

Walmart Inc. (WMT)

\$114.27 (As of 02/03/20)

Price Target (6-12 Months): **\$120.00**

Long Term: 6-12 Months

Zacks Recommendation:
Neutral

(Since: 11/28/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

2-Buy

Zacks Style Scores:

VGM:D

Value: C

Growth: C

Momentum: F

Summary

Walmart's shares have outpaced the industry in the past year, backed by focus on strengthening e-commerce and store operations. These factors helped the company retain its sturdy comps trend in third-quarter fiscal 2020, wherein earnings marked its seventh straight beat and U.S. comps rose for the 21st straight time. Further, e-commerce sales surged on robust online grocery performance. Further, e-commerce sales are expected to rise nearly 35% in fiscal 2020. The company is also making efforts to improve its International unit by shifting focus to profitable countries. However, Flipkart's addition was a drag on Walmart's bottom line, which is expected to continue in fiscal 2020. This along with a compelling pricing strategy and tariff-related worries is a threat to margins. Nonetheless, the Flipkart deal bodes well for the long term.

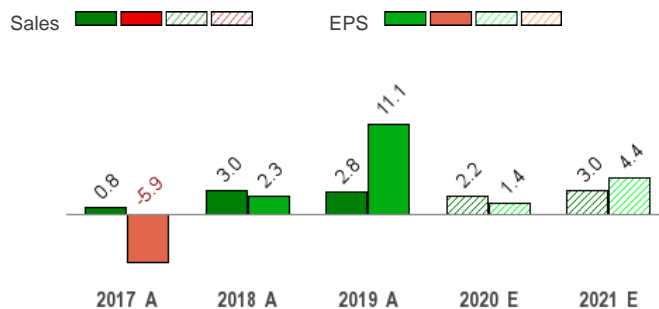
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$125.38 - \$93.35
20 Day Average Volume (sh)	5,684,172
Market Cap	\$324.2 B
YTD Price Change	-3.9%
Beta	0.36
Dividend / Div Yld	\$2.12 / 1.9%
Industry	Retail - Supermarkets
Zacks Industry Rank	Top 20% (52 out of 254)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	6.4%
Last Sales Surprise	-0.8%
EPS F1 Est- 4 week change	0.0%
Expected Report Date	02/18/2020
Earnings ESP	-0.1%
P/E TTM	23.0
P/E F1	22.0
PEG F1	4.7
P/S TTM	0.6

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	127,009 E	134,245 E	131,561 E	147,223 E	541,158 E
2020	123,925 A	130,377 A	127,991 A	142,656 E	525,577 E
2019	122,690 A	128,028 A	124,894 A	138,793 A	514,405 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$1.16 E	\$1.33 E	\$1.17 E	\$1.52 E	\$5.20 E
2020	\$1.13 A	\$1.27 A	\$1.16 A	\$1.44 E	\$4.98 E
2019	\$1.14 A	\$1.29 A	\$1.08 A	\$1.41 A	\$4.91 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 02/03/2020. The reports text is as of 02/04/2020.

Overview

Based in Bentonville, AR and founded in 1945, Walmart Inc. operates retail stores, restaurants, discount stores, supermarkets, supercenters, hypermarkets, warehouse clubs, apparel stores, Sam's Clubs, and Neighborhood Markets, as well as the websites – walmart.com and samsclub.com.

The company operates more than 11,600 retail units under 59 different banners in 28 countries and e-commerce websites in 11 countries. The company operates as Walmart in the United States, including the 50 states, Washington D.C. and Puerto Rico.

Walmart has operations in the U.S., Argentina, Brazil, Canada, Chile, China, India, Japan, Mexico and the United Kingdom, as well as countries located in Africa and Central America. The company operates in Mexico as Walmex, in the U.K. as Asda, in Japan as Seiyu, and in India as Best Price. Walmart had earlier announced plans to merge Asda with Sainsbury, which however didn't materialise.

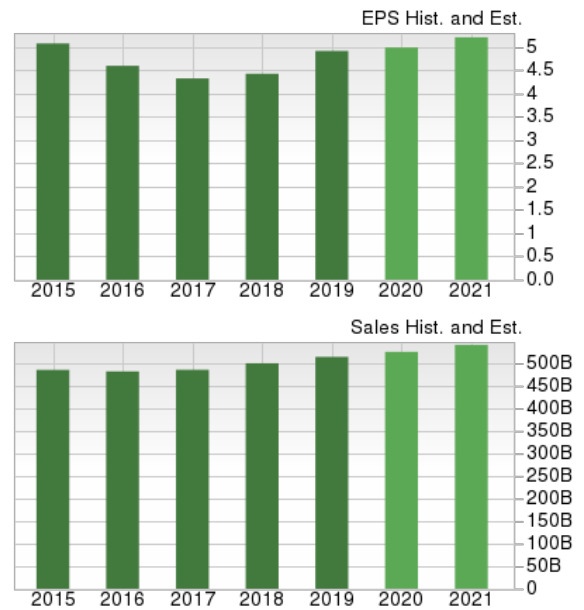
Walmart's stores offer almost everything which is of day-to-day use, including grocery, health and beauty aids, household chemicals, electronics, stationery, automotive accessories, hardware and paint, sporting goods, fabrics and crafts, tobacco, software, entertainment products and home furnishings. The company offers merchandise under its private-label store brands, which comprises of Equate, Faded Glory, George, Great Value, Holiday Time, Mainstays, and others. The company also markets merchandise under licensed brands, such as, Better Homes & Gardens, Dansk in Now, Farberware, General Electric and more.

The company conducts its businesses under three segments: Walmart U.S., Walmart International and Sam's Club.

Walmart U.S. segment (64.5% of fiscal 2019 revenues) operates retail stores in different formats in the U.S. and also in Puerto Rico. The segment includes the company's mass merchant concept under the brand 'Walmart' as well as the company's online retail operations, walmart.com.

Walmart International segment (23.5% of fiscal 2019 revenues) consists of retail operations in 26 countries outside the U.S.

Sam's Club (11.2% of fiscal 2019 revenues) comprises membership warehouse clubs in 48 states in the U.S. and Puerto Rico, as well as the segment's online retail operations.



Reasons To Buy:

▲ **Solid Comps Record & Raised View, Stock Outperforms:** Walmart has been gaining from its sturdy comparable store sales (comps) record, which in turn is driven by its constant expansion efforts and splendid e-commerce performance. Well, Walmart has been undertaking several efforts to enhance merchandise assortments. Also, the company is on track with store remodelling, in an attempt to upgrade them with advanced in-store and digital innovations. Walmart is also gaining from its compelling pricing strategy, which helps it draw customers. Well, such trends drove the company in third-quarter fiscal 2020, wherein earnings beat the Zacks Consensus Estimate for the seventh straight time. Further, this marked Walmart's 21st consecutive quarter of U.S. comps growth. U.S. comps, excluding fuel, improved 3.2% on the back of a 1.3% rise in transactions and 1.9% in ticket. Further, e-commerce sales drove comps by 170 bps. These factors have helped shares of the company rally 19.6% in the past year compared with the industry's growth of 16.1%.

Walmart is gaining from its sturdy comps record, which in turn is driven by its constant omnichannel efforts. The company has been posting positive comps in the U.S. division for 21 straight quarters.

Management lifted its earnings outlook for fiscal 2020. Walmart now envisions fiscal 2020 earnings per share to rise slightly year over year (including Flipkart) and at a high-single-digit rate (excluding Flipkart). Earlier, the company projected a slight decrease to a marginal rise (including Flipkart) and increase at a mid to high-single-digit rate (excluding Flipkart) in earnings per share.

▲ **Robust E-Commerce Initiatives:** Walmart is trying every means to evolve with the changing consumer environment to compete with brick-and-mortar rivals and e-Commerce king Amazon. In this regard, the company has been taking several e-commerce initiatives, including buyouts, alliances, and improved delivery and payment systems. The company's contracts with Green Dot Microsoft; buyouts of ShoeBuy, Moosejaw, Bonobos, ModCloth and Jet.com; and deal with Lord and Taylor, among others, underscore its intention to build an impressive digital brand portfolio. Further, buyout of 77% stake in Flipkart is likely to bolster Walmart's e-commerce sales, though the deal is expected to hurt the bottom line in fiscal 2020.

The company's efforts to improve its website, enhance check-out process, focus on Walmart2World money transfer service, along with Walmart Pay mobile payment system and Mobile Express Returns program highlight its initiatives to accelerate the online business. In this regard, Walmart relaunched "Scoop" fashion boutique as a unique brand on its website. Apart from this, Walmart is making aggressive efforts to expand in the booming online grocery space, which has long been a major contributor to e-commerce sales. Backed by such endeavors, U.S. e-commerce sales surged 41% in the third quarter of fiscal 2020. E-commerce sales improved on the back of strength in online grocery. These factors keep management optimistic about achieving 35% U.S. e-commerce sales growth in fiscal 2020.

▲ **Focus on Enhancing Delivery Services:** Given the rising demand for online grocery, Walmart remains committed to enrich consumers' experiences by providing easy shopping methods and seamless grocery deliveries. To this end, Walmart unveiled the Delivery Unlimited membership option for 1,400 U.S. stores during the third quarter of fiscal 2020. Also, it launched Walmart InHome Delivery across three markets and same-day pickup at all of Mexico's Sam's Club locations. Prior to this, Walmart joined hands with Point Pickup, Skipcart, AxleHire and Roadie. These collaborations are expected to strengthen Walmart's online grocery delivery service in four states, with plans of greater expansions going ahead. Also, Walmart's alliance with Jet.com and Blue Apron to provide on-demand meal kits is noteworthy.

In an earlier development, Walmart inked a deal with Postmates to extend its online grocery delivery service to cover more than 40% of the families in the United States. Other than this, the company's contract with DoorDash and acquisition of Parcel highlight its focus on enhancing grocery sales. Further, the company's Walmart Pickup program enables customers to place orders online and then pick them up at a store for free. Walmart has also partnered with ride hailing services Uber and Lyft for speedy online grocery deliveries, while it also tested same-day delivery with Deliv. We believe that these actions help Walmart offer multiple choices to online grocery shoppers amid increasing competition from Amazon. Notably, by the end of the third quarter, Walmart U.S. had more than 3,000 pickup locations and more than 1,400 same-day grocery delivery locations. The company expects roughly 3,100 grocery pickup locations and about 1,600 grocery delivery locations by the end of fiscal 2020.

▲ **Strength in International Business:** At Walmart's International segment, currency-neutral net sales inched up 4.8% to \$30.2 billion, with seven out of 10 markets registering positive comps. Robust performance in China and Walmex along with gains from Flipkart were partly offset by weakness in the U.K. Notably, Flipkart reported record sales at 'The Big Billion Days' event. The company remains committed toward achieving growth across all its markets, on the back of its fresh products, expansion of online grocery and private brands. Also, Walmart is likely to gain from its steps to improve the international business unit. To this end, the company is making continued efforts to shift focus from underperforming areas to profitable regions like India and China. This is clear from its decision to merge its soft U.K. grocery unit, Asda with Sainsbury and sale of 80% of its stake in the underperforming Brazilian business. On the other hand, Walmart's buyout of major stake in India's leading e-commerce company, Flipkart is helping the former expand its presence in India, which is one of the largest retail markets in the world.

▲ **Constant Shareholder-Friendly Moves:** Walmart maintains a disciplined capital allocation strategy and remained focused on making investments to develop its business, while using excess cash to enhance shareholder returns through dividend payouts and share buybacks. Also, management regularly hikes dividend, which underscores its commitment toward enriching shareholder value. To this end, Walmart allocated \$1.5 billion toward dividends and bought back shares worth \$1.1 billion during the fiscal third quarter.

Reasons To Sell:

- ▼ **Stock Looks Stretched:** Considering price-to-earnings (P/E) ratio, Walmart looks overvalued when compared with the industry. The stock has a trailing 12-month P/E ratio of 22.99, which is above its median level of 22.91 but below the high level of 24.59 scaled in a year. Meanwhile, the trailing 12-month P/E ratio for the industry is currently pegged at 21.94.
- ▼ **Strained Margins:** While Walmart's online strategies have been driving its business, costs associated with investments in e-commerce expansion and technological advancements; the mix impact from growing e-commerce operations and Walmart's compelling pricing strategy have been weighing on its margins. During the third quarter of fiscal 2020, consolidated gross margin contracted 36 bps, following a decline of 46 bps and 27 bps in the second and first quarters, respectively. In the third quarter of fiscal 2020, the gross margin contraction was caused by the impact from Flipkart's addition and continued price investments in the United States. Gross margin in Walmart U.S. contracted 4 bps due to constant price investments. Persistence of these trends and concerns surrounding increased tariffs on Chinese imports pose threat to margins.
- ▼ **Flipkart Deal to Hurt Profits in Fiscal 2020:** Walmart acquired 77% stake in Flipkart last year. Though it is accretive to the top line, costs associated with the investment are expected to continue weighing on Walmart's operating income and bottom line in fiscal 2020. In third-quarter fiscal 2020, the company's operating income declined nearly 4.1% at cc, which was partly accountable to Flipkart's inclusion. Similar trends were also noticed in the first and second quarters, and are likely to continue through the fiscal. This in turn is likely to impact the bottom line. While these short-term hurdles raise concerns, the Flipkart deal is likely to be beneficial in the long run.
- ▼ **Intense Competition:** Walmart faces intense competition from other department, discount, dollar, variety, drug and specialty stores, warehouse clubs, e-commerce businesses and supermarkets, at national, regional and global levels. The company competes on the basis of merchandise assortment, price and quality, among other factors, which may affect its results.
- ▼ **Macroeconomic Issues:** The company's customers remain sensitive to macroeconomic factors including interest rate hikes, increase in fuel and energy costs, credit availability, unemployment levels, and high household debt levels, which may negatively impact their discretionary spending, and in turn, the company's growth and profitability. Walmart generates a significant amount of net sales outside the U.S. Due to high exposure to international markets, the company is prone to currency fluctuations, as witnessed in the third quarter of fiscal 2020. Also, management expects currency translations to hurt net sales by nearly \$100 million in the fourth quarter.

Costs associated with investments in e-commerce expansion and technological advancements; the mix impact from growing e-commerce operations and a compelling pricing strategy are hurdles.

Last Earnings Report

Walmart Q3 Earnings Top Estimates, E-commerce Sales Up

Walmart posted third-quarter fiscal 2020 results, Walmart's adjusted earnings came in at \$1.16 per share, surpassing the Zacks Consensus Estimate of \$1.09. Moreover, earnings increased 7.4% year over year. This could be largely attributable to higher revenues as well as impressive cost control in Walmart U.S.

Total revenues grew 2.5% to almost \$128 billion. On a currency-neutral basis, total revenues grew 3.3% to \$129 billion. The year-over-year upside was driven by growth in all segments. The Zacks Consensus Estimate was pegged at approximately \$129 billion.

Consolidated gross profit margin contracted 36 basis points (bps) on account of the impact from Flipkart's addition and continued price investments in the United States. Gross margin in Walmart U.S. contracted 4 bps due to constant price investments, partly compensated by reduced supply-chain costs and improved merchandise mix.

Consolidated operating income fell 5.4% to \$4.7 billion. On a constant-currency (cc) basis, operating income declined nearly 4.1%. Excluding certain impairment charges related to Walmart International, operating income rose marginally. Results were however hurt by Flipkart's inclusion.

Segment Details

Walmart U.S.: The segment's net sales grew 3.2% to \$83.2 billion in the quarter. U.S. comps, excluding fuel, improved 3.2% on the back of a 1.3% rise in transactions and 1.9% in ticket.

Further, e-commerce sales drove comps by 170 bps. E-commerce sales soared 41% on the back of strength in online grocery. During the quarter, Walmart unveiled the Delivery Unlimited membership option for 1,400 U.S. stores. Also, it launched Walmart InHome Delivery across three markets. By the end of the quarter, Walmart U.S. had more than 3,000 pickup locations and more than 1,400 same-day grocery delivery locations. Operating income at the Walmart U.S. segment increased 6.1% to \$4.2 billion.

Walmart International: Segment net sales rose 1.3% to \$29.2 billion. On a currency-neutral basis, net sales advanced 4.8% to \$30.2 billion, with seven out of 10 markets registering positive comps. Robust performance in China and Walmex along with gains from Flipkart were partly offset by weakness in the U.K. Notably, Flipkart reported record sales at 'The Big Billion Days' event. Operating income at this segment slumped 46.2% to \$0.6 billion. On a currency-neutral basis, operating income tumbled 40.8% to \$0.7 billion.

Sam's Club: The segment, which comprises membership warehouse clubs, saw its net sales rise 0.7% to \$14.6 billion. Sam's Club comps, excluding fuel, rose 0.6%. Comps were hurt by lower tobacco sales to the tune of 350 bps. While transactions increased 5.7%, ticket was down 5.1%. E-commerce fueled comps by 170 bps. Markedly, e-commerce sales jumped 32% at Sam's Club. Segment operating income came in at \$0.3 billion, down 13.7% year over year.

Other Financial Updates

Year to date, Walmart has generated operating cash flow of \$14.5 billion and incurred capital expenditures of \$7.8 billion, resulting in free cash flow of \$6.8 billion. The company allocated \$1.5 billion toward dividends and made share buybacks worth \$1.1 billion during the fiscal third quarter.

Recent Developments & View

Walmart, which revealed John Furner as the new president and CEO of its U.S. division during the quarter, continues to focus on innovation and leveraging technology to drive growth. However, the company foresees headwinds for the Walmart U.S. division for the fourth quarter. These include a shorter holiday selling period and the absence of SNAP's benefit on comps. Also, management expects currency translations to hurt net sales by nearly \$100 million in the fourth quarter.

Management now envisions fiscal 2020 earnings per share to rise slightly year over year (including Flipkart) and at a high-single-digit rate (excluding Flipkart). Earlier, the company projected earnings per share growth of a slight decrease to a marginal rise (including Flipkart) and increase at a mid to high-single-digit rate (excluding Flipkart).

Quarter Ending **10/2019**

Report Date	Nov 14, 2019
Sales Surprise	-0.77%
EPS Surprise	6.42%
Quarterly EPS	1.16
Annual EPS (TTM)	4.97

Recent News

Walmart Expands Delivery Unlimited, Solidifies Online Grocery – Sep 11, 2019

Walmart focuses on strengthening its grocery delivery game. This is evident from its latest plan to extend Delivery Unlimited to 1,400 stores by this fall. Delivery Unlimited, which is a Grocery Delivery membership plan, was introduced in Houston, Salt Lake City, Tampa and Miami earlier this year.

With Delivery Unlimited, customers can avail unlimited Grocery Delivery orders from Walmart by paying membership fees of \$98 annually or \$12.95 monthly. Further, it offers customers a free fifteen-day trial. However, customers without memberships can continue to avail Grocery Delivery by paying per-delivery charges.

Delivery Unlimited is likely to add a feather to Walmart's cap by prioritizing consumers' convenience and helping them save costs. With the expansion of Grocery Delivery, Delivery Unlimited is also anticipated to expand. The service is currently available in about 3,000 Walmart stores. The company had earlier stated that it expects to have roughly 3,100 grocery pickup locations and about 1,600 grocery delivery locations by the end of fiscal 2020.

We believe that the expansion of Delivery Unlimited will serve as yet another move by Walmart to keep pace with the evolving retail landscape.

Will Walmart's Alliance With KIDBOX Better Its Online Game? – Apr 16, 2019

Walmart unveiled a collaboration with KIDBOX, which will provide Walmart.com customers access to a unique and curated stylebox for children. Also, customers can opt to receive up to six styleboxes on a seasonal basis (like back-to-school and holiday), with no styling costs involved. With the latest Walmart KIDBOX stylebox, Walmart.com shoppers will get personalized style from more than 120 superior brands for kids such as C&C California, BCBG, Puma and Butter Super Soft.

Further, the stylebox will offer four to five fashion items at a compelling price of nearly \$48, ranging from sweaters to dresses, and even graphic t-shirts. So, customers can now place orders for the Walmart KIDBOX stylebox at Walmart.com by answering a short style quiz for their respective kids. The company's alliance with KIDBOX is likely to further enrich its vast offerings for kids, which include brands like Betsey Johnson, Children's Place and Wonder Nation, among others.

Valuation

Walmart shares are down 3.8% in the year-to-date period and up 20.5% over the trailing 12-month period. Stocks in the Zacks sub-industry are down 4%, though the Zacks Consumer Staples sector is up 0.4% in the year-to-date period. Over the past year, the Zacks sub-industry gained 17%, while the sector increased 15.1%.

The S&P 500 index is up 0.1% in the year-to-date period and 16.9% in the past year.

The stock is currently trading at 22.92X forward 12-month earnings, which compares to 20.37X for the Zacks sub-industry, 24.91X for the Zacks sector and 18.5X for the S&P 500 index.

Over the past five years, the stock has traded as high as 23.8X and as low as 12.75X, with a 5-year median of 17.23X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$120 price target reflects 24.07X forward 12-month earnings.

The table below shows summary valuation data for WMT

Valuation Multiples - WMT					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	22.92	20.37	24.91	18.5
	5-Year High	23.8	21.68	26.2	19.34
	5-Year Low	12.75	14.08	19.07	15.18
	5-Year Median	17.23	16.88	22.96	17.46
P/S F12M	Current	0.62	0.49	1.06	3.43
	5-Year High	0.64	0.49	1.1	3.43
	5-Year Low	0.37	0.31	0.8	2.54
	5-Year Median	0.49	0.4	0.91	3
EV/EBITDA TTM	Current	12.19	9.31	15.29	11.95
	5-Year High	12.72	9.77	15.37	12.85
	5-Year Low	6.35	5.87	10.63	8.49
	5-Year Median	8.14	7.18	12.38	10.66

As of 02/03/2020

Industry Analysis Zacks Industry Rank: Top 20% (52 out of 254)



Top Peers

Amazon.com, Inc. (AMZN)	Neutral
Companhia Brasileira de Distribuicao (CBD)	Neutral
Dollar General Corporation (DG)	Neutral
Dollar Tree, Inc. (DLTR)	Neutral
The Kroger Co. (KR)	Neutral
Macys, Inc. (M)	Neutral
Target Corporation (TGT)	Neutral
Tesco PLC (TSCDY)	Neutral

Industry Comparison Industry: Retail - Supermarkets				Industry Peers		
	WMT Neutral	X Industry	S&P 500	CBD Neutral	KR Neutral	TSCDY Neutral
VGM Score	D	-	-	B	A	A
Market Cap	324.20 B	5.59 B	23.55 B	5.38 B	21.60 B	31.44 B
# of Analysts	14	4	13	2	8	3
Dividend Yield	1.86%	2.03%	1.81%	0.93%	2.37%	2.12%
Value Score	C	-	-	B	A	A
Cash/Price	0.03	0.10	0.04	0.60	0.07	0.12
EV/EBITDA	15.53	6.52	13.97	6.78	5.48	NA
PEG Ratio	4.65	2.50	1.97	NA	2.18	1.36
Price/Book (P/B)	4.14	1.31	3.21	1.96	2.48	1.81
Price/Cash Flow (P/CF)	13.20	6.40	13.36	9.17	5.11	8.76
P/E (F1)	21.98	13.23	18.42	15.68	11.56	14.81
Price/Sales (P/S)	0.62	0.25	2.60	0.39	0.18	NA
Earnings Yield	4.55%	7.71%	5.43%	6.35%	8.67%	6.75%
Debt/Equity	0.83	0.84	0.72	1.28	2.14	1.13
Cash Flow (\$/share)	8.66	2.99	6.92	2.20	5.28	1.10
Growth Score	C	-	-	B	A	B
Hist. EPS Growth (3-5 yrs)	0.13%	1.02%	10.68%	NA	2.54%	NA
Proj. EPS Growth (F1/F0)	4.38%	7.51%	7.59%	33.85%	6.86%	18.18%
Curr. Cash Flow Growth	5.58%	5.85%	10.81%	53.42%	-4.41%	21.48%
Hist. Cash Flow Growth (3-5 yrs)	-0.35%	1.83%	8.78%	-10.46%	5.65%	-12.01%
Current Ratio	0.81	0.81	1.22	1.39	0.78	0.80
Debt/Capital	45.25%	48.17%	42.99%	56.08%	68.15%	53.09%
Net Margin	2.77%	1.85%	11.69%	2.20%	1.31%	NA
Return on Equity	18.47%	10.33%	17.33%	7.85%	20.32%	NA
Sales/Assets	2.24	2.25	0.55	1.13	2.82	NA
Proj. Sales Growth (F1/F0)	2.96%	2.39%	4.12%	37.28%	2.39%	12.45%
Momentum Score	F	-	-	C	A	C
Daily Price Chg	-0.19%	0.00%	-1.98%	1.36%	0.45%	-0.72%
1 Week Price Chg	0.10%	-2.18%	-1.09%	-6.58%	-4.72%	0.21%
4 Week Price Chg	-2.87%	-3.80%	-2.11%	-8.28%	-6.32%	-3.80%
12 Week Price Chg	-4.01%	-1.32%	2.15%	3.02%	1.39%	5.48%
52 Week Price Chg	20.58%	-18.26%	14.15%	-23.09%	-4.05%	10.69%
20 Day Average Volume	5,684,172	101,934	1,808,632	411,913	4,918,639	210,584
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.00%	0.00%	0.00%	0.00%	-0.05%	5.41%
(F1) EPS Est 12 week change	1.42%	1.30%	-0.09%	3.63%	0.73%	7.14%
(Q1) EPS Est Mthly Chg	0.00%	0.20%	0.00%	NA	0.41%	NA

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	C
Momentum Score	D
VGM Score	C

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

Disclosures

This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock. The EPS and revenue forecasts are the Zacks Consensus estimates, unless indicated otherwise on the reports first page. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment. This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time. ZIR is not a broker-dealer. ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients. Zacks and its staff are not involved in investment banking activities for the stock issuer covered in this report.

ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.

No part of this report can be reprinted, republished or transmitted electronically without the prior written authorization of ZIR.