

Tapestry, Inc. (TPR)

\$13.01 (As of 07/03/20)

Price Target (6-12 Months): **\$14.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 06/08/20)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

4-Sell

Zacks Style Scores:

VGM:C

Value: A

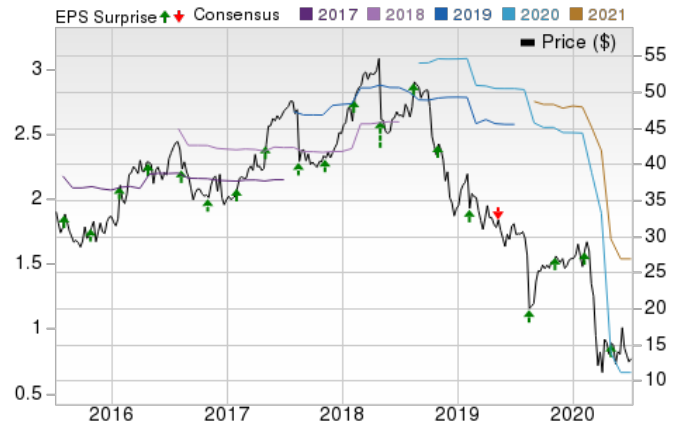
Growth: F

Momentum: A

Summary

Shares of Tapestry have slid and underperformed the industry in the past six months. The deadly coronavirus that led to the closure of vast majority of stores severely impacted Tapestry's third-quarter fiscal 2020 results. The company posted wider-than-expected loss in the quarter. Also, the company's top line fell sharply from the year-ago period. We note that sales declined across all major brands. Nonetheless, the company's net sales came ahead of the Zacks Consensus Estimate for the second quarter in row. The company has been undertaking actions to mitigate the impact of coronavirus. While it remains focused on enhancing digital capabilities, it is also eliminating non-essential operating expenses, managing inventories and prioritizing investments. Considering the current scenario, the company has not providing any guidance.

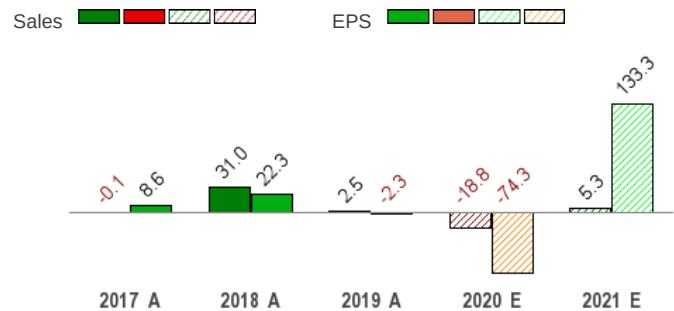
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$31.34 - \$10.18
20 Day Average Volume (sh)	5,843,589
Market Cap	\$3.6 B
YTD Price Change	-51.8%
Beta	1.33
Dividend / Div Yld	\$1.35 / 10.4%
Industry	Retail - Apparel and Shoes
Zacks Industry Rank	Bottom 25% (190 out of 252)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-68.8%
Last Sales Surprise	3.8%
EPS F1 Est- 4 week change	0.0%
Expected Report Date	08/20/2020
Earnings ESP	0.0%

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	1,240 E	1,770 E	1,305 E	1,282 E	5,149 E
2020	1,358 A	1,816 A	1,073 A	644 E	4,891 E
2019	1,381 A	1,801 A	1,331 A	1,514 A	6,027 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.18 E	\$0.85 E	\$0.21 E	\$0.30 E	\$1.54 E
2020	\$0.40 A	\$1.10 A	-\$0.27 A	-\$0.55 E	\$0.66 E
2019	\$0.48 A	\$1.07 A	\$0.42 A	\$0.61 A	\$2.57 A

*Quarterly figures may not add up to annual.

P/E TTM	7.1
P/E F1	8.5
PEG F1	0.8
P/S TTM	0.6

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 07/03/2020. The reports text is as of 07/06/2020.

Overview

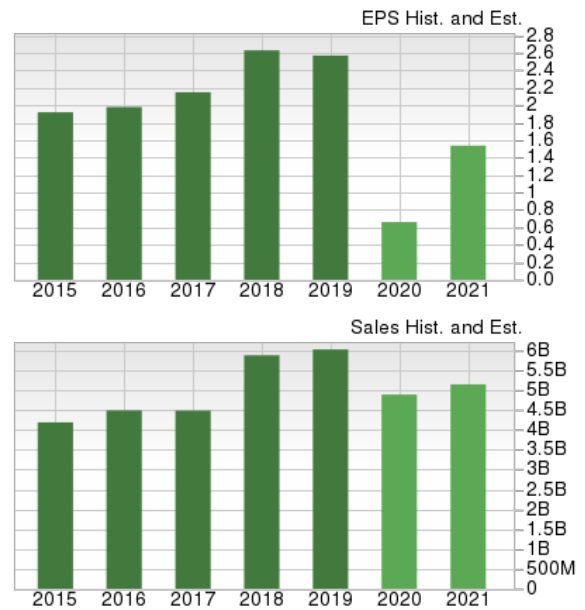
Founded in 1941 and headquartered in New York, Tapestry, Inc. (TPR), which was formerly known as Coach, Inc., is the designer and marketer of fine accessories and gifts for women and men in the United States and internationally. The Company offers lifestyle products, which include handbags, women's and men's accessories, footwear, jewelry, seasonal apparel collections, sunwear, travel bags, fragrance and watches. Tapestry now operate under three segments comprising Coach brand (North America and International - 71% of FY19 Sales), Stuart Weitzman (6% of FY19 Sales) and Kate Spade & Company (23% of FY19 Sales).

Coach Brand North American segment includes sales to customers via North American company-owned stores, including the Internet, and sales to North American wholesale customers and distributors.

Coach Brand International segment includes sales via company-operated outlets (including the Internet) and concession store-in-stores in — Japan, mainland China, Hong Kong, Macau, Singapore, Taiwan, Malaysia, South Korea, the United Kingdom, France, Ireland, Spain, Portugal, Germany, Italy, Austria, Belgium, the Netherlands and Switzerland. Additionally, International includes sales to consumers through the Internet in Japan, mainland China, the United Kingdom and South Korea, as well as sales to wholesale customers and distributors in about 55 countries.

Stuart Weitzman segment includes sales generated by the Stuart Weitzman brand globally, principally via department stores in North America and international locations, within numerous independent third party distributors and within Stuart Weitzman operated stores, comprising the Internet, in the U.S., Canada and Europe.

Kate Spade & Company, which designs and markets accessories and apparel under two multichannel lifestyle brands – kate spade new york and Jack Spade New York.



Reasons To Buy:

- ▲ **Growth Drivers:** Being a leading American marketer of fine accessories and gifts, Tapestry boasts a proven strategy of investing in stores to enhance store sales productivity through product innovation, compelling pricing strategy, new merchandise assortments, and a cost-effective global sourcing model, which we believe should help drive comparable-store sales and operating margins in the long run. The company's long-term growth drivers include expansion of global distribution model, venturing into under-penetrated markets and enhancement of digital and data analytics capabilities. Tapestry continues to focus on Asian markets, primarily China for long-term growth. The company launched Coach Create, a platform to customize bags either online or in outlets. The company expanded offering in sport category and also launched smartwatch with Fossil, while its Signature brand continues to gain traction. The company entered into a multi-year licensing agreement with Incipio Group to launch mobile device accessories with Coach and also continued with its partnership with Disney. Tapestry also enters into a strategic alliance with Alibaba's Tmall, China's largest B2C ecommerce platform.
- ▲ **Undergoing Brand Transformation:** Tapestry has undertaken transformation initiatives revolving around, product, stores and marketing. The acquisitions of Stuart Weitzman and Kate Spade have facilitated it to emerge as a multi-brand company. Also, the company is introducing modern luxury concept stores in key markets. Moreover, the company has undertaken strategic measures involving upgrading of core technology platforms and enhancement of international supply chain. The company is focusing beyond bags into women's and men's footwear and ready-to-wear categories.
- ▲ **Tapping Growth Opportunities:** The company remains optimistic about its dual-gender Legacy lifestyle collection, dedicated men's stores and international growth opportunities. The company is also aggressively expanding its e-commerce platform. The company is introducing Coach own branded women's footwear. Also, management has undertaken initiatives to have direct control over international distribution. The company concluded the buybacks of the Kate Spade operations in Singapore, Malaysia and Australia. It also completed the buyback of the Stuart Weitzman business in Southern China. The company also acquired the Stuart Weitzman business in Australia from its distribution partner. Such moves help the company to directly operate these businesses, look for growth opportunities in international markets and enhance brand development.
- ▲ **Actions to Mitigate Covid-19 Impact:** To address challenges tied to the pandemic Tapestry remains focused on global digital opportunity for all its brands, and ensures that its e-commerce and distribution centers remain operational in key regions. Throughout the quarter, the company witnessed robust double-digit growth in global e-commerce business. Meanwhile, management has been taking actions to curb expenses in order to stay resilient during such a crisis. It has decided to eliminate non-essential operating expenses and lower fixed costs like rent as well as enhance SG&A savings via right-sizing marketing spend. It is also reducing corporate payroll.

Tapestry has undertaken transformation initiatives revolving around, product, stores and marketing. Also, the company is introducing modern luxury concept stores in key markets.

Also, the company is cutting down on capex by deferring or cancelling store openings, while prioritizing investments in high-return areas, including digital. Furthermore, it is focused on effectively managing inventories, and expects working capital savings of more than \$500 million. The company stated that it is reducing capex by at least \$100 million in fiscal 2021 as compared to its run-rate spend of about \$275 million. Management had earlier announced plans to suspend shareholder-friendly moves, including repurchases and quarterly cash dividend. This will result in savings of approximately \$700 million annually. Also, Tapestry has drawn \$700 million from the \$900 million revolving credit facility to strengthen liquidity.

- ▲ **Store Reopening on Track:** Management recently started reopening stores across North America, Europe and additional markets in Asia in coherence with governmental guidelines. The company plans to open about 20 stores in Europe, 30 in Australia and 35 each in Japan and Malaysia with social distancing practice and modified working hours. Notably, the company has reopened all stores in China and South Korea, where demand is picking up. The company has made major enhancements to the store environment and operating procedures, including training staff on safety protocols as well as additional cleaning and sanitation measures at the stores. Additionally, it is encouraging customers to opt for curbside or store pickup service. More than 300 Coach, Kate Spade and Stuart Weitzman stores across North America are providing these services from May 20.

Meanwhile, Tapestry's e-commerce business has been robust. The company has been expanding digitally through the rollout of the Luxury Soho flagship for Coach on Tmall in China. It has also been expanding its digital distribution channels across North America, and generating significant online sales and customer acquisition.

Reasons To Sell:

- ▼ **Coronavirus Outbreak Weighs on Q3 Results:** The deadly coronavirus severely impacted Tapestry's third-quarter fiscal 2020 results. The company reported wider-than-expected loss for the quarter under review. Also, the company's top line fell sharply from the year-ago quarter. The company posted adjusted loss of 27 cents a share wider-than-the Zacks Consensus Estimate of loss of 16 cents. This also compares unfavorably with earnings of 42 cents reported in the year-ago period. Lower net sales, higher cost of sales and increased interest expense hurt the company's bottom-line results. Net sales came in at \$1,072.7 million, down 19% year over year on both reported and constant currency basis. Sales declined across all major brands. Considering the current scenario, the company refrained from providing guidance for the final quarter and fiscal year. Shares of Tapestry have fallen 52.8% wider than the industry's decline of 32.7% in the past six months.
- ▼ **Weakness in Stuart Weitzman:** Tapestry acquired the Stuart Weitzman brand in January 2015 with hope to consolidate its position as a multi-brand company. However, the brand's performance failed to live up to management's expectations. Net sales for Stuart Weitzman during the third quarter of fiscal 2020 totaled \$50.7 million, down 40% on both reported and constant currency basis. This follows a decline of 7% on a reported and 6% on a constant currency basis in the second quarter. Sales at Stuart Weitzman were hurt by weak demand across channels.
- ▼ **Margins Under Pressure:** Consolidated adjusted gross profit came in at \$720.2 million, down 22% from the year-ago period. Moreover, gross margin contracted 210 basis points to 67.1% due to the lower penetration of higher margin international businesses. Further, the company reported adjusted operating loss of \$31.6 million as against operating income of \$145.1 million in the prior-year quarter. For the Coach brand operating margin shriveled to 15.1% versus 25.3% a year ago. Kate Spade reported adjusted operating loss was \$17 million as against adjusted operating income of \$14 million in the year-ago period. Adjusted operating loss for the Stuart Weitzman segment was \$35 million compared with adjusted operating loss of \$13 million in the year-ago period.
- ▼ **Debt Analysis:** Although, the company's long-term debt (including long-term lease liabilities) of \$3,484.5 million as of March 28, 2020, shows a marginal decline of 0.4% on a sequential basis, its debt-to-capitalization ratio has increased to 0.58 during the third-quarter fiscal 2020 from 0.51 in the preceding quarter. Moreover, the company's cash, cash equivalents and short-term investments of \$898.2 at the end of the third quarter, shows a sharp decline of 23% from the preceding quarter. The company has also drawn \$700 million from the \$900 million revolving credit facility.
- ▼ **Adverse Currency Fluctuations May Hurt Results:** Tapestry generates a significant amount of net sales outside the U.S. Due to high exposure to international markets the company remains prone to currency fluctuations. The weakening of foreign currencies against the U.S. dollar may require the company to either raise prices or contract profit margins in locations outside of the U.S. An increase in price may have an adverse impact on the demand for the products.

Softness in Kate Spade is likely to persist in the near term and may hurt Tapestry's sales. Considering the current scenario, the company refrained from providing guidance.

Last Earnings Report

Tapestry Reports Wider-than-Expected Q3 Loss, Sales Beat

The deadly coronavirus severely impacted Tapestry, Inc.'s third-quarter fiscal 2020 results. This luxury lifestyle retailer posted wider-than-expected loss for the quarter under review. Also, the company's top line fell sharply from the year-ago quarter. Nonetheless, the company's net sales came ahead of the Zacks Consensus Estimate for the second straight quarter.

The company posted adjusted loss of 27 cents a share wider-than-the Zacks Consensus Estimate of loss of 16 cents. This also compares unfavorably with earnings of 42 cents reported in the year-ago period. Lower net sales, higher cost of sales and increased interest expense hurt the company's bottom-line results.

Net sales came in at \$1,072.7 million, down 19% year over year on both reported and constant currency basis. However, the metric came ahead of the Zacks Consensus Estimate of \$1,033.5 million. Sales declined across all major brands. Management highlighted that 90% of the company's stores were either shut or were operating on shortened hours. The company notified that beginning May 1 it will reopen roughly 40 outlets in North America for contactless curbside or storefront pickup service only.

To address challenges tied to the pandemic Tapestry remains focused on global digital opportunity for all its brands, and ensures that its e-commerce and distribution centers remain operational in key regions. Throughout the quarter, the company witnessed robust double-digit growth in global e-commerce business. Meanwhile, management has been taking actions to curb expenses in order to stay resilient during such a crisis. It has decided to eliminate non-essential operating expenses and lower fixed costs like rent as well as enhance SG&A savings via right-sizing marketing spend. It is also reducing corporate payroll.

Also, the company is cutting down on capex by deferring or cancelling store openings, while prioritizing investments in high-return areas, including digital. Furthermore, it is focused on effectively managing inventories, and expects working capital savings of more than \$500 million. The company stated that it is reducing capex by at least \$100 million in fiscal 2021 as compared to its run-rate spend of about \$275 million.

Management had earlier announced plans to suspend shareholder-friendly moves, including repurchases and quarterly cash dividend. This will result in savings of approximately \$700 million annually. Also, Tapestry has drawn \$700 million from the \$900 million revolving credit facility to strengthen liquidity. Considering the current scenario, the company refrained from providing guidance for the final quarter and fiscal year.

Margin Discussions

Consolidated adjusted gross profit came in at \$720.2 million, down 22% from the year-ago period. Moreover, gross margin contracted 210 basis points to 67.1% due to the lower penetration of higher margin international businesses. Further, the company reported adjusted operating loss of \$31.6 million as against operating income of \$145.1 million in the prior-year quarter. We note that adjusted SG&A expenses fell 3% to \$751.8 million. However, as a percentage of net sales, the same increased to 70.1% from 58.3% in the year-ago quarter.

Segment Details

Net sales for Coach came in at \$772.5 million, down 20% year over year on both reported and constant currency basis. Adjusted gross margin for the segment shrunk 210 basis points to 69.6%. We note that adjusted operating margin shrank to 15.1% versus 25.3% a year ago.

Kate Spade sales came in at \$249.5 million, down 11% on both reported and constant currency basis. Adjusted gross margin for the segment contracted 280 basis points to 62%. The segment reported adjusted operating loss was \$17 million as against adjusted operating income of \$14 million in the year-ago period.

Net sales for Stuart Weitzman totaled \$50.7 million, down 40% on both reported and constant currency basis. The segment's adjusted gross margin decreased 50 basis points to 54.7%. Adjusted operating loss for the segment was \$35 million compared with adjusted operating loss of \$13 million in the year-ago period.

Store Update

At the end of the quarter, the company operated 381 Coach stores, 220 Kate Spade outlets and 71 Stuart Weitzman stores in North America. Internationally, the count was 591, 204 and 87 for Coach, Kate Spade and Stuart Weitzman, respectively.

Other Financial Details

Tapestry ended the quarter with cash, cash equivalents and short-term investments of \$898.2 million, long-term debt of 1,587.2 million and shareholders' equity of \$ 2,553.1 million. Management now expects to incur capital expenditures of approximately \$225 million during the fiscal year 2020, down \$75 million from originally planned.

Quarter Ending 03/2020

Report Date	Apr 30, 2020
Sales Surprise	3.79%
EPS Surprise	-68.75%
Quarterly EPS	-0.27
Annual EPS (TTM)	1.84

Recent News

Tapestry Takes Phased Store Re-Opening Approach Amid Coronavirus – May 14, 2020

Tapestry has provided more details on actions to fight coronavirus qualms. The company has started the store reopening process across North America, Europe and additional markets in Asia in adherence to governmental guidelines.

The company plans to open about 20 stores in Europe, 30 in Australia and 35 each in Japan and Malaysia with social distancing practice and modified working hours. Impressively, the company has reopened all stores in China and South Korea, where demand has been improving.

Tapestry is constantly assessing the situation and will continue reopening stores. Depending on the existing recommendations, the Hudson Yards global headquarters will remain shut till at least mid-June, per guidelines from the state and city of New York. Also, most of the employees are not anticipated to return till September. With regard to the reopening of other regional offices across Europe, Asia and Oceania, the company will follow government guidelines and necessary health protocols.

Furthermore, the company made major enhancements to the store environment and operating procedures, including training staff on safety protocols as well as additional cleaning and sanitation measures at the stores. Tapestry has been prioritizing support of the communities impacted by coronavirus. It has committed to financially support small businesses, minority and women-owned enterprises in New York City.

In addition, the company has been emphasizing on curbside or store pickup service. More than 300 Coach, Kate Spade and Stuart Weitzman stores across North America are expected to provide such service by the week's end. Meanwhile, Tapestry's e-commerce business has been robust.

The company has been expanding digitally through the rollout of the Luxury Soho flagship for Coach on TMall in China. It has also been expanding its digital distribution channels across North America, and generating significant online sales and customer acquisition.

Valuation

Tapestry shares are down 51.8% in the year-to-date period and 57% over the trailing 12-month period. Stocks in the Zacks sub-industry are down 32% but the Zacks Retail-Wholesale sector is up 15.8%, in the year-to-date period. Over the past year, the sub-industry is down 38.4% but the sector is up 22%.

The S&P 500 index is down 2.7% in the year-to-date period but up 5.7% in the past year.

The stock is currently trading at 8.44X forward 12-month earnings, which compares to 59.85X for the Zacks sub-industry, 33.48X for the Zacks sector and 22.38X for the S&P 500 index.

Over the past five years, the stock has traded as high as 22X and as low as 4.51X, with a 5-year median of 16.24X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$14 price target reflects 8.95X forward 12-month earnings.

The table below shows summary valuation data for TPR

Valuation Multiples - TPR					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	8.44	59.85	33.48	22.38
	5-Year High	22	59.85	33.48	22.38
	5-Year Low	4.51	9.71	18.99	15.15
	5-Year Median	16.24	14.25	23.08	17.42
P/S F12M	Current	0.7	0.5	1.16	3.48
	5-Year High	2.96	1.06	1.16	3.48
	5-Year Low	0.49	0.5	0.79	2.54
	5-Year Median	2.03	0.77	0.91	3.01
EV/EBITDA TTM	Current	9.62	6.55	18.04	11.51
	5-Year High	14.69	8.53	18.04	12.81
	5-Year Low	6.21	4.82	10.77	8.24
	5-Year Median	9.79	6.92	12.97	10.75

As of 07/02/2020

Industry Analysis Zacks Industry Rank: Bottom 25% (190 out of 252)



Top Peers

Company (Ticker)	Rec	Rank
AbercrombieFitch Company (ANF)	Neutral	3
Guess, Inc. (GES)	Neutral	3
The Gap, Inc. (GPS)	Neutral	3
Levi StraussCo. (LEVI)	Neutral	3
Vera Bradley, Inc. (VRA)	Neutral	3
Capri Holdings Limited (CPRI)	Underperform	5
L Brands, Inc. (LB)	Underperform	4
Ralph Lauren Corporation (RL)	Underperform	5

Industry Comparison Industry: Retail - Apparel And Shoes				Industry Peers		
	TPR	X Industry	S&P 500	CPRI	LEVI	VRA
Zacks Recommendation (Long Term)	Neutral	-	-	Underperform	Neutral	Neutral
Zacks Rank (Short Term)	4	-	-	5	3	3
VGM Score	C	-	-	A	B	D
Market Cap	3.59 B	569.58 M	21.98 B	2.27 B	5.29 B	147.87 M
# of Analysts	12	4	14	9	4	3
Dividend Yield	10.38%	0.00%	1.91%	0.00%	2.40%	0.00%
Value Score	A	-	-	A	B	B
Cash/Price	0.26	0.30	0.07	0.11	0.20	0.61
EV/EBITDA	5.71	6.56	12.74	5.36	7.86	3.12
PEG Ratio	0.79	2.05	2.89	1.39	13.46	NA
Price/Book (P/B)	1.41	1.41	2.98	1.05	3.34	0.54
Price/Cash Flow (P/CF)	3.71	3.88	11.75	2.29	9.94	1.82
P/E (F1)	8.54	33.16	21.41	6.67	35.13	19.59
Price/Sales (P/S)	0.62	0.31	2.30	0.41	0.91	0.31
Earnings Yield	11.84%	1.89%	4.42%	14.97%	2.85%	5.18%
Debt/Equity	1.36	1.01	0.76	1.09	0.62	0.61
Cash Flow (\$/share)	3.50	1.75	6.94	6.66	1.34	2.44
Growth Score	F	-	-	B	A	F
Hist. EPS Growth (3-5 yrs)	7.34%	-1.21%	10.93%	NA	NA	-7.10%
Proj. EPS Growth (F1/F0)	132.37%	-76.36%	-9.56%	-41.30%	-60.82%	-72.36%
Curr. Cash Flow Growth	-0.32%	-0.13%	5.51%	6.03%	29.04%	120.49%
Hist. Cash Flow Growth (3-5 yrs)	-0.81%	1.72%	8.62%	6.04%	NA	8.13%
Current Ratio	1.87	1.56	1.30	0.77	2.13	3.78
Debt/Capital	57.71%	53.01%	44.46%	52.06%	38.40%	42.84%
Net Margin	-3.64%	-2.68%	10.62%	6.08%	6.88%	-0.78%
Return on Equity	16.58%	2.61%	15.75%	27.42%	30.63%	6.69%
Sales/Assets	0.73	1.11	0.55	0.72	1.34	0.87
Proj. Sales Growth (F1/F0)	5.29%	-7.76%	-2.54%	-15.28%	-16.67%	-6.71%
Momentum Score	A	-	-	B	F	F
Daily Price Chg	0.31%	0.03%	0.47%	-0.72%	-2.55%	5.97%
1 Week Price Chg	-7.24%	-5.26%	-3.90%	-8.76%	-8.51%	-12.90%
4 Week Price Chg	-20.86%	-8.17%	-3.77%	-24.00%	-13.54%	-30.19%
12 Week Price Chg	-17.13%	13.83%	8.02%	13.83%	-3.12%	-16.07%
52 Week Price Chg	-57.18%	-38.56%	-7.59%	-56.19%	-38.73%	-61.22%
20 Day Average Volume	5,843,589	516,664	2,649,865	4,159,609	1,470,285	364,965
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	-1.41%	-16.48%	0.00%
(F1) EPS Est 4 week change	0.00%	-2.97%	0.00%	-8.56%	-16.48%	-60.00%
(F1) EPS Est 12 week change	-35.21%	-81.82%	-9.53%	-43.01%	-50.65%	-75.63%
(Q1) EPS Est Mthly Chg	-25.00%	-2.21%	0.00%	-2.21%	-18.61%	-207.14%

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	F
Momentum Score	A
VGM Score	C

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.