

Tractor Supply Company (TSCO)

\$149.22 (As of 10/08/20)

Price Target (6-12 Months): **\$157.00**

Long Term: 6-12 Months

Zacks Recommendation:
Neutral

(Since: 07/22/20)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

4-Sell

Zacks Style Scores:

VGM:A

Value: B

Growth: A

Momentum: B

Summary

Shares of Tractor Supply have outpaced the industry year to date. The company's second-quarter 2020 results marked its second straight earnings beat, while sales beat estimates after three consecutive misses. Results gained from robust sales and comps growth, and S&GA leverage, which also aided margins. Over the past few months, the company has rolled out technology and services like curbside pickup, same day/next day delivery and its first-ever mobile app to attract customers. This aided triple-digits e-commerce sales growth in the quarter. While the company expects results through the rest of 2020 to be dependent on the magnitude of the virus outbreak's impacts in various regions, it provided the view for the third quarter. However, it expects to witness elevated pandemic-related costs of \$15-\$20 million in the third quarter.

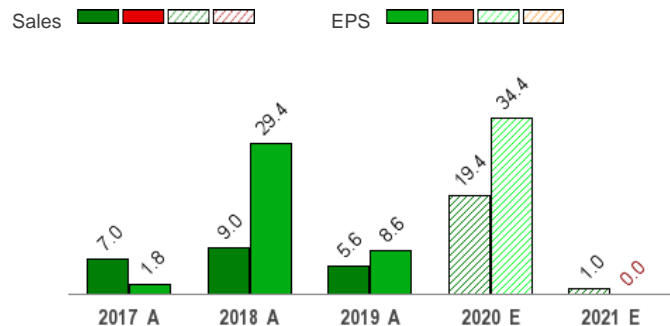
Price, Consensus & Surprise



Data Overview

52-Week High-Low	\$155.56 - \$63.89
20-Day Average Volume (Shares)	1,099,347
Market Cap	\$17.3 B
Year-To-Date Price Change	59.7%
Beta	1.02
Dividend / Dividend Yield	\$1.60 / 1.1%
Industry	Retail - Miscellaneous
Zacks Industry Rank	Top 35% (89 out of 252)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	10.7%
Last Sales Surprise	5.6%
EPS F1 Estimate 4-Week Change	0.0%
Expected Report Date	10/22/2020
Earnings ESP	0.0%

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	2,114 E	2,989 E	2,448 E	2,636 E	10,069 E
2020	1,959 A	3,176 A	2,386 E	2,449 E	9,974 E
2019	1,822 A	2,354 A	1,984 A	2,192 A	8,352 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.78 E	\$2.57 E	\$1.47 E	\$1.63 E	\$6.29 E
2020	\$0.71 A	\$2.90 A	\$1.33 E	\$1.34 E	\$6.29 E
2019	\$0.63 A	\$1.80 A	\$1.04 A	\$1.21 A	\$4.68 A

*Quarterly figures may not add up to annual.

P/E TTM	25.5
P/E F1	23.7
PEG F1	2.1
P/S TTM	1.9

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 10/08/2020. The reports text is as of 10/09/2020.

Overview

Headquartered in Brentwood, TN, Tractor Supply Company is the largest retail farm and ranch store chain in the United States. The company focuses on recreational farmers and ranchers as well as tradesmen and small businesses. It offers a wide array of merchandise such as livestock, pet and animal products, maintenance products for agricultural and rural use, hardware and tools, lawn and garden power equipment, truck and towing products, and work apparel.

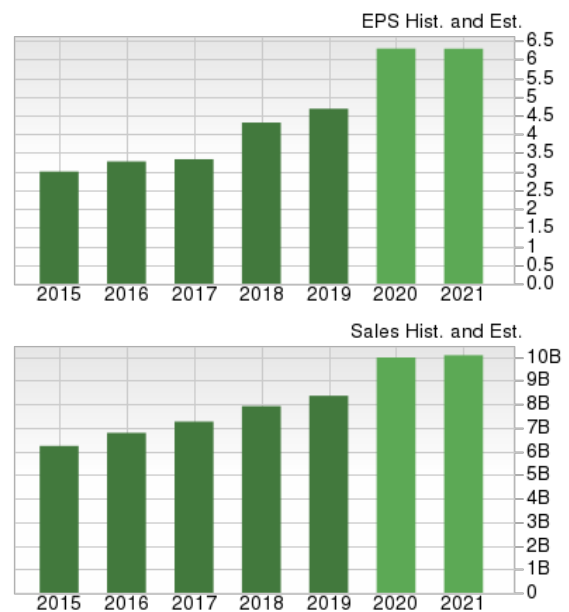
Stores of Tractor Supply are primarily located in rural areas and the suburbs of major cities, which have inside selling space of 15,000–20,000 square feet with a similar area of outside space, used to demonstrate agricultural fencing, livestock equipment and horse stalls. Petsense stores have roughly 5,500 square feet of inside selling space. For Tractor Supply retail locations, the company has a standard design for the new built-to-suit locations, including nearly 15,500 square feet of inside selling space.

Tractor Supply's broad assortment of products is tailored to meet the regional and geographic needs of its markets. Moreover, the retailer's full line of product offerings is supported by a strong in-stock inventory position with an average of 16,000–19,500 unique products per store.

Apart from selling nationally recognized branded merchandise, the company also markets an increasing list of products under its "private-label programs." The latter include Masterhand and Job Smart (tools and tool chests), Dumor and Producers Pride (livestock feed) and Retriever and Paws 'n Claws (pet foods). Further, the company recently acquired 100% stake in Petsense, to fortify its presence in the pet specialty space.

Tractor Supply operates retail stores under the names Tractor Supply Company, Del's Feed & Farm Supply, and Petsense as well as operate websites under the names TractorSupply.com and Petsense.com. Its online selling websites are expected to offer expanded assortment of products beyond in-store as well as boost store traffic through buy online, pickup in-store and ship to store programs.

As of Jun 27, 2020, the company operated 1,881 Tractor Supply stores across 49 states and 180 Petsense stores in 25 states.



Source: Zacks Investment Research

Reasons To Buy:

▲ **Strong Q2 Results:** Shares of Tractor Supply have increased 59.7% in the year to date, compared with the industry's 8.9% growth. In second-quarter 2020, the company's top and bottom lines surpassed the Zacks Consensus Estimate and improved year over year. This marks the second straight quarter of earnings beat, while sales beat estimates after three consecutive misses. The improvement in top line was driven by comparable store sales (comps) increase of 30.5%, led by growth of 15.8% in comparable average ticket and 14.6% in comparable transaction count. Comps growth was backed by strength in demand for spring and summer seasonal categories as well as robust growth in everyday merchandise, including consumable, usable and edible products. Further, robust comps growth at all of the company's geographic regions aided results. Meanwhile, the top line was partly hurt by significant impacts of the coronavirus outbreak on consumer demand across all major product categories as customers were focused on the care of their homes, land and animals.

Tractor Supply's omni-channel investments like curbside pickup, same day, next-day delivery, a re-launched website and new mobile app, aided triple-digits digital sales growth in Q2.

▲ **Cost Leverage & Favorable Q2 Margins:** Tractor Supply's bottom line in the second quarter benefited from robust gross and operating margin growth, as well as lower SG&A expenses. Gross profit rose 41% year over year, while gross margin expanded 155 basis points (bps) to 36.4%. Gross margin gained from lower depth and frequency of sales promotions, favorable product mix, and reduced transportation costs, as a percent of net sales. Selling, general and administrative (SG&A) expenses — including depreciation and amortization — as a percentage of sales declined 33 bps to 22.3% on leverage in occupancy and other fixed costs due to higher comps, partly offset by incremental costs related to the pandemic and increased incentive compensation. Driven by higher gross margin and SG&A leverage, operating income rose 55.7%, along with 188 bps expansion in operating margin to 14.1%.

▲ **Q3 Outlook:** While Tractor Supply expects its results through the rest of 2020 to be dependent on the magnitude of the virus outbreak's impacts in various regions, it provided the view for the third quarter. The company expects net sales of \$2.30-\$2.40 billion for the third quarter, with comps growth of 12-18%. Moreover, net income is likely to be \$136-\$162 million, reflecting earnings per share of \$1.15-\$1.35.

▲ **Continued Efforts to Combat Coronavirus Woes:** Tractor Supply has kept stores and e-commerce business open for consumers to buy their everyday essentials all through the pandemic related hardships. Apart from providing additional temporary benefits early in the second quarter, the company rolled out a permanently enhanced compensation and benefits to team members, including wage increases of a minimum of \$1 per hour for all hourly members. It is also now providing annual restricted stock units to more than 2,000 frontline managers at stores and distribution centers, as well as health and wellness packages to team members. Furthermore, the company recruited more than 5,000 employees for full-time and part-time positions across its stores and distribution centers to provide better service to customers amid the new normal. Over the past few months, the company has also rolled out technology and services like curbside pickup, same day/next day delivery and its first-ever mobile app to attract customers.

Further, it is on track to build up on Tractor Supply's Out Here lifestyle assortment and convenient shopping format to gain new customers and market share. Additionally, the company launched the Field Activity Support Team ("FAST") and is implementing various technology and service enhancements across the enterprise. It is also in the initial phase of transforming its side lots and mature stores to improve space productivity, bringing the latest merchandising strategies to life and advancing efforts to remain nationally strong and locally relevant.

▲ **'ONETractor' Strategy:** Given the changing consumer trends, Tractor Supply is focused on integrating its physical and digital operations to offer consumers a seamless shopping experience. Incidentally, the company remains on track with the 'ONETractor' strategy that is aimed at connecting store and online shopping. Backed by this initiative, the company continues to drive growth, build customer-centric engagement, offer suitable products and services, and reinforce core infrastructure capabilities. Moreover, Tractor Supply is benefiting from the roll out of capabilities like stockyard in-store kiosk and mobile point-of-sale (PoS) in all its stores, as well as enhancing of the Tractor Supply credit card offering, and investments in its supply chain. The company's omni-channel investments, including curbside pickup, same day, next-day delivery, a re-launched website and new mobile app, helped record triple-digits digital sales growth in the second quarter. This followed double-digits digital sales growth in the preceding 30 straight quarters.

▲ **Store Growth Initiatives:** Tractor Supply is persistently focusing on its growth initiatives, which include expansion of store base and incorporation of technological advancements to induce traffic and drive the top line. The company's sales and comps have been considerably gaining from the addition of new stores every quarter. Moreover, the company expects to drive comps by improving marketing and merchandising initiatives as well as supply chain efficiencies. The company is well positioned to expand store base, remaining on track to increase its domestic store to 2,500 in the long term. In the second quarter, Tractor Supply opened 18 namesake and three Petsense stores. Moreover, it closed three Petsense stores. Management remains on track with its store opening initiatives. For fiscal 2020, the company expects to open 75-80 Tractor Supply stores. It now anticipates opening 10 new Petsense locations compared with the prior outlook of 10-15 stores. However, some store openings might be delayed owing to government restrictions stemming from the COVID-19 crisis.

▲ **Debt Analysis:** Tractor Supply's cash and cash equivalents at the end of second-quarter 2020 increased substantially to \$1,206.4 million from \$461 million in the prior quarter. Notably, the company's cash position remains sufficient to fund its short term obligations of about \$671.6 million as of Jun 27, 2020. Further, it has no amounts drawn on its \$500 million revolving credit facility as of July 22, 2020. This provides ample financial flexibility to the company to steer through the pandemic. Its long-term debt of \$2,656.1 million (including non-current operating lease liabilities and finance lease liabilities) declined 13.5% sequentially. Moreover, its debt-to-capitalization ratio of 0.66 compares favorably with the industry's ratio of 0.77 and represents a sequential improvement from 0.71 as of Jun 27. Also, the company's times interest earned ratio of 39.3 versus the industry's 2.7 indicates that it is better positioned to meet its debt obligations, compared to its peers.

Reasons To Sell:

- ▼ **Stock Looks Overvalued:** Considering price-to-earnings (P/E) ratio, Tractor Supply looks pretty overvalued when compared with the market at large. The stock has a trailing 12-month P/E ratio of 25.46x, which is above the median level of 21.21x and below the high level of 27.65x, scaled in the past year. On the contrary, the trailing 12-month P/E ratio is 24.26x for the S&P 500. Given these factors, we believe that the stock is quite stretched from the P/E aspect.
- ▼ **Higher COVID Related & Other Costs:** Despite a decent view for the third quarter, Tractor Supply expects costs related to the coronavirus outbreak to hurt its business by \$15-\$20 million in the third quarter. Additionally, the aforementioned strategic growth initiatives will hurt the cost structure by an estimated \$15 million in the third quarter. The company earlier announced permanent wage and benefit changes, which are likely to result in costs of \$13 million in the third quarter.
- ▼ **Increased Capex View:** In the first half of 2020, it incurred capital expenditure of \$86.6 million and generated cash flow from operating activities of \$993.1 million. However, it raised the capital expenditure view for 2020 owing to increased capital investments to support the company's strategic growth initiatives. It now expects capital expenditure of \$300-\$325 million for 2020, compared with \$225-\$275 million mentioned earlier.
- ▼ **Seasonality Risk:** Tractor Supply's business is highly seasonal, with sales and profits soaring in the spring and winter selling seasons on the back of seasonal demand for its merchandise offering. Unseasonable weather, heavy precipitation, drought conditions and early or late frosts may have a material impact on the company's financial condition and its operational results. In fact, fourth-quarter top line performance was affected by adverse seasonal weather trends. Unseasonably warm temperatures in December hurt sales for many seasonal categories.
- ▼ **Competitive Threat:** Tractor Supply's business is highly competitive, primarily based on customer services, price, store location and assortment of merchandise. It faces stiff competition from local, regional and international players. Being in such a highly competitive industry, Tractor Supply may find it difficult to execute and implement new business strategies, which could adversely impact its operations.
- ▼ **Volatility in Raw Material Prices:** Tractor Supply's business involves the purchase of commodities like grain, steel, petroleum, corn, and cotton, among various other raw materials, whose prices keep fluctuating. Prices of these products are also quite prone to inflationary and deflationary pressures, which in turn can hurt the company's sales, margins and overall financial results. Though the company is focused on minimizing such price volatility, the failure to implement its strategies efficiently may be a cause for concern.

Despite a decent view for third-quarter 2020, Tractor Supply expects costs related to the coronavirus outbreak to hurt its business by \$15-\$20 million in the third quarter.

Last Earnings Report

Tractor Supply Beats Q2 Earnings & Sales Estimates

Tractor Supply reported second-quarter 2020 results, wherein the top and bottom lines surpassed the Zacks Consensus Estimate. The company also provided the view for the third quarter. Tractor Supply's adjusted earnings of \$2.90 per share surpassed the Zacks Consensus Estimate of \$2.62. Moreover, the bottom line improved 61.1% from the prior-year quarter.

Net sales grew 35% year over year to \$3,176.3 million and beat the Zacks Consensus Estimate of \$3,007 million. The improvement was driven by comparable store sales (comps) increase of 30.5%, led by growth of 15.8% in comparable average ticket and 14.6% in comparable transaction count.

Comps growth was backed by strength in demand for spring and summer seasonal categories as well as robust growth in everyday merchandise, including consumable, usable and edible products. Further, robust comps growth at all of the company's geographic regions aided results. Additionally, the company witnessed triple-digit sales growth in the e-commerce business. Meanwhile, the top line was partly hurt by significant impacts of the coronavirus outbreak on consumer demand across all major product categories as customers were focused on the care of their homes, land and animals.

Gross profit rose 41% year over year to \$1,156.8 million, while gross margin expanded 155 basis points (bps) to 36.4%. Gross margin gained from lower depth and frequency of sales promotions, favorable product mix, and reduced transportation costs, as a percent of net sales.

Selling, general and administrative (SG&A) expenses — including depreciation and amortization — as a percentage of sales declined 33 bps to 22.3%. SG&A expenses benefited from leverage in occupancy and other fixed costs due to higher comps, partly offset by incremental costs related to the pandemic and increased incentive compensation. In dollar terms, SG&A expenses, including depreciation and amortization, rose 33% to \$709.1 million. Driven by higher gross margin and SG&A leverage, operating income rose 55.7% to \$447.8 million in the second quarter. Operating margin expanded 188 bps to 14.1%.

Strategic Initiatives

Over the past few months, the company has rolled out technology and services like curbside pickup, same day/next day delivery and its first-ever mobile app to attract customers. Further, it is on track to build up on Tractor Supply's Out Here lifestyle assortment and convenient shopping format to gain new customers and market share. Additionally, the company launched the Field Activity Support Team ("FAST") and is implementing various technology and service enhancements across the enterprise. It is also in the initial phase of transforming its side lots and mature stores to improve space productivity, bringing the latest merchandising strategies to life and advancing efforts to remain nationally strong and locally relevant.

Financial Position

Tractor Supply ended the quarter with cash and cash equivalents of 1,206.4 million, long-term debt of \$536.1 million and total stockholders' equity of \$1,695.7 million. Further, it has no amounts drawn on its \$500 million revolving credit facility as of July 22, 2020. This provides ample financial flexibility to the company to steer through the pandemic.

In the first half of 2020, it incurred capital expenditure of \$86.6 million and generated cash flow from operating activities of \$993.1 million. For 2020, it now expects capital expenditure of \$300-\$325 million compared with \$225-\$275 million mentioned earlier. The increased capital spending guidance relates to investments to support the company's strategic growth initiatives.

Store Update

In the quarter under review, Tractor Supply opened 18 namesake stores and three Petsense stores. Moreover, it shuttered three Petsense stores. As of Jun 27, the company operated 1,881 Tractor Supply stores across 49 states and 180 Petsense stores in 25 states. Moreover, management remains on track with its store-opening initiatives. It now plans to open 75 to 80 new Tractor Supply stores in 2020. Further, it expects to inaugurate 10 Petsense stores compared with 10-15 stores mentioned earlier. However, the company notes that the timing of store openings may be delayed in some areas due to the pandemic.

Outlook

While Tractor Supply expects its results through the rest of 2020 to be dependent on the magnitude of the virus outbreak's impacts in various regions, it provided the view for the third quarter. The company expects net sales of \$2.30-\$2.40 billion for the third quarter, with comps growth of 12-18%. Moreover, net income is likely to be \$136-\$162 million, reflecting earnings per share of \$1.15-\$1.35. However, the company expects costs related to the coronavirus outbreak to hurt its business by \$15-\$20 million in the third quarter.

Additionally, the aforementioned strategic growth initiatives will hurt the cost structure by an estimated \$15 million in the third quarter. Moreover, the company earlier announced permanent wage and benefit changes, which are likely to result in costs of \$13 million in the third quarter.

Quarter Ending	06/2020
Report Date	Jul 23, 2020
Sales Surprise	5.63%
EPS Surprise	10.69%
Quarterly EPS	2.90
Annual EPS (TTM)	5.86

Recent News

Tractor Supply Adds VICTOR Brand to Its Pets Product Line – Aug 24, 2020

Tractor Supply is on track with its efforts to fortify its presence in the pet and animal businesses. As part of these efforts, the company has expanded its pet product line with the addition of VICTOR Super Premium Pet Food ("VICTOR") brand into its quality dog food range.

This follows the introduction of VICTOR's top-performing products, Hi-Pro Plus, to all stores in July. This makes Tractor Supply the first retailer in the United States to feature a diverse range of formulas within the dog food product line.

Notably, VICTOR Super Premium Pet Food is one of the best dry foods for dogs, providing a complete and balanced diet. It has a proprietary blend of four core ingredients — selenium yeast, mineral complexes, prebiotics and probiotics. The ingredients work to support the metabolism, digestion and immune defense system of dogs. The brand's products are made at its Texas-based facility.

The introduction of this renowned brand in its dog food line undermines Tractor Supply's efforts to capitalize on the recent spike in pet adoption trends. On its last earnings call, the company noted that pet adoptions are at an all-time high, which also bolstered its results due to higher demand for pet food.

The coronavirus pandemic has been changing everything from shopping modes to working styles. Amid these, there has also been a drastic shift from other interests like travel, entertainment and dining. New interests like home studying, land maintenance and fencing, backyard living, and caring for their pets are gaining prominence as people adapt to the stay-at-home trend.

To gain from the rising pet adoption trend, Tractor Supply has been keen on making pet supply resets as well as ensuring product availability. This helped deliver strong results at Petsense stores in the last reported quarter.

Tractor Supply Hikes Dividend – Aug 6, 2020

Tractor Supply announced the 10th successive quarterly dividend hike. It will now pay out a dividend of 40 cents per share, suggesting a 14.3% rise from the prior rate of 35 cents. The increased dividend will be paid out on Sep 9 to shareholders of record as of Aug 24, 2020. The latest dividend hike brings its annualized dividend to \$1.40 per share versus the prior rate of \$1.36. Notably, the company has a five-year annualized dividend growth rate of 13.7%, reflecting dividend increases for five consecutive years.

Valuation

Tractor Supply shares are up 59.7% in the year-to-date period and nearly 60.2% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Retail-Wholesale sector are up 8.9% and 34.5% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and the sector are up 17.3% and 44.3%, respectively.

The S&P 500 index is up 6.3% in the year-to-date period and 16.6% in the past year.

The stock is currently trading at 23.73X forward 12-month earnings, which compares to 19.29X for the Zacks sub-industry, 32.2X for the Zacks sector and 22.32X for the S&P 500 index.

Over the past five years, the stock has traded as high as 26.84X and as low as 13.05X, with a 5-year median of 19.76X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$157 price target reflects 24.97X forward 12-month earnings.

The table below shows summary valuation data for TSCO

Valuation Multiples - TSCO					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	23.73	19.29	32.2	22.32
	5-Year High	26.84	24.2	33.99	23.47
	5-Year Low	13.05	11.54	19.09	15.27
	5-Year Median	19.76	15.98	23.59	17.7
P/S F12M	Current	1.73	0.9	1.32	4.1
	5-Year High	1.85	1.11	1.32	4.3
	5-Year Low	0.86	0.51	0.84	3.18
	5-Year Median	1.31	0.88	1.01	3.67
EV/EBITDA TTM	Current	15.23	13.04	20.41	14.96
	5-Year High	16.58	13.04	20.71	15.66
	5-Year Low	8.04	4.87	10.7	9.53
	5-Year Median	12.7	9.45	12.98	13.08

As of 10/08/2020

Source: Zacks Investment Research

Industry Analysis Zacks Industry Rank: Top 35% (89 out of 252)



Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
Archer Daniels Midland Company (ADM)	Neutral	3
Adecoagro S.A. (AGRO)	Neutral	3
BuildABear Workshop, Inc. (BBW)	Neutral	4
Calyxt, Inc. (CLXT)	Neutral	2
Calavo Growers, Inc. (CVGW)	Neutral	4
MarineMax, Inc. (HZO)	Neutral	3
KAR Auction Services, Inc (KAR)	Neutral	2
Limoneira Co (LMNR)	Underperform	3

The positions listed should not be deemed a recommendation to buy, hold or sell.

Industry Comparison Industry: Retail - Miscellaneous				Industry Peers		
	TSCO	X Industry	S&P 500	CLXT	CVGW	HZO
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	4	-	-	2	4	3
VGM Score	A	-	-	F	A	A
Market Cap	17.34 B	1.51 B	24.20 B	181.19 M	1.21 B	559.30 M
# of Analysts	15	6.5	14	2	2	6
Dividend Yield	1.07%	0.00%	1.6%	0.00%	1.60%	0.00%
Value Score	B	-	-	F	C	A
Cash/Price	0.07	0.30	0.07	0.19	0.00	0.15
EV/EBITDA	17.79	6.55	13.53	-4.37	15.53	6.55
PEG F1	2.12	3.12	2.90	NA	NA	NA
P/B	10.23	1.50	3.54	4.16	4.49	1.32
P/CF	23.01	6.53	13.37	NA	18.08	14.45
P/E F1	24.04	13.97	21.94	NA	37.49	10.66
P/S TTM	1.86	0.46	2.66	15.87	1.08	0.39
Earnings Yield	4.22%	6.16%	4.31%	-22.71%	2.67%	9.40%
Debt/Equity	0.34	0.25	0.70	0.45	0.02	0.00
Cash Flow (\$/share)	6.49	3.18	6.92	-1.15	3.79	1.79
Growth Score	A	-	-	F	A	A
Historical EPS Growth (3-5 Years)	13.47%	4.11%	10.45%	NA	6.16%	25.69%
Projected EPS Growth (F1/F0)	34.42%	-12.80%	-3.01%	-2.07%	-39.40%	-6.19%
Current Cash Flow Growth	7.18%	5.84%	5.47%	41.73%	17.65%	-1.75%
Historical Cash Flow Growth (3-5 Years)	9.40%	2.61%	8.50%	NA	15.90%	23.56%
Current Ratio	1.40	1.40	1.35	9.43	1.41	1.77
Debt/Capital	25.10%	26.16%	42.90%	31.07%	2.14%	0.00%
Net Margin	7.40%	2.99%	10.28%	-392.49%	-1.31%	3.93%
Return on Equity	45.25%	8.26%	14.79%	-77.67%	10.31%	14.68%
Sales/Assets	1.60	1.23	0.51	0.14	2.52	1.76
Projected Sales Growth (F1/F0)	19.42%	0.00%	-0.62%	146.74%	-9.85%	-0.50%
Momentum Score	B	-	-	D	B	A
Daily Price Change	2.35%	1.73%	1.28%	-0.55%	1.00%	-1.49%
1-Week Price Change	1.01%	3.53%	2.13%	-13.24%	-0.54%	3.99%
4-Week Price Change	8.29%	6.06%	4.49%	-3.70%	4.19%	-1.34%
12-Week Price Change	4.97%	17.50%	6.74%	17.93%	13.48%	4.61%
52-Week Price Change	60.24%	25.84%	6.65%	19.74%	-25.18%	70.92%
20-Day Average Volume (Shares)	1,099,347	646,046	2,121,744	78,355	145,551	337,273
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	0.00%	0.00%	0.00%	0.00%	2.23%	0.00%
EPS F1 Estimate 12-Week Change	12.29%	19.56%	3.47%	-1.65%	-6.63%	47.07%
EPS Q1 Estimate Monthly Change	0.00%	0.00%	0.00%	0.00%	-7.46%	0.00%

Source: Zacks Investment Research

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 maintain a 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	B
Growth Score	A
Momentum Score	B
VGM Score	A

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

Disclosures

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Glossary of Terms and Definitions

52-Week High-Low: The range of the highest and lowest prices at which a stock has traded during the past year. This range is determined based on the stock's daily closing price which may differ from the intra-day high or low. Many investors use it as a technical indicator to determine a stock's current value and future price movement. The idea here is that if price breaks out from the 52-week range, in either direction, the momentum may continue in the same direction.

20-Day Average Volume (Shares): The average number of shares of a company traded in a day over the last 20 days. It is a direct indication of a security's overall liquidity. The higher the average daily trading volume, the easier it is to enter or exit the stock at a desired price with more buyers and sellers being available.

Daily Price Change: This is the percentage difference between a trading day's closing price and the prior trading day's closing price. This item is updated at 9 p.m. EST each day.

1-Week Price Change: This is the percentage change in a stock's closing price over the last 5 trading days. This change reflects the collective buying and selling sentiment over the 1-week period.

A strong weekly price increase for the stock, especially when accompanied by increased volume, is an indication of it gaining momentum.

4-Week Price Change: This is the percentage change in a stock's closing price over the last 20 trading days or past 4 weeks. This is a medium-term price change metric and an indication of the stock gaining momentum.

12-Week Price Change: This is the percentage change of a stock's closing price over the last 60 trading days or past 12 weeks. Similar to 4-week price change, this is a medium-term price change metric. It shows whether a stock has been enjoying strong investor demand, or if it has been in consolidation, or distress over this period.

52-Week Price Change: This is the percentage change in a stock's closing price over the last 260 trading days or past 52 weeks. This long-term price change metric is a good reference point for investors. Some investors seek stocks with the best percentage price change over the last 52 weeks, expecting the momentum to continue.

Market Cap: The number of outstanding common shares of a company times its latest price per share. This figure represents a company's size, which indicates various characteristics, including price stability and risk, in which investors could be interested.

Year-To-Date Price Change: Change in a stock's daily closing price in the period of time beginning the first day of the current calendar year through to the previous trading day.

of Analysts: Number of EPS estimates used in calculating the current-quarter consensus. These estimates come from the brokerage analysts tracking this stock. However, the number of such analysts tracking this stock may not match the number of estimates, as all brokerage analysts may not come up with an estimate or provide it to us.

Beta: A measure of risk commonly used to compare the volatility of a stock to the overall market. The S&P 500 Index is the base for calculating beta and carries a value of 1. A stock with beta below 1 is less risky than the market as a whole. And a stock with beta above 1 is riskier.

Dividend: The portion of earnings a company is expected to distribute to its common shareholders in the next 12 months for each share they own. Dividends are usually paid quarterly. Dividend payments reflect positively on a company and help maintain investors' trust. Investors typically find dividend-paying stocks appealing because the dividend adds to any market price appreciation to result in higher return on investment (ROI). Moreover, a steady or increasing dividend payment provides investors a cushion in a down market.

Dividend Yield: The ratio of a company's annual dividend to its share price. The annual dividend used in the ratio is calculated based on the most recent dividend paid by the company. Dividend yield is an estimate of the dividend-only return from a stock in the next 12 months. Since dividend itself doesn't change frequently, dividend yield usually changes with a stock's price movement. As a result, often an unusually high dividend yield is a result of weak stock price.

S&P 500 Index: The Standard & Poor's 500 (S&P 500) Index is an unmanaged group of securities considered to be representative of the stock market in general. It is a market-capitalization-weighted index of stocks of the 500 largest U.S. companies. Each stock's weight in the index is proportionate to its market value.

Industry: One of the 250+ groups that Zacks classifies all stocks into based on the nature of business. These groups are termed as expanded (aka "X") industries and map to their respective (economic) sectors; Zacks has 16 sectors.

Zacks Industry Rank: The Zacks Industry Rank is determined by calculating the average Zacks Rank for all stocks in the industry and then assigning an ordinal rank to it. For example, an industry with an average Zacks Rank of 1.6 is better than an industry with an average Zacks Rank of 2.3. So, the industry with the better average Zacks Rank would get a better Zacks Industry Rank. If an industry has the best average Zacks Rank, it would be considered the top industry (1 out of 250+), which would place it at the top 1% of Zacks-ranked industries. Studies have shown that roughly half of a stock's price movement can be attributed to the industry group it belongs to. In fact, the top 50% of Zacks-ranked industries outperforms the bottom 50% by a factor of more than 2 to 1.

Last EPS Surprise: The percentage deviation of a company's last reported earnings per share from the Zacks Consensus Estimate. Companies with a positive earnings surprise are more likely to surprise again in the future (or miss again if they recently missed).

Last Sales Surprise: The percentage deviation of a company's last reported sales from the Zacks Consensus Estimate.

Expected Report Date: This is an estimated date of a company's next earnings release. The information originated or gathered by Zacks Investment Research from its information providers or publicly available sources is the basis of this estimate.

Earnings ESP: The Zacks Earnings ESP compares the Most Accurate Estimate to the Zacks Consensus Estimate for the yet-to-be reported quarter. The Most Accurate Estimate is the most recent version of the Zacks Consensus EPS Estimate. The idea here is that analysts revising their estimates closer to an earnings release have the latest information, which could potentially be more accurate than what they and others contributing to the consensus had predicted earlier. Thus, a positive or negative Earnings ESP reading theoretically indicates the likely deviation of the actual earnings from the consensus estimate. However, the model's predictive power is significant for positive ESP readings only. A positive Earnings ESP is a strong predictor of an earnings beat, particularly when combined with a Zacks Rank #1 (Strong Buy), #2 (Buy) or #3 (Hold). Our research shows that stocks with this combination produce a positive surprise nearly 70% of the time.

Periods:

TTM: Trailing 12 months. Using TTM figures is an effective way of analyzing the most-recent financial data in an annualized format that helps neutralize the effects of seasonality and other quarter-to-quarter variation.

F1: Current fiscal year. This period is used to analyze the estimates for the ongoing full fiscal year.

F2: Next fiscal year. This period is used to analyze the estimates for the next full fiscal year.

F12M: Forward 12 months. Using F12M figures is an effective way of analyzing the near-term (the following four unreported quarters) estimates in an annualized manner. Instead of typically representing estimates for the full fiscal year, which may not represent the nitty-gritty of each quarter, F12M figures suggest an all-inclusive annualized estimate for the following four quarters. The annualization helps neutralize the potential effects of seasonality and other quarter-to-quarter variations.

P/E Ratio: The price-to-earnings ratio measures a company's current market price per share relative to its earnings per share (EPS). Usually, the trailing-12-month (TTM) EPS, current-fiscal-year (F1) EPS estimate, or forward-12-month (F12M) EPS estimate is used as the denominator. In essence, this ratio shows what the market is willing to pay today for each dollar of EPS. In other words, this ratio gives a sense of what the relative value of the company is at the already reported level of earnings or at a future level of earnings.

It is one of the most widely-used multiples for determining the value of a company and helps comparing its valuation with that of a competitor, the industry group or a benchmark.

PEG Ratio: The price/earnings to growth ratio is a stock's P/E ratio using current fiscal year (F1) EPS estimate divided by its expected EPS growth rate over the coming 3 to 5 years. This ratio essentially determines a stock's value by factoring in the company's expected earnings growth and is thus believed to provide a more complete picture than just the P/E ratio, particularly for faster-growing companies.

P/S Ratio: The price-to-sales ratio is calculated as a company's current price per share divided by trailing 12 months (TTM) sales or revenues per share. This ratio shows what the market is willing to pay today for each dollar of TTM sales per share. The P/S ratio is at times the only valuation metric when the company has yet to become profitable.

Cash/Price Ratio: The cash-to-price ratio or Cash Yield is calculated as cash and marketable securities per share divided by the company's current share price. Like the earnings yield, which shows the anticipated yield (or return) on a stock from earnings for each dollar invested, the cash yield does the same, with cash being the source of return instead of earnings. For example, a cash/price ratio of 0.08 suggests a return of 8% or 8 cents for every \$1 investment.

EV/EBITDA Ratio: The EV/EBITDA ratio, also known as Enterprise Multiple, is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by EBITDA (earnings before interest, taxes, depreciation and amortization). Usually, trailing-12-month (TTM) or forward-12-month (F12M) EBITDA is used as the denominator.

EV/Sales Ratio: The enterprise value-to-sales ratio is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by annual sales. It is an expansion of the P/S valuation, which uses market value instead of enterprise value. The EV/Sales ratio is perceived as more accurate than P/S, in part, because the market capitalization does not take a company's debt into account when valuing it.

EV/CF Ratio: The enterprise value-to-cash flow ratio is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by the trailing-12-month (TTM) operating cash flow. It's a measure of how long it would take to buy the entire business if you were able to use all the company's operating cash flow.

The EV/CF ratio is perceived as more accurate than the P/CF ratio, in part, because the market price does not take a company's debt into account when valuing it.

EV/FCF Ratio: The enterprise value-to-free cash flow metric compares a company's enterprise value to its trailing-12-month (TTM) free cash flow (FCF). This metric is very similar to the EV/CF ratio, but is considered a more exact measure owing to the fact that it uses free cash flow, which subtracts capital expenditures (CAPEX) from a company's total operating cash flow, thereby reflecting the actual cash flow available for funding growth activities and payments to shareholders.

P/EBITDA Ratio: The P/EBITDA ratio is calculated as a company's per share market value divided by EBITDA (earnings before interest, taxes, depreciation, and amortization). This metric is very similar to the EV/EBITDA ratio, but is considered a little less exact measure as it uses market price, which does not take a company's debt into account. However, since EBITDA is often considered a proxy for cash income, the metric is used as a measure of what the market is willing to pay today for each dollar of the company's cash profitability in the trailing 12 months (TTM) or forward 12 months (F12M).

P/B Ratio: The price-to-book ratio is calculated as a company's current price per share divided by its book value (total assets – liabilities – preferred stocks) per share. In short, the book value is how much a company is worth. In other words, it reflects the total value of a company's assets that its common shareholders would receive if it were to be liquidated. So, the P/B ratio indicates whether you're paying higher or lower than what would remain if the company went bankrupt immediately. Investors typically use this metric to determine how a company's stock price stacks up to its intrinsic value.

P/TB Ratio: The price-to-tangible-book value ratio is calculated as a the per share market value of a company divided by the value of its tangible assets (total assets – liabilities – preferred stocks – intangible assets) per share. Tangible book value is the same thing as book value except it excludes the value of intangible assets to get a step closer to the baseline value of the company.

P/CF Ratio: The price-to-cash flow ratio measures a company's per share market price relative to its trailing-12-month (TTM) operating cash flow per share. This metric is used to determine whether a company is undervalued or overvalued relative to another stock, industry or sector. And like the P/E ratio, a lower number is typically considered better from the value perspective.

One of the reasons why P/CF ratio is often preferred over P/E ratio is the fact that operating cash flow adds back non-cash expenses such as depreciation and amortization to net income. This feature helps valuing stocks that have positive cash flow but are not profitable because of large noncash charges.

P/FCF Ratio: The price-to-free cash flow ratio is an extension of P/CF ratio, which uses trailing-12-month (TTM) free cash flow per share instead of operating cash flow per share. This metric is considered a more exact measure than P/CF ratio, as free cash flow subtracts capital expenditures (CAPEX) from a company's total operating cash flow, thereby reflecting the actual cash flow available for funding activities that generate additional revenues.

Earnings Yield: The earnings yield is calculated as current fiscal year (F1) EPS estimate divided by the company's current share price. The ratio, which is the inverse of the P/E ratio, measures the anticipated yield (or return) from earnings for each dollar invested in a stock today.

For example, earnings yield for a stock, which is trading at \$35 and expected to earn \$3 per share in the current fiscal year (F1), would be 0.0857 ($3/35 = 0.0857$) or 8.57%. In other words, for \$1 invested in the stock today, the yield from earnings is anticipated to be 8.57 cents.

Investors most commonly compare the earnings yield of a stock to that of a broad market index (such as the S&P 500) and prevailing interest rates, such as the current 10-year Treasury yield. Since bonds and stocks compete for investors' dollars, stock investors typically demand a higher yield for the extra risk they assume compared to investors of U.S. Treasury-backed securities that offer virtually risk-free returns. This additional return is referred to as the risk premium.

Debt/Equity Ratio: The debt-to-equity ratio is calculated as a company's total liabilities divided by its shareholder equity. This metric is used to gauge a company's financial leverage. In other words, it is a measure of the degree to which a company is financing its operations through debt versus its own funds. The higher the ratio, the higher the risk for shareholders.

However, this ratio is difficult to compare across industry groups where ideal amounts of debt vary. Some businesses are more capital intensive than others and typically require higher debt to finance their operations. So, a company's debt-to-equity ratio should be compared with other companies in the same industry.

Cash Flow (\$/share): Cash flow per share is calculated as operating cash flow (after-tax earnings + depreciation + other non-cash charges) divided by common shares outstanding. It is used by many investors as a measure of a company's financial strength. Since cash flow per share takes into consideration a company's ability to generate cash by adding back non-cash expenses, it is regarded by some as a more accurate measure of a company's financial situation than earnings per share, which could be artificially deflated.

Current Ratio: The current ratio or liquidity ratio is a company's current assets divided by its current liabilities. It measures a company's ability to pay short-term obligations. A current ratio that is in line with the industry average or slightly higher is generally considered acceptable. A current ratio that is lower than the industry average would indicate a higher risk of distress or default. A higher number is usually better. However, a very high current ratio compared to the industry average could be an indication of inefficient use of assets by management.

Debt/Capital Ratio: Debt-to-capital ratio is a company's total debt (interest-bearing debt + both short- and long-term liabilities) divided its total capital (interest-bearing debt + shareholders' equity). It is a measure of a company's financial leverage. All else being equal, the higher the debt-to-capital ratio, the riskier the stock.

However, this ratio can vary widely from industry to industry, the ideal amount of required debt being different. Some businesses are more capital intensive than others and typically require higher debt to finance their operations. So, a company's debt-to-capital ratio should be compared with the same for its industry.

Net Margin: Net margin is calculated as net income divided by sales. It shows how much of each dollar in sales generated by a company translates into profit. For example, if a company's net margin is 15%, its net income is 15 cents for every \$1 of sales it makes.

A change in margin can reflect either a change in business conditions, or a company's cost controls, or both. If a company's expenses are growing faster than sales, its net margin will decline. However, different net margin rates are considered good for different industries, so it's better to compare net margin rates of companies in the same industry group.

Return on Equity: Return on equity (ROE) is calculated as trailing-12-month net income divided by trailing-12-month average shareholder equity (including reinvested earnings). This metric is considered a measure of how effectively management is using a company's assets to generate profits. For example, if a company's ROE is 10%, it creates 10 cents profits for every \$1 shareholder equity, which is basically the company's assets minus debt. A company's ROE deemed good or bad depends on what's normal for its peers or industry group.

Sales/Assets Ratio: The sales-to-assets ratio or asset utilization ratio or asset turnover ratio is calculated as a company's annual sales divided by average assets (average of assets at the beginning of the year and at the year's end). This metric helps investors understand how effectively a company is using its assets to generate sales. For example, a sales-to-assets ratio of 2.5 indicates that the company generated \$2.50 in sales for every \$1 of assets on its books.

The higher the sales-to-assets ratio, the better the company is performing. However, similar to many other ratios, the asset turnover ratio tends to be higher for companies in certain industries/sectors than in others. So, a company's sales-to-assets ratio should be compared with the same for its industry/sector.

Historical EPS Growth (3-5 Years): This is the average annual (trailing-12-month) EPS growth rate over the last 3-5 years. This metric helps investors see how a company's EPS has grown from a long-term perspective.

Note: There are many factors that can influence short-term numbers — a recession will reduce this number, while a recovery will inflate it. The longterm perspective helps smooth out short-term events.

Projected EPS Growth (F1/F0): This is the estimated EPS growth rate for the current financial year. It is calculated as the consensus estimate for the current fiscal year (F1) divided by the reported EPS for the last completed fiscal year (F0).

Current Cash Flow Growth: It measures the latest year-over-year change in operating cash flow. Cash flow growth tells an investor how quickly a company is generating inflows of cash from operations. A positive change in the cash flow is desired and shows that more 'cash' is coming in than going out.

Historical Cash Flow Growth (3-5 Years): This is the annualized change in cash flow over the last 3-5 years. The change in a longer period helps put the current reading into proper perspective. By looking at the rate, rather than the actual dollar value, the comparison across the industry and peers becomes easier.

Projected Sales Growth (F1/F0): This metric looks at the estimated sales growth for the current year. It is calculated as sales estimate for the current fiscal year (F1) divided by the reported sales for the last completed fiscal year (F0).

Like EPS growth, a higher rate is better for sales growth. A look at a company's projected sales growth instantly tells you what the outlook is for their products and services. However, different sales growth rates are considered good for different industries, so it's better to compare sales growth rates of companies in the same industry group.

EPS F1 Estimate 1-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past week. The change in a company's consensus EPS estimate (or earnings estimate revision) has proven to be strongly correlated with the near-term price movement of its shares. It is an integral part of the Zacks Rank.

If a stock's consensus EPS estimate is \$1.10 now versus \$1.00 a week ago, that will be reflected as a 10% upward revision. If, on the other hand, it went from \$1.00 to 90 cents, that would be a 10% downward revision.

EPS F1 Estimate 4-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past four weeks.

A stock's earnings estimate revision in a 1-week period is important. But it's more meaningful to look at the longer-term revision. And, of course, the 4-week change helps put the 1-week change into proper perspective.

EPS F1 Estimate 12-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past 12 weeks.

This metric essentially shows how the consensus EPS estimate has changed over a period longer than 1 week or 4 weeks.

EPS Q1 Estimate Monthly Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal quarter over the past four weeks.

While the revision in consensus EPS estimate for the current fiscal year is strongly correlated with the near-term price movement of its shares, the estimate revision for the current fiscal quarter is an important metric as well, especially over the short term, and particularly as a stock approaches its earnings date. If a stock's Q1 EPS estimate decreases ahead of its earnings release, it's usually a negative sign, whereas an increase is a positive sign.