

U.S. Bancorp (USB)

\$58.51 (As of 01/03/20)

Price Target (6-12 Months): **\$61.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 12/20/18)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:D

Value: B

Growth: F

Momentum: C

Summary

Shares of U.S. Bancorp have underperformed the industry, over the past six months. However, the company possesses an impressive earnings surprise history, having beaten the Zacks Consensus Estimate in three of the trailing four quarters. Earnings estimates have remained stable lately, prior to the fourth-quarter results. U.S. Bancorp's solid business model, core franchise and diverse revenue streams are expected to continue supporting its performance. Also, rising loan and deposit balances have strengthened the balance sheet. This enables it to undertake strategic acquisitions, which helps it to open new markets and fortify the existing ones. Yet, escalating costs due to its ongoing investments in technology and likely increase in legal expenses remain concerns. Also, concentration of commercial loans remains a headwind for the company.

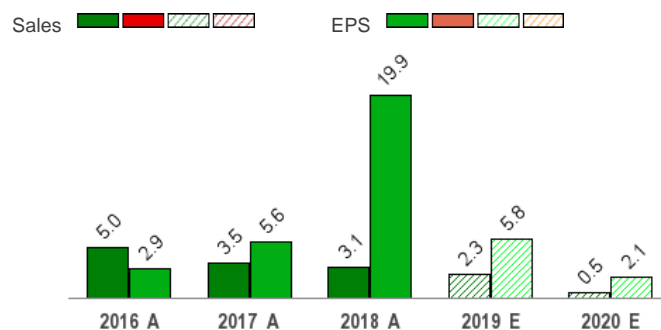
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$61.11 - \$46.15
20 Day Average Volume (sh)	5,744,434
Market Cap	\$91.4 B
YTD Price Change	-1.3%
Beta	1.11
Dividend / Div Yld	\$1.68 / 2.9%
Industry	Banks - Major Regional
Zacks Industry Rank	Top 13% (34 out of 252)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	3.6%
Last Sales Surprise	1.5%
EPS F1 Est- 4 week change	-0.4%
Expected Report Date	01/15/2020
Earnings ESP	-0.7%

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2020	5,637 E	5,795 E	5,866 E	5,934 E	23,139 E
2019	5,550 A	5,795 A	5,895 A	5,804 E	23,032 E
2018	5,440 A	5,611 A	5,669 A	5,801 A	22,521 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2020	\$1.03 E	\$1.10 E	\$1.15 E	\$1.16 E	\$4.43 E
2019	\$1.00 A	\$1.09 A	\$1.15 A	\$1.09 E	\$4.34 E
2018	\$0.95 A	\$1.02 A	\$1.06 A	\$1.07 A	\$4.10 A

*Quarterly figures may not add up to annual.

P/E TTM	13.6
P/E F1	13.2
PEG F1	1.9
P/S TTM	3.3

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 01/03/2020. The reports text is as of 01/06/2020.

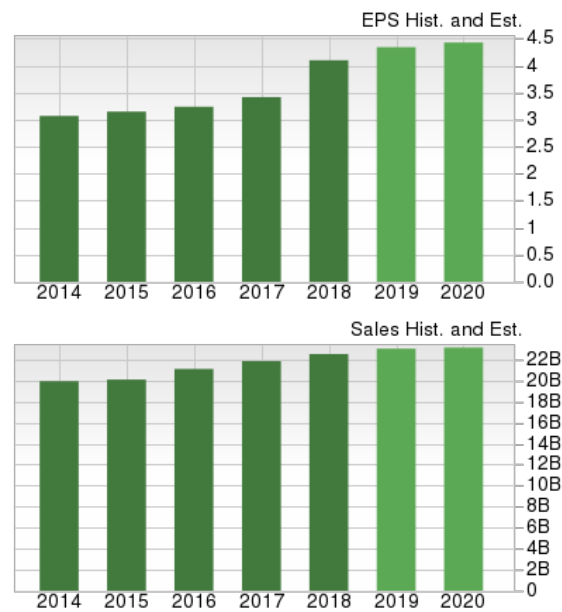
Overview

Headquartered in Minneapolis, MN, U.S. Bancorp was formed in February 2001 with the merger of the former U.S. Bancorp and Firststar Corporation. It provides banking and investment services through a network of 3,018 banking offices principally operating in the Midwest and West regions of the United States through on-line services and over mobile devices. Also, with 74,000 employees and \$488 billion in assets as of Sep 30, 2019, U.S. Bancorp is the parent company of U.S. Bank — the fifth-largest commercial bank in the United States.

The company operates through five segments:

- The **Corporate and Commercial Banking** segment (17% of total net revenues in 2018) extends traditional banking services, such as lending, depository and treasury management, to mid-sized and larger corporations, commercial real estate, financial institutions, non-profit and public sector organizations.
- The **Consumer and Business Banking** segment (37%) offers banking services and products through banking offices, telephone servicing and sales, on-line services, direct mail, ATM processing and mobile devices.
- The **Payment Services** segment (27%) includes consumer and business credit cards, stored-value cards, debit cards, corporate, government and purchasing card services, consumer lines of credit and merchant processing.
- The **Wealth Management & Investment Services** segment (13%) includes private banking, trust, custody, retail brokerage services, insurance, trust, custody, investment management, and related financial advisory services, which are extended to individuals and institutional investors.
- The **Treasury and Corporate Support** segment (6%) includes investment portfolios, funding, capital management, asset securitization and interest rate risk management.

In September 2018, U.S. Bancorp's subsidiary, Elavon, recently acquired Electronic Transaction Systems Corporation -- a Virginia-based financial technology company. The company divested its third-party ATM and Debit Servicing business to Fiserv.



Reasons To Buy:

- ▲ Organic growth remains a key strength at U.S. Bancorp, as reflected by its revenue growth story. Revenues witnessed a CAGR of 2.9% over the last five years (2014-2018), with the trend continuing in the first three quarters of 2019. This rise was chiefly due to higher net interest income. Also, the company's diverse revenue streams will boost fee income. Hence, we believe the company is well positioned to maintain its increasing revenue trend in the near term.
- ▲ Backed by relatively higher interest rate environment, margin pressure for U.S. Bancorp eased. In 2017 and 2018, the company reported rise in net interest margin (NIM), after facing a declining trend for years. The increase reflected an improvement in the yield on earning assets and improved loan portfolio mix. However, NIM declined slightly in the first nine months of 2019 due to decline in rates. The company lowered the prime lending rate to 4.75%, following the Fed rate cut in October 2019. Nevertheless, improvement in economy and decent loan growth might support margin expansion in the quarters ahead.
- ▲ U.S. Bancorp has made a number of strategic bank acquisitions in the past years, which have opened new markets to it and fortified existing markets. These acquisitions, combined with ongoing investments in innovative product enhancements, services and people has strengthened the company's balance sheet and fee-based businesses besides increasing market share.
- ▲ U.S. Bancorp experienced strong growth in average loans and deposits during the past few years, as it continued to expand and deepen relationships with current customers, as well as acquire new customers and market share. Notably, the company's average deposits and loans reflected five-year CAGR of 5.8% and 3.8%, respectively, in 2018. The increasing trend continued in the first three quarters of 2019. Further, we believe both loan and deposit balances are poised to grow amid an improving economy.
- ▲ Following the approval of its 2019 capital plan, U.S. Bancorp increased its quarterly dividend by 13.5% in September 2019. The approved plan also includes share repurchase programs of up to \$3 billion for the four-quarter period, which began Jul 1, 2019. Additionally, the company announced an additional share-repurchase program of up to \$2.5 billion this November, which will continue through Jun 30, 2020. Notably, U.S. Bancorp returned 80% of its earnings to shareholders through dividends and share repurchases as of Sep 30 2019, at the higher end of the targeted payout ratio of 60-80%. Thus, U.S. Bancorp boasts an impressive capital deployment plan on the back of its solid capital position. Also, its debt/equity ratio compares favorably with the industry's average. Hence, we believe that these capital deployment activities are sustainable.
- ▲ Though the weakness in the credit card segment impacted some of the credit metrics, it improved significantly over the past few years. Allowance for credit losses and non-performing assets declined as economic conditions improved with some quarterly volatility. With the recovery of the economy, we expect this trend to continue in the upcoming quarters. Notably, a slowdown in the pace of improvement in asset quality is expected, given the company's movement toward a more normalized level of credit metrics.
- ▲ U.S. Bancorp's trailing 12-month return on equity (ROE) reflects its superiority in terms of utilizing shareholders' fund. The company's ROE of 15.39% compares favorably with 12.25% for the industry.
- ▲ U.S. Bancorp's shares have underperformed the industry over the past six months. However, the company's 2019 earnings estimates have been revised nearly 1% upward over the past 90 days. Therefore, given the strong fundamentals and positive estimate revisions, the stock has upside potential.

Diversified product mix and rise in revenues will support U.S. Bancorp's growth opportunities. Also, rising loan and deposit balances are slated to benefit from the economic recovery.

Reasons To Sell:

- ▼ Rising costs remain a concern for U.S. Bancorp. Though expenses declined in 2018, the company's non-interest expense recorded a CAGR of 5.9% over the last five years (2013-2017), with the trend continuing in the first nine months of 2019. Further, as the company continues to invest in technology platform owing to its business initiatives we believe, such costs might weigh on its expense base to some extent in the upcoming quarters.
- ▼ Major part of U.S. Bancorp's loan portfolio – nearly 49% as of Sep 30, 2019 – comprises total commercial loans (commercial and commercial real estate lending). Such high exposure to commercial loans depicts lack of diversification, which can be risky for the company amid a challenging economy and competitive markets.
- ▼ U.S. Bancorp continues to encounter many investigations and lawsuits from the investors and regulators. Though the company resolved certain litigations related to the sale of risky mortgage backed securities, many of the cases are yet to be resolved. All these are expected to lead to increased legal expenses and provisions in the near term.
- ▼ U.S. Bancorp seems overvalued when compared with the broader industry. Its current price-to-book and price-earnings (F1) ratios are above the respective industry averages.

Unresolved litigations and escalating expenses on investments in technology are expected to impact bottom-line expansion. Further, lack of diversification in loan portfolio remains a headwind.

Last Earnings Report

U.S. Bancorp Q3 Earnings Top Estimates on High Revenues

Driven by top-line strength, U.S. Bancorp delivered a positive earnings surprise of 3.6% in third-quarter 2019. Earnings per share of \$1.15 surpassed the Zacks Consensus Estimate of \$1.11. Also, the reported figure is up 8.5% from the prior-year quarter.

Higher interest and fee income were the driving factors. Further, loan and deposit growth was recorded. However, escalating expenses and provisions were the undermining factors.

Net income came in at \$1.92 billion compared with the \$1.82 billion reported in the prior-year quarter.

Quarter Ending **09/2019**

Report Date	Oct 16, 2019
Sales Surprise	1.53%
EPS Surprise	3.60%
Quarterly EPS	1.15
Annual EPS (TTM)	4.31

Revenues & Loans Grow, Costs & Provisions Flare Up

U.S. Bancorp's net revenues came in at around \$5.9 billion in the third quarter, up 3.9% year over year. Increase in net interest as well as non-interest income led to this upside. The top line also outpaced the Zacks Consensus Estimate of \$5.8 billion.

U.S. Bancorp's tax-equivalent net interest income totaled \$3.3 billion, up 0.8% from the prior-year quarter. This upswing mainly stemmed from earning assets growth and increased yields on securities. These positives were partially mitigated by a flatter yield curve, deposit pricing and shift in funding mix, along with lower rates.

Average earning assets were up 4.9% year over year, supported by growth in average total loans, average investment securities and average other earning assets. However, net interest margin of 3.02% shrunk 13 basis points year over year.

U.S. Bancorp's non-interest income escalated around 8.1% on a year-over-year basis to \$2.6 billion. This upside can be attributed to rise in almost all components of income, partly muted by lower deposit service charges, treasury management fees and investment products fees.

Provision for credit losses increased 7% year over year to \$367 million in the September quarter.

U.S. Bancorp's average total loans inched up 1.1% sequentially to \$292.4 billion. This stemmed from a rise in commercial loans, residential mortgages, credit card and other retail loans.

Average total deposits were up 1.4% from the previous quarter to \$349.9 billion. This upside resulted from growth in interest and non-interest-bearing deposits.

Non-interest expenses jumped 3.3% year over year to \$3.1 billion at U.S. Bancorp. This upsurge in mostly all components of non-interest expenses, however, was partially mitigated by lower other expenses.

Efficiency ratio came in at 53.3%, improving from the year-ago quarter's 53.5%. A decrease in the ratio indicates improved profitability.

Credit Quality: A Mixed Bag

Credit metrics at U.S. Bancorp remained mixed in the July-September quarter. Net charge-offs came in at \$352 million, up 7.3% year over year. On a year-over-year basis, the company witnessed deterioration, mainly in net charge-offs in the credit card, other retail, commercial and commercial real estate portfolios.

U.S. Bancorp's non-performing assets (excluding covered assets) came in at \$979 million, down 2.5% year over year. Total allowance for credit losses was \$4.5 billion, up 2.3%.

Strong Capital Position

During the third quarter, U.S. Bancorp maintained a solid capital position. The Tier 1 capital ratio came in at 11.2% compared with the prior-year quarter's 10.6%. Common equity Tier 1 capital to risk-weighted assets ratio under the Basel III standardized approach fully implemented was 13.2% as of Sep 30, 2019, up from 12.6% at the end of the year-ago quarter.

All regulatory ratios of U.S. Bancorp continued to be in excess of well-capitalized requirements. In addition, based on the Basel III fully implemented advanced approach, the Tier 1 common equity to risk-weighted assets ratio was estimated at 12.6%, as of Sep 30, 2019, compared with 11.8% witnessed at the end of the year-ago quarter.

The tangible common equity to tangible assets ratio was 8% as of Sep 30, 2019, up from the prior year's 7.7%.

U.S. Bancorp posted improvement in book value per share, which increased to \$30.26 as of Sep 30, 2019, from \$27.35 recorded at the end of the year-earlier quarter.

Capital Deployment Update

Reflecting the company's capital strength during the third quarter, U.S. Bancorp returned 80% of earnings to its shareholders through common stock dividends and buybacks.

Outlook

For fourth-quarter 2019, management expects fully taxable equivalent net interest income to decline in low single-digits on a year-over-year basis.

Management expects fee revenues to increase in the mid-single-digits. It expects low-single-digit growth of credit and debit card fee revenue in 2019.

Management expects to deliver positive operating leverage on a core basis in the range of 100-150 bps for 2019.

In 2019, management expects taxable equivalent tax rate to be about 20%. Credit quality is expected to remain relatively stable in the third quarter of 2019 compared to the year-ago quarter. Loan loss provision expense growth will continue to be reflective of loan growth.

Recent News

U.S. Bancorp to Acquire Sage Pay, Build Payments Capabilities – Nov 18, 2019

U.S. Bancorp's subsidiary — Elavon — is buying Sage Pay, a division of The Sage Group plc. Sage Pay is a renowned payments gateway business in the United Kingdom and Ireland. The deal is subject to necessary regulatory approvals.

The move is expected to help U.S. Bancorp meet the demands of its customers, who are switching toward digital modes of banking and conducting day-to-day activities, much better. Also, the bank is looking for ways to restructure operations with software that includes payments capabilities in order to meet the growing competition.

The acquisition is expected to bolster Elavon's market share in the U.K. and Ireland. Also, the company will be able to serve small and medium-sized enterprises, where Sage Pay is a highly-trusted payments gateway with a loyal customer base.

"We are a customer-focused company that is helping businesses succeed in a global marketplace that is changing rapidly," said Hannah Fitzsimons, president and general manager of Elavon Merchant Services, Europe. "This acquisition brings tremendous talent and leading technology to Elavon, which can be leveraged across the European market."

U.S. Bancorp Decreases Its Prime Lending Rate by 25 Bps – Oct 30, 2019

Pursuant to the U.S. Federal Reserve interest rate cut by 25 bps, U.S. Bancorp decreased its prime lending rate from 5% to 4.75%, effective Oct 31. Prior to this, the company reduced the rate to 5% in September 2019.

U.S. Bancorp Announces Revised Long-Term Targets – Sep 12, 2019

At its Investor Day conference, U.S. Bancorp lowered its long-term growth financial targets in the wake of the persistent global turmoil, anticipations of further rate cuts and low inflation in the coming quarters. However, long-term profitability expectations have been revised on efficient capital management to meet targets.

U.S. Bancorp has based its long-term forecasts on the Fed reducing interest rates to 1.5% by 2020, stable consumer confidence and unemployment of around 3.5-4%, along with gross domestic product growth of 1.5-2% and low inflation. Further, adoption of Current Expected Credit Losses Standard (CECL) in first-quarter 2020 has been taken into consideration.

ROE Outlook Upped; EPS, Revenue, Expense Guidance Revised

U.S. Bancorp now targets return on assets (ROA) in the range of 1.35-1.65%, unchanged from 2016. The company upped the return on equity (ROE) target to 14.5-17.5% from 13.5-16.5%.

Further, long-term target for return on tangible common equity had been kept unrevised in the range of 17.5-20%.

However, the bank dropped its long-term revenue growth projection to 5-7% from the 6-8% estimated in 2016.

On the cost front, management lowered its expense growth rate to be in the range of 2-4% from the prior target of 3-5%. In addition, the bank reiterated its long-term target for the efficiency ratio to remain in the low 50s range.

Therefore, given the changes in outlook for several line items, net income is now anticipated to grow at 5-7%, lower than the previous target of 6-8%. Also, the earnings per share growth rate is projected to be down in the 7-10% range from 8-10%.

U.S. Bancorp Acquires Talech, To Boost Digital Banking – Sep 9, 2019

U.S. Bancorp completed the acquisition of Talech, a Palo Alto-based software company, thus taking another step toward digital banking, which has become essential in the technology-driven environment. Financial terms of the deal, however, remain undisclosed.

Talech works to simplify operations for small- and medium-sized businesses. It focuses on turning operational tasks, like order management, inventory and staff reporting, customer management, business insights and payments processing, into a single, united point-of-sale system.

Notably, U.S. Bancorp has made a number of bank acquisitions over the past several years. These acquisitions, combined with investments in innovative product enhancements, services and people, have helped the company diversify digitally. Further, the latest buyout deal is aimed at boosting the bank's digital expertise, which, in turn, will ensure better customer experience.

Moreover, early this year, U.S. Bancorp formed a new digital team, headed by Derek White, chief digital officer of U.S. Bancorp, in an effort to be in sync with the banking sector's gradual shift toward digitization. Remarkably, Talech will be part of the same team.

White mentioned that U.S. Bancorp is currently focused on analyzing how customers utilize their money and what kind of digital services they expect from the company. Also, he added that the bank is successfully moving toward its goal of providing the best experience to customers through acquisitions. Talech was a strategic pick for the bank, owing to its common vision of an integrated point-of-sale system.

U.S. Bancorp's efforts to be in line with the banking sector's shift toward digitization are anticipated to enhance its consumer experience. This, in turn, will likely strengthen the bank's financials over the long term.

Dividend Update

On Dec 17, U.S. Bancorp's board of directors announced a quarterly cash dividend of 42 cents per share. The dividend will be paid on Jan 15, 2020 to shareholders of record as of Dec 31, 2019.

Valuation

U.S. Bancorp's shares are up 25.5% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Finance sector are up 29.4% and 16.6% over the past year, respectively.

The S&P 500 index is up 25.7% in the past year.

The stock is currently trading at 13.2X forward 12 months earnings, which compares to 12.04X for the Zacks sub-industry, 14.79X for the Zacks sector and 18.71X for the S&P 500 index.

Over the past five years, the stock has traded as high as 16.04X and as low as 10.01X, with a 5-year median of 12.77X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$61 price target reflects 13.77X forward earnings.

The table below shows summary valuation data for USB

Valuation Multiples - USB					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	13.2	12.04	14.79	18.71
	5-Year High	16.04	13.85	16.21	19.34
	5-Year Low	10.01	9.04	12.01	15.17
	5-Year Median	12.77	11.43	13.98	17.44
P/TB TTM	Current	2.6	2.38	3.29	12.36
	5-Year High	3.23	2.68	3.98	12.45
	5-Year Low	2.23	1.44	2.44	6.03
	5-Year Median	2.68	2.1	3.46	9.06
P/S F12M	Current	3.95	4.13	6.53	3.47
	5-Year High	4.29	4.59	6.61	3.47
	5-Year Low	3.04	2.61	5.2	2.54
	5-Year Median	3.69	3.59	6.04	3

As of 01/03/2020

Industry Analysis Zacks Industry Rank: Top 13% (34 out of 252)



Top Peers

State Street Corporation (STT)	Outperform
The Bank of New York Mellon Corporation (BK)	Neutral
Fifth Third Bancorp (FITB)	Neutral
Huntington Bancshares Incorporated (HBAN)	Neutral
KeyCorp (KEY)	Neutral
M&T Bank Corporation (MTB)	Neutral
The PNC Financial Services Group, Inc (PNC)	Neutral
Regions Financial Corporation (RF)	Neutral

Industry Comparison Industry: Banks - Major Regional				Industry Peers		
	USB Neutral	X Industry	S&P 500	BK Neutral	FITB Neutral	PNC Neutral
VGM Score	D	-	-	D	C	C
Market Cap	91.38 B	43.07 B	23.66 B	46.36 B	21.60 B	70.72 B
# of Analysts	11	7	13	8	9	9
Dividend Yield	2.87%	2.66%	1.79%	2.47%	3.15%	2.90%
Value Score	B	-	-	B	B	C
Cash/Price	0.16	0.67	0.04	3.23	0.31	0.35
EV/EBITDA	11.72	5.33	13.88	-8.41	8.55	10.94
PEG Ratio	1.89	1.45	1.99	1.45	1.44	1.85
Price/Book (P/B)	1.91	1.34	3.36	1.23	1.13	1.43
Price/Cash Flow (P/CF)	12.61	10.69	13.62	8.87	9.09	11.40
P/E (F1)	13.21	12.20	18.74	11.94	10.29	13.49
Price/Sales (P/S)	3.33	2.65	2.67	2.31	2.36	3.31
Earnings Yield	7.57%	8.19%	5.32%	8.37%	9.72%	7.41%
Debt/Equity	0.86	0.95	0.72	0.76	0.74	1.10
Cash Flow (\$/share)	4.64	6.05	6.94	5.67	3.35	13.94
Growth Score	F	-	-	D	F	F
Hist. EPS Growth (3-5 yrs)	7.62%	13.07%	10.56%	12.42%	12.31%	11.10%
Proj. EPS Growth (F1/F0)	1.99%	4.21%	7.41%	5.91%	5.36%	3.69%
Curr. Cash Flow Growth	14.80%	17.06%	14.83%	3.03%	-9.51%	15.98%
Hist. Cash Flow Growth (3-5 yrs)	3.37%	7.49%	9.00%	6.49%	-1.28%	4.83%
Current Ratio	0.83	0.88	1.23	0.70	0.88	0.88
Debt/Capital	43.26%	45.81%	42.92%	41.10%	40.34%	52.44%
Net Margin	26.54%	23.17%	11.08%	19.31%	24.36%	24.96%
Return on Equity	15.39%	12.25%	17.10%	10.57%	11.40%	10.94%
Sales/Assets	0.06	0.05	0.55	0.05	0.06	0.05
Proj. Sales Growth (F1/F0)	0.47%	0.54%	4.20%	0.54%	-2.59%	0.60%
Momentum Score	C	-	-	F	A	A
Daily Price Chg	-1.17%	-1.47%	-0.61%	-1.28%	-1.87%	-0.96%
1 Week Price Chg	-0.07%	0.32%	0.13%	-0.61%	-0.80%	0.62%
4 Week Price Chg	-1.83%	3.16%	2.60%	2.03%	1.91%	4.36%
12 Week Price Chg	10.35%	15.56%	8.87%	15.56%	16.27%	14.75%
52 Week Price Chg	28.03%	28.03%	29.34%	7.97%	25.89%	34.29%
20 Day Average Volume	5,744,434	3,671,329	1,603,615	3,090,353	3,671,329	1,662,094
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.03%
(F1) EPS Est 4 week change	-0.41%	0.06%	0.00%	-0.33%	0.15%	0.06%
(F1) EPS Est 12 week change	-0.03%	-0.56%	-0.57%	1.02%	-2.81%	-0.56%
(Q1) EPS Est Mthly Chg	-0.94%	0.28%	0.00%	-2.25%	0.28%	0.50%

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	B
Growth Score	F
Momentum Score	C
VGM Score	D

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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