

Tractor Supply Company (TSCO)

\$129.26 (As of 06/23/20)

Price Target (6-12 Months): **\$149.00**

Long Term: 6-12 Months

Zacks Recommendation: Outperform

(Since: 06/24/20)

Prior Recommendation: Neutral

Short Term: 1-3 Months

Zacks Rank: (1-5)

2-Buy

Zacks Style Scores:

VGM:B

Value: C

Growth: B

Momentum: C

Summary

Shares of Tractor Supply have outpaced the industry year to date on robust first-quarter 2020 performance, followed by a recent strong view for the second quarter. The company is witnessing increased sales across product categories, channels as well as geographic regions. Moreover, its online business is seeing improvement since the beginning of second-quarter 2020 driven by higher demand owing to the newly launched contactless curbside delivery and "buy online pickup at store" options. Consequently, the company provided a strong view for the second quarter. In the first quarter, results benefited from stores remaining open to provide everyday essentials amid the coronavirus outbreak. However, the company now expects the additional operating costs related to the pandemic to come in at the higher end of its earlier view of \$30-\$50 million.

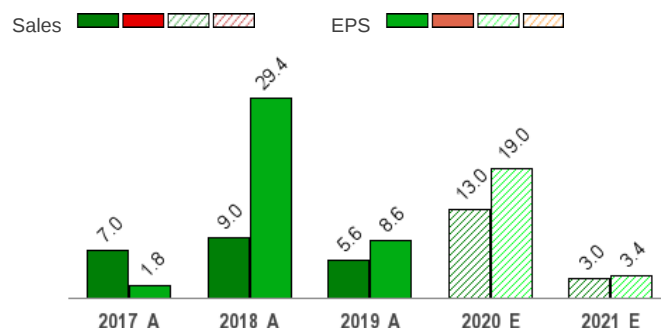
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$131.89 - \$63.89
20 Day Average Volume (sh)	1,618,739
Market Cap	\$14.9 B
YTD Price Change	38.3%
Beta	1.01
Dividend / Div Yld	\$1.40 / 1.1%
Industry	Retail - Miscellaneous
Zacks Industry Rank	Top 32% (80 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	1.4%
Last Sales Surprise	-0.1%
EPS F1 Est- 4 week change	17.8%
Expected Report Date	07/23/2020
Earnings ESP	0.0%
P/E TTM	27.2
P/E F1	23.2
PEG F1	2.0
P/S TTM	1.8

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	2,084 E	2,897 E	2,305 E	2,510 E	9,723 E
2020	1,959 A	2,992 E	2,172 E	2,342 E	9,440 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	\$0.75 E	\$2.49 E	\$1.29 E	\$1.46 E	\$5.76 E
2020	\$0.71 A	\$2.60 E	\$1.12 E	\$1.24 E	\$5.57 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.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 06/23/2020. The reports text is as of 06/24/2020.

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.

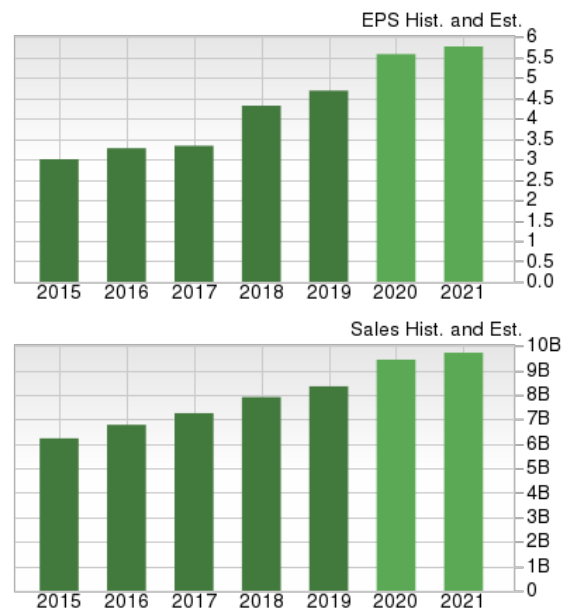
Stores of Tractor Supply are primarily located in rural areas and the suburbs of major cities, which have inside selling space of 15,000–20,000 square feet with a similar area of outside space, used to demonstrate agricultural fencing, livestock equipment and horse stalls. Petsense stores have roughly 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 Mar 28, 2020, the company operated 1,863 Tractor Supply stores across 49 states and 180 Petsense stores.



Reasons To Buy:

▲ **Impressive Q2 View:** Shares of Tractor Supply have increased 38.3% year to date, against the industry's 7.2% decline. The outperformance can be attributed to the company's robust first-quarter 2020 performance and the recently provided strong view for the second quarter. The company has been witnessing increased sales across its product categories, channels as well as geographic regions. Moreover, the company's online business is seeing improvement since the beginning of second-quarter 2020 driven by higher demand as customers opt for the newly launched contactless curbside delivery as well as buy online, pickup at store options. For second-quarter 2020, management expects net sales to increase between 24% and 29% year over year. Comparable store sales (comps) are anticipated to increase in the range of 20-25% in the same time period. Additionally, Tractor Supply is optimistic about its gross profit performance and expects to witness expansion of gross margin for the second quarter. Further, management envisions earnings for the second quarter to be in the range of \$2.45 to \$2.65 per share.

Tractor Supply has introduced mobile PoS devices in nearly 50% of its stores within two weeks from Mar 25 and launched BOPIS and curbside pick-up for contactless delivery amid coronavirus pandemic.

▲ **Strong Q1 Results:** Tractor Supply reported bottom line beat in first-quarter 2020, while sales were in line with the Zacks Consensus Estimate. The company primarily benefited from its store remaining open to provide everyday essentials to consumers amid the coronavirus outbreak. It witnessed increased sales in March as consumers stock-up everyday essentials due to the pandemic. This led to a robust comparable store sales (comps) growth in the first quarter. Further, the company had a strong start to the second quarter with solid demand for its products and services.

▲ **Robust Comps:** Tractor Supply reported comps growth 4.3% in first-quarter 2020, led by growth of 5.4% in average ticket. The uptick can also be attributable to sturdy sales in March, when customers were increasingly hoarding core everyday items as well as usable and edible merchandise due to the coronavirus pandemic. Particularly in March, the company witnessed a comps growth of 12% on the back of robust growth in key consumable categories to the tune of more than 20%. Also, healthy demand in spring seasonal products also contributed to comps growth. However, adverse weather and softness in certain seasonal merchandise and discretionary categories acted as deterrents. Nonetheless, the e-commerce business performed well in March.

▲ **Investments to Meet Demand Amid Pandemic:** Tractor Supply revealed investment plans to enhance customer shopping experience amid the pandemic. The company plans to unveil a redesigned e-commerce website along with a new mobile application. The website is expected to be launched in the second quarter. It is likely to simplify online purchasing process for its consumers and enable the company to better introduce new digital capabilities in the market. Moreover, the newly-designed mobile app is expected to be available for download by the end of June. Additionally, the company is fully committed toward providing enhanced benefits to its workers amid the coronavirus outbreak. Management has pledged to offer \$2 per hour bonus to all hourly team members till Jun 27 along with a \$1,000 bonus to store managers. Also, among other moves the company plans to implement a permanent wage increment for Tractor Supply and Petsense team members in nearly 2,100 stores and eight distribution centers, effective Jun 28. Notably, the company has recruited more than 4,000 employees for team member positions in the last six weeks to fulfill the growing demand.

Undoubtedly, Tractor Supply is leaving no stone unturned to ensure safety of customers visiting stores as well as its workers amid COVID-19 outbreak. The company is deploying a dedicated greeter at each outlet to create social distancing awareness, take care of customers inside stores and look after additional cleaning drives. The company fully understands the need of the hour and is assisting customers by expanding "Buy Online Same Day/Next Day Delivery" to all stores; executing contactless curbside delivery for "Buy Online, Pickup In Store"; and expediting roll out of contactless payment options.

▲ **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 first quarter, Tractor Supply opened 20 namesake and shuttered one Del's outlet. Management remains on track with its store opening initiatives. However, some store openings might be delayed owing to government restrictions stemming from the COVID-19 crisis.

Reasons To Sell:

- ▼ **Stock Looks Overvalued:** Considering price-to-earnings (P/E) ratio, Tractor Supply looks pretty overvalued when compared with the industry and the S&P 500. The stock has a trailing 12-month P/E ratio of 27.15x, which is above the median level of 20.99x and in-line with the high level of 27.33x, scaled in the past year. On the contrary, the trailing 12-month P/E ratio is 22.03x for the industry and 20.17x for the S&P 500. Given these factors, we believe that the stock is quite stretched from the P/E aspect.
- ▼ **Guidance Pull-Back & Elevated Cost Outlook:** Despite impressive first-quarter results and a strong start to the second quarter, Tractor Supply withdrew its 2020 guidance on account of uncertain COVID-19 impacts. Further, the company expects to witness elevated costs of about \$30-50 million in the second quarter. These incremental costs are attributable to the appreciation bonus for its frontline team members, increased store labor and higher safety and cleaning costs. However, the company states that the amount of costs incurred in the second quarter and the second half of 2020 will depend on the length and depth of this crisis. In the first quarter, the company incurred nearly \$7 million of incremental costs due to the COVID-19 outbreak, including investments in team member pay and benefits, impacts of additional labor hours and supply costs dedicated to COVID-19 cleaning actions, and the charitable contributions through the Tractor Supply Foundation to support team members and communities.
- ▼ **Balance Sheet:** To maintain appropriate liquidity amid the coronavirus crisis, Tractor Supply executed an accordion loan of \$200 million on its credit facility in March and a \$350 million loan within its existing bank group in April. As of Mar 28, 2020, the company's long-term debt increased 28.1% on a sequential basis. We note that the company's debt-to-capital ratio has increased on a sequential basis from 0.63 at the end of the fourth-quarter 2019 to 0.7 at the end of the first-quarter 2020. The industry has a debt-to-capital ratio of 0.66.
- ▼ **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.

Despite impressive first-quarter 2020 results and a strong start to the second quarter, Tractor Supply withdrew its 2020 guidance on account of uncertain COVID-19 impacts.

Last Earnings Report

Tractor Supply Q1 Earnings Beat Estimates, Sales Match

Tractor Supply reported first-quarter 2020 results, wherein the bottom line surpassed the Zacks Consensus Estimate, while sales came in line. The company also noted that the second quarter has started on a solid note.

However, management withdrew its 2020 guidance on account of uncertain COVID-19 impacts. The company further anticipates incurring operating costs of \$30-\$50 million during the second quarter.

Quarter Ending **03/2020**

Report Date	Apr 23, 2020
Sales Surprise	-0.05%
EPS Surprise	1.43%
Quarterly EPS	0.71
Annual EPS (TTM)	4.76

Q1 Highlights

Tractor Supply's adjusted earnings were 71 cents per share, which exceeded the Zacks Consensus Estimate of 70 cents. Moreover, the bottom line improved 12.7% from the prior-year quarter. However, the company has incurred additional costs of roughly \$7 million related to COVID-19, including bonus payments to frontline team members, medical and sick leave coverage, and sanitation and safety supplies.

Net sales grew 7.5% to \$1,959.2 million and were in line with the Zacks Consensus Estimate of \$1,960 million. The year-over-year improvement was driven by comparable store sales increase of 4.3%, led by growth of 5.4% in average ticket. Meanwhile, comparable store transaction count declined 1.1%.

The solid comparable store sales performance was backed by strength in the consumable, usable and edible categories. Also, healthy demand in spring seasonal products also contributed to comparable store sales growth. However, adverse weather and softness in certain seasonal merchandise and discretionary categories acted as deterrents.

Margins & Costs

Gross profit rose 7.5% year over year to \$661.2 million, with gross margin expansion remaining flat at 33.8%. This was mainly due to lower transportation costs as a percent of sales, which was somewhat offset by sturdy sales in consumable merchandise and higher markdowns of winter merchandise.

Selling, general and administrative (SG&A) expenses, including depreciation and amortization, as a percentage of sales declined 7 bps to 28%. Occupancy and other fixed costs leverage stemming from comps growth, along with gains from a legal settlement led to the improvement.

Financial Position

Tractor Supply ended the quarter with cash and cash equivalents of \$461.5 million, long-term debt of \$989.1 million and total stockholders' equity of \$1,353.7 million.

The company repurchased roughly 2.9 million shares for \$263.2 million and paid out dividends of \$40.9 million in the reported quarter. Additionally, it incurred capital expenditure of \$29.6 million and generated cash flow from operating activities of \$83.9 million. However, management suspended its share repurchase program from Mar 12. Moreover, the company continues to expect capital expenditure of \$225-\$275 million for 2020.

Further, the company has drawn \$200 million from the revolving credit facility to strengthen its financial position. However, it does not intend to suspend or lower its cash dividend.

Store Update

In the quarter under review, Tractor Supply opened 20 namesake stores and shuttered one Del's outlet. As of Mar 28, the company operated 1,863 Tractor Supply stores across 49 states and 180 Petsense stores in 26 states. Management remains on track with its store opening initiatives. However, some store openings might be delayed owing to government restrictions stemming from the COVID-19 crisis.

Recent News

Tractor Supply Offers Impressive Q2 View on Higher Demand – May 26, 2020

Tractor Supply informed that it has been witnessing increased sales across its product categories, channels as well as geographic regions. Moreover, the company's online business has been seeing improvement since the beginning of second-quarter 2020. This can be attributed to higher demand from customers as they opt for the newly launched contactless curbside delivery as well as buy online, pickup at store options.

For second-quarter 2020, management expects net sales to increase between 24% and 29% year over year. Comparable store sales are anticipated to increase in the range of 20-25% in the same time period. Additionally, Tractor Supply is optimistic about its gross profit performance and expects to witness expansion of gross margin for the second quarter.

Further, management envisions earnings for the second quarter to be in the range of \$2.45 to \$2.65 per share. However, net additional operating expenses owing to the coronavirus pandemic are now anticipated to come in at the higher end of the company's previously provided guidance of \$30-\$50 million.

Efforts Undertaken Amid the Pandemic

To meet customers growing demand, Tractor Supply revealed its investment plans to enhance customer shopping experience. In this regard, the company plans to unveil its redesigned e-commerce website along with a new mobile application. The website is expected to be launched during the second quarter. It is likely to simplify online purchasing process for its consumers and enable the company to better introduce new digital capabilities in the market. Moreover, the newly-designed mobile app is expected to be available for download by the end of June.

Apart from these, Tractor Supply is fully committed toward providing enhanced benefits to its workers amid the coronavirus outbreak. In this regard, management has pledged to offer \$2 per hour bonus to all hourly team members till Jun 27 along with a \$1,000 bonus to store managers. Also, among other moves the company plans to implement a permanent wage increment for Tractor Supply and Petsense team members in nearly 2,100 stores and eight distribution centers, effective Jun 28. Notably, the company has recruited more than 4,000 employees for team member positions in the last six weeks to fulfill the growing demand.

Undoubtedly, Tractor Supply is leaving no stone unturned to ensure safety of customers visiting stores as well as its workers amid COVID-19 outbreak. The company is deploying a dedicated greeter at each outlet to create social distancing awareness, take care of customers inside stores and look after additional cleaning drives. The company fully understands the need of the hour and is assisting customers by expanding "Buy Online Same Day/Next Day Delivery" to all stores; executing contactless curbside delivery for "Buy Online, Pickup In Store"; and expediting roll out of contactless payment options.

Tractor Supply Approves Quarterly Dividend - May 7, 2020

Tractor Supply's board has approved a quarterly dividend of 35 cent per share to be payable on Jun 9 as of shareholder's record on May 26.

Tractor Supply-Roadie Ramp Up Same-Day Delivery Amid Coronavirus - Apr 14, 2020

Tractor Supply Company expanded its tie-up with Roadie, which helped it launch same-day delivery across all its 1,863 U.S. stores. Notably, this makes Tractor Supply the nation's first general merchandise retailer offering same-day delivery across all its outlets.

With more than 150,000 verified drivers, Roadie offers same-day delivery to almost 89% of U.S. households. Notably, Tractor Supply partnered with Roadie three years back. Through this tie-up, the company will also be able to support customers residing in small cities and towns. Notably, it will now provide same-day and next-day delivery for approximately 15,000 items, consisting of livestock feed, dog food, riding lawn mowers and more.

Rising concerns over the pandemic led Tractor Supply to roll out same-day delivery via Roadie across all its stores. Impressively, both parties have sped up same-day deliveries in around 80% of Tractor Supply's stores in less than three weeks.

Tractor Supply's Q1 Preliminary Results Solid, View Withdrawn - Apr 7, 2020

Tractor Supply Company came out with preliminary financial results for first-quarter 2020. The company is likely to achieve top and bottom-line beats in the soon-to-be-reported quarter, outweighing the impacts of the novel coronavirus outbreak that has created a ruckus in the global economy. The company is scheduled to report first-quarter results on Apr 23.

Notably, the company's first-quarter sales rose 7.5% to \$1.96 billion as compared to \$1.82 billion reported in the year-ago quarter. The current Zacks Consensus Estimate for first-quarter sales is \$1.9 billion. Also, comparable store sales improved 4.3% compared with growth of 5% in the prior-year quarter. Such an uptick can be attributable to sturdy sales in March, when customers were increasingly hoarding core everyday items as well as usable and edible merchandise due to the ongoing pandemic. On the flip side, sluggishness in seasonal products for January and February acted as deterrents.

Particularly in March, the company witnessed a comparable store sales improvement of 12% year over year on the back of robust growth in key consumable categories to the tune of more than 20%. This was partly offset by softness in discretionary categories, including clothing, footwear, toys and gift items. Moreover, the e-commerce business performed well in March. Encouragingly, management envisions adjusted earnings for the first quarter to be 69-71 cents.

Despite impressive first-quarter results and the second-quarter comparable sales starting on a solid note, management withdrew its 2020 guidance on account of uncertain COVID-19 impacts. The company further anticipates incurring operating costs of \$30-\$50 million during the second quarter. Moreover, it has suspended its share repurchase program from Mar 12. However, Tractor Supply remains financially well positioned with more than \$450 million in cash and cash equivalents and roughly \$165 million in revolving credit facility, as of Mar 28, 2020.

Valuation

Tractor Supply shares are up 38.3% in the year-to-date period and nearly 21.2% over the trailing 12-month period. Stocks in the Zacks sub-industry are down 7.2% while the Zacks Retail-Wholesale sector is up 14.5% in the year-to-date period. Over the past year, the Zacks sub-industry is down 20.1% but the sector is up 22.7%.

The S&P 500 index is down 2.7% in the year-to-date period but up 7.5% in the past year.

The stock is currently trading at 22.82X forward 12-month earnings, which compares to 23.64X for the Zacks sub-industry, 33.56X for the Zacks sector and 22.47X for the S&P 500 index.

Over the past five years, the stock has traded as high as 28.6X 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 \$149 price target reflects 26.31X 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	22.82	23.64	33.56	22.47
	5-Year High	28.6	23.64	33.56	22.47
	5-Year Low	13.05	11.59	19.06	15.23
	5-Year Median	19.76	16.08	23.36	17.49
P/S F12M	Current	1.56	1.07	1.15	3.51
	5-Year High	1.96	1.37	1.15	3.51
	5-Year Low	0.86	0.74	0.81	2.53
	5-Year Median	1.31	1.13	0.95	3.02
EV/EBITDA TTM	Current	18.65	15.66	18.13	11.61
	5-Year High	18.75	17.92	18.13	12.85
	5-Year Low	8.04	9.83	11.05	8.25
	5-Year Median	13.43	15.07	12.8	10.83

As of 06/23/2020

Industry Analysis Zacks Industry Rank: Top 32% (80 out of 253)



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	3
MarineMax, Inc. (HZO)	Neutral	1
KAR Auction Services, Inc (KAR)	Neutral	3
Calavo Growers, Inc. (CVGW)	Underperform	4
Limoneira Co (LMNR)	Underperform	4

Industry Comparison Industry: Retail - Miscellaneous				Industry Peers		
	TSCO	X Industry	S&P 500	CLXT	CVGW	HZO
Zacks Recommendation (Long Term)	Outperform	-	-	Neutral	Underperform	Neutral
Zacks Rank (Short Term)	2	-	-	3	4	1
VGM Score	B	-	-	F	B	B
Market Cap	14.95 B	1.30 B	21.86 B	186.35 M	1.09 B	449.90 M
# of Analysts	14	5.5	14	2	2	4
Dividend Yield	1.08%	0.12%	1.92%	0.00%	1.77%	0.00%
Value Score	C	-	-	F	B	B
Cash/Price	0.03	0.30	0.07	0.26	0.00	0.14
EV/EBITDA	18.69	8.90	12.65	-4.15	14.82	5.84
PEG Ratio	2.04	3.98	2.90	NA	NA	NA
Price/Book (P/B)	11.04	1.24	2.99	3.54	3.85	1.16
Price/Cash Flow (P/CF)	19.93	5.71	11.61	NA	16.35	11.71
P/E (F1)	23.21	13.81	21.08	NA	30.34	13.81
Price/Sales (P/S)	1.76	0.35	2.25	19.58	0.91	0.34
Earnings Yield	4.31%	4.31%	4.42%	-21.63%	3.30%	7.26%
Debt/Equity	2.27	1.34	0.77	0.35	0.23	0.09
Cash Flow (\$/share)	6.49	2.91	7.01	-1.15	3.79	1.79
Growth Score	B	-	-	F	B	C
Hist. EPS Growth (3-5 yrs)	11.94%	7.24%	10.84%	NA	9.77%	24.16%
Proj. EPS Growth (F1/F0)	19.09%	-49.52%	-10.80%	-0.41%	-32.28%	-6.90%
Curr. Cash Flow Growth	7.18%	6.68%	5.46%	41.73%	17.65%	-1.75%
Hist. Cash Flow Growth (3-5 yrs)	9.40%	2.61%	8.55%	NA	15.90%	23.56%
Current Ratio	1.66	1.53	1.29	9.38	1.21	1.38
Debt/Capital	69.41%	63.37%	45.14%	25.72%	19.00%	8.43%
Net Margin	6.71%	3.33%	10.53%	-455.07%	0.96%	3.06%
Return on Equity	38.38%	8.63%	16.06%	-64.78%	11.12%	11.02%
Sales/Assets	1.54	1.36	0.55	0.10	2.76	1.61
Proj. Sales Growth (F1/F0)	13.03%	-4.57%	-2.66%	67.24%	2.36%	7.87%
Momentum Score	C	-	-	C	F	A
Daily Price Chg	-0.65%	-0.20%	0.04%	1.99%	1.89%	1.26%
1 Week Price Chg	7.78%	-0.03%	0.92%	5.26%	5.52%	2.56%
4 Week Price Chg	16.23%	6.29%	2.71%	22.88%	3.83%	6.29%
12 Week Price Chg	52.87%	54.69%	19.78%	69.37%	7.54%	101.06%
52 Week Price Chg	21.22%	-1.49%	-6.05%	-55.17%	-34.61%	28.53%
20 Day Average Volume	1,618,739	832,024	2,819,961	68,896	166,825	297,728
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	17.82%	0.00%	0.00%	0.00%	-24.12%	31.10%
(F1) EPS Est 12 week change	11.36%	-38.65%	-12.72%	10.33%	-33.71%	-17.08%
(Q1) EPS Est Mthly Chg	46.96%	0.00%	0.00%	0.00%	-34.11%	57.96%

Zacks Stock Rating System

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

Zacks Recommendation

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

Zacks Rank

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

Zacks Style Scores

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

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

Value Score	C
Growth Score	B
Momentum Score	C
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.

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.