in the year-to-date period and 16.1% in the past year.

The stock is currently trading at 25.04X forward 12-month earnings, which compares to 28.61X for the Zacks sub-industry, 33.42X for the Zacks sector and 22.77X for the S&P 500 index.

Over the past five years, the stock has traded as high as 25.41X and as low as 10.88X, with a 5-year median of 14.15X. Our Outperform recommendation indicates that the stock will perform better than the market. Our \$175 price target reflects 28.8X 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	25.04	28.61	33.42	22.77
	5-Year High	25.41	29.98	34.77	22.77
	5-Year Low	10.88	17.93	19.08	15.25
	5-Year Median	14.15	20.11	23.47	17.58
P/S F12M	Current	0.91	1.5	1.27	3.7
	5-Year High	0.92	1.5	1.27	3.7
	5-Year Low	0.4	0.96	0.82	2.53
	5-Year Median	0.57	1.15	0.97	3.05
EV/EBITDA TTM	Current	12.45	25.9	20.55	12.76
	5-Year High	12.59	26.32	20.64	12.85
	5-Year Low	5.38	11.02	11.14	8.25
	5-Year Median	7.89	14.17	12.95	10.91

As of 08/20/2020

## Industry Analysis Zacks Industry Rank: Top 13% (33 out of 252)



## Top Peers

Company (Ticker)	Rec	Rank
Dollar General Corporation (DG)	Outperform	2
Big Lots, Inc. (BIG)	Neutral	1
Burlington Stores, Inc. (BURL)	Neutral	4
Costco Wholesale Corporation (COST)	Neutral	3
Dollar Tree, Inc. (DLTR)	Neutral	3
Ross Stores, Inc. (ROST)	Neutral	3
Walmart Inc. (WMT)	Neutral	3
The TJX Companies, Inc. (TJX)	Underperform	3

Industry Comparison Industry: Retail - Discount Stores				Industry Peers		
	TGT	X Industry	S&P 500	DG	DLTR	TJX
Zacks Recommendation (Long Term)	Outperform	-	-	Outperform	Neutral	Underperform
Zacks Rank (Short Term)	1	-	-	2	3	3
VGM Score	B	-	-	A	A	F
Market Cap	76.12 B	18.03 B	23.46 B	49.79 B	23.46 B	61.87 B
# of Analysts	13	10	14	16	9	13
Dividend Yield	1.79%	0.00%	1.65%	0.73%	0.00%	0.00%
Value Score	D	-	-	B	B	C
Cash/Price	0.07	0.08	0.07	0.05	0.07	0.06
EV/EBITDA	12.10	13.41	13.34	21.03	13.39	13.42
PEG Ratio	4.06	4.75	3.00	1.78	2.01	8.53
Price/Book (P/B)	6.05	6.05	3.12	6.91	3.60	13.27
Price/Cash Flow (P/CF)	13.08	14.71	12.60	22.23	11.15	15.01
P/E (F1)	28.72	28.74	21.61	22.19	19.57	89.53
Price/Sales (P/S)	0.90	0.96	2.44	1.68	0.97	1.83
Earnings Yield	3.48%	2.99%	4.43%	4.50%	5.12%	1.12%
Debt/Equity	1.31	1.67	0.76	1.65	1.24	2.86
Cash Flow (\$/share)	11.64	6.38	6.93	8.90	8.87	3.44
Growth Score	B	-	-	A	A	F
Hist. EPS Growth (3-5 yrs)	5.85%	12.69%	10.44%	14.79%	18.19%	8.07%
Proj. EPS Growth (F1/F0)	-17.09%	-6.79%	-5.53%	32.45%	6.21%	-78.39%
Curr. Cash Flow Growth	10.26%	9.68%	5.20%	9.68%	-55.39%	19.07%
Hist. Cash Flow Growth (3-5 yrs)	3.95%	8.54%	8.52%	9.69%	19.78%	7.38%
Current Ratio	1.11	1.34	1.33	1.44	1.15	1.51
Debt/Capital	56.64%	62.49%	44.50%	62.32%	55.43%	74.08%
Net Margin	4.16%	2.86%	10.13%	6.69%	3.35%	2.11%
Return on Equity	30.25%	20.79%	14.67%	29.33%	18.69%	13.62%
Sales/Assets	1.89	1.42	0.51	1.29	1.22	1.34
Proj. Sales Growth (F1/F0)	7.26%	6.42%	-1.54%	16.23%	6.42%	-18.18%
Momentum Score	B	-	-	C	F	D
Daily Price Chg	-1.28%	-0.92%	-0.59%	-1.16%	-0.84%	-4.99%
1 Week Price Chg	3.63%	4.00%	1.09%	1.67%	2.44%	4.36%
4 Week Price Chg	24.43%	2.95%	1.91%	3.21%	2.69%	-3.26%
12 Week Price Chg	28.55%	4.37%	6.82%	7.44%	1.30%	-4.49%
52 Week Price Chg	43.19%	6.53%	1.47%	41.55%	1.75%	-5.89%
20 Day Average Volume	5,635,743	1,332,434	1,873,576	1,562,647	1,573,892	7,519,673
(F1) EPS Est 1 week change	4.66%	-0.20%	0.00%	0.26%	-0.40%	-3.47%
(F1) EPS Est 4 week change	6.90%	-0.10%	1.79%	0.35%	-0.55%	-4.58%
(F1) EPS Est 12 week change	6.90%	3.34%	3.35%	17.42%	6.76%	-24.85%
(Q1) EPS Est Mthly Chg	3.67%	-0.21%	0.42%	0.26%	-0.69%	-6.24%

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## Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

### Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

### Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

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### Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	D
Growth Score	B
Momentum Score	B
VGM Score	B

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

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### Disclosures

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