

Walmart Inc. (WMT)

\$123.69 (As of 05/28/20)

Price Target (6-12 Months): **\$131.00**

Long Term: 6-12 Months

Zacks Recommendation:
Neutral

(Since: 11/28/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:A

Value: B

Growth: A

Momentum: C

Summary

Walmart has outpaced the industry in the past three months. The stock has been benefiting from increased demand for essential items amid coronavirus. Such trends drove the company in first-quarter fiscal 2021, wherein top and bottom lines rose year over year and beat the consensus mark, and U.S. comps grew for the 23rd straight time. Further, higher stay-at-home trends boosted e-commerce sales. Walmart has long been witnessing solid e-commerce sales, largely backed by grocery delivery. Notably, it recently unveiled Express Delivery service to expedite deliveries amid coronavirus. The company is also undertaking other measures to support operations amid the pandemic, which however entail high costs and pose threats to the operating income. Also, the gross margin has been strained due to unfavorable mix and pricing.

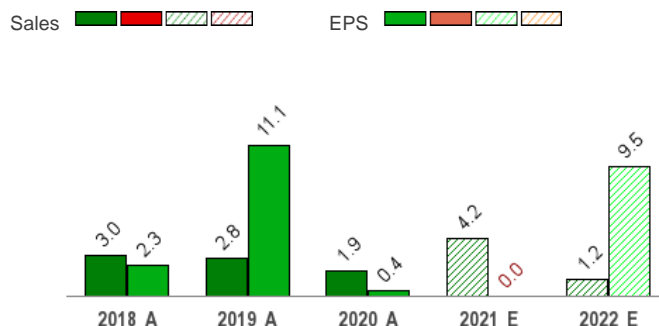
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$133.38 - \$100.60
20 Day Average Volume (sh)	8,859,173
Market Cap	\$350.5 B
YTD Price Change	4.1%
Beta	0.30
Dividend / Div Yld	\$2.16 / 1.7%
Industry	Retail - Supermarkets
Zacks Industry Rank	Top 29% (74 out of 254)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	7.3%
Last Sales Surprise	0.5%
EPS F1 Est- 4 week change	-3.5%
Expected Report Date	08/20/2020
Earnings ESP	0.0%
P/E TTM	24.8
P/E F1	25.1
PEG F1	5.3
P/S TTM	0.7

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	130,011 E	134,540 E	135,228 E	149,567 E	552,512 E
2021	134,622 A	133,972 E	131,237 E	145,565 E	545,777 E
2020	123,925 A	130,377 A	127,991 A	141,671 A	523,964 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	\$1.22 E	\$1.40 E	\$1.27 E	\$1.54 E	\$5.40 E
2021	\$1.18 A	\$1.22 E	\$1.13 E	\$1.40 E	\$4.93 E
2020	\$1.13 A	\$1.27 A	\$1.16 A	\$1.38 A	\$4.93 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 05/28/2020. The reports text is as of 05/29/2020.

Overview

Walmart Inc., which removed “Stores” from its name in 2018, has evolved from just being a traditional brick-and-mortar retailer into an omnichannel player. In this regard, acquisitions of Jet.com, Bonobos, Moosejaw and Parcel, partnership with JD.com and Lord and Taylor, and investment in online e-commerce platform Flipkart are noteworthy. These position the company to keep pace with the changing retail ecosystem and stay firm in the presence of rivals like Amazon and Target. Markedly, Walmart’s product offerings include almost everything from grocery to cosmetics, electronics to stationery, home furnishings to health and wellness products, and apparel to entertainment products, to name a few.

This Bentonville-based retailer operates variety stores, discount stores, supercenters, Sam’s Clubs and Neighborhood Markets, along with the websites – walmart.com and samsclub.com.

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, General Electric and more.

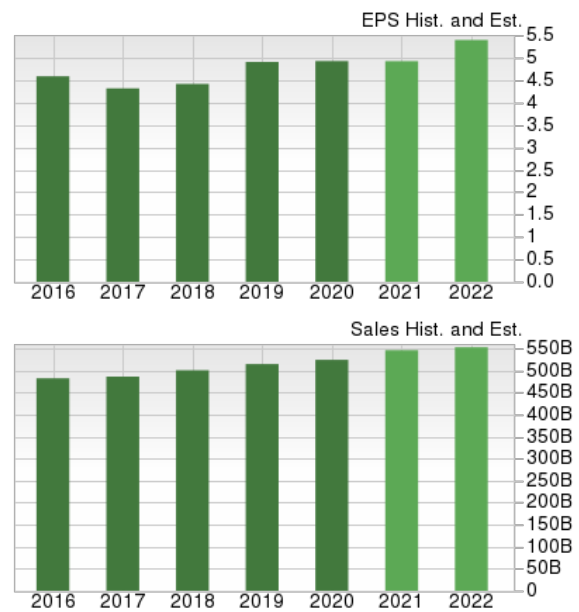
The company operates as Walmart in the United States (its largest segment), including the 50 states, Washington D.C. and Puerto Rico. Its International segment (second largest) operated businesses in 26 countries as of Jan 31, 2019. Apart from United States, Walmart has operations in Argentina, Canada, Chile, China, India, Japan, Mexico, United Kingdom, 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.

The company conducts its businesses under three segments:

Walmart U.S. (65.1% of fiscal 2020 revenues) operates retail stores in different formats in the U.S. and also in Puerto Rico.

Walmart International (23%) consists of retail operations in 26 countries outside the U.S.

Sam’s Club (12%) comprises membership warehouse clubs in 44 states in the U.S. and Puerto Rico, as well as the segment’s online retail operations.



Reasons To Buy:

▲ **Coronavirus-Led Demand Aids, Q1 Results Solid:** Walmart's shares have gained 6.7% in the past three months compared with the industry's growth of 6.2%. The stock has been especially benefiting from burgeoning demand for essential items amid coronavirus. Well, COVID-19 and the resultant social distancing have led consumers to stay indoors and just move out for essentials. This has spiked up the demand for toilet paper, disinfectants, masks, gloves, packaged water, infant supplies medicines, groceries and related staples. As a result of the surging demand, retail behemoths like Walmart have to restock their shelves faster than usual. Such trends also drove the company in first-quarter fiscal 2021, wherein both top and bottom lines improved year over year and beat the Zacks Consensus Estimate. Results gained from increased demand owing to the coronavirus-led stock hoarding.

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 23 straight quarters.

Further, higher stay-at-home trends boosted e-commerce sales. Incidentally, the company saw a major rise in store pickup and delivery in March, which continued to elevate and reach its peak in April. Though store sales slowed down in early April, it reaccelerated in mid-April, thanks to government stimulus benefiting consumers. Notably, Walmart recently unveiled the Express Delivery service, which is likely to expedite deliveries in the wake of coronavirus.

▲ **Solid Comps Record:** 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. Walmart has been undertaking several efforts to enhance merchandise assortments. Also, the company has been focused on store remodelling, in an attempt to upgrade them with advanced in-store and digital innovations. Evidently, the company remodeled roughly 80 stores in the first quarter. Walmart is also gaining from its compelling pricing strategy, which helps it draw customers. The first-quarter fiscal 2021 marked Walmart's 23rd consecutive quarter of U.S. comps growth. U.S. comp sales (or comps), excluding fuel, improved 10% on the back of a 16.5% rise in ticket. Comps were fueled by growth in food, health & wellness, consumables and some general merchandise categories, partly countered by softness in discretionary categories like apparel. Further, e-commerce sales drove comps by 390 bps.

▲ **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 and Microsoft; buyouts of ShoeBuy, Moosejaw, Bonobos, ModCloth; deal with Lord and Taylor, among others, underscore its intention to build an impressive digital brand portfolio. Further, the buyout of the 77% stake in Flipkart has been bolstering its e-commerce sales. 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 74% in the first quarter on strength in grocery pickup and delivery, walmart.com and the marketplace. The company saw an increased shift to online shopping, given the increase in stay-at-home trends. However, Walmart announced plans of discontinuing Jet.com, as it is largely gaining from the Walmart.com brand.

▲ **Focus on Delivery Services & Driving Growth Amid Pandemic:** Given the rising demand for online grocery, Walmart remains committed to enrich consumers' experiences by providing easy shopping methods and seamless grocery deliveries. In fact, the company's delivery service has become all the more vital amid coronavirus-led social distancing. Incidentally, Walmart unveiled Express Delivery during the first quarter of fiscal 2021 at several stores, which will help it deliver orders to customers in less than two hours. Well, Walmart has always been committed toward strengthening its deliver service. To this end, the company 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. In earlier developments, Walmart's deal with Postmates, 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. We believe that these actions help Walmart offer multiple choices to online grocery shoppers amid increasing competition from Amazon. As of the first quarter, Walmart U.S. had nearly 3,300 pickup locations and more than 1,850 same-day grocery delivery locations.

Management is committed to keeping its business going amid the pandemic, as part of which it has undertaken several measures to support its employees and customers. To support customers, Walmart lowered store hours to ensure proper sanitization, enhanced delivery and pickup services, launched pickup in China, expanded online grocery capacity in the U.K. and introduced contact-less delivery in Canada, to name a few. Further, the company expanded its ship from store option temporarily to about 2,500 stores and extended curbside pharmacy pickup as well as mail-to-home options in the United States. Apart from this, the company announced a partnership between Uber and Flipkart for the delivery of daily essentials.

▲ **Financial Flexibility:** Walmart appears financially stable. The company's long-term debt (including lease obligations) of \$63,149 million as of the end of first-quarter fiscal 2021 (Apr 30, 2020) dipped 1.6% on a sequential basis. Apart from this, the company's times interest earned ratio (as of the first-quarter end) of 9.1 has improved from 8.7 in the previous quarter. Also, it is better than the industry's ratio of 8.4 and shows that Walmart is well-positioned to meet its debt. In fact, Walmart's cash and cash equivalents of \$14,930 million (as of Apr 30, 2020) are also sufficient to sponsor its short-term debt (including operating lease obligations) of \$8,235 million.

▲ **Sustainable Shareholder Returns:** Walmart looks well placed on the dividend-payout front. In the first quarter of fiscal 2021, the company allocated \$1.5 billion toward dividends and made share buybacks worth \$0.7 billion. Notably, Walmart has a dividend payout of 43.3% and free cash flow yield of 5.3%. With an annual free cash flow return on investment of 11.4%, ahead of the industry's almost 11.2%; the dividend is likely to be sustainable.

Reasons To Sell:

- ▼ **Stock Appears Overvalued:** On 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 24.79, which is above its median level of 23.73 scaled in a year. Meanwhile, the trailing 12-month P/E ratio for the industry is currently pegged at 23.52.
- ▼ **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 first quarter of fiscal 2021, consolidated gross profit margin contracted 66 basis points to 23.7% due to carryover of last year's price investments, markdowns in general merchandise and the shift in sales mix to lower-margin channels and categories. Gross margin in Walmart U.S. contracted 113 bps due to the same factors. Consolidated gross margin contracted 47 bps, 36 bps, 46 bps and 27 bps in the fourth, third, second and first quarters, respectively.
- ▼ **COVID-19-Related Costs:** Walmart's operating income in the first quarter of fiscal 2021 was adversely impacted by various costs related to COVID-19, like higher wages and benefits along with costs associated with sanitization and other safety measures. The company incurred incremental COVID-19-related costs of about \$900 million. Notably, management is committed to keeping its business going amid the pandemic, as part of which it has undertaken several measures to support its employees and customers. The company announced special cash bonuses for workers, speeded up first-quarter bonus payments, offered face masks and gloves, created a COVID-19 emergency leave policy and implemented remote working for office employees, among other efforts. Some of these entail high costs. Management expects operating income to remain under pressure in the near term.
- ▼ **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, which adversely impacted the company's earnings by 2 cents in the first quarter. Moreover, management expects currency headwinds to hurt the top line by more than \$2 million in the second quarter of fiscal 2021.
- ▼ **Loss of Investor Confidence Due to Increased Media Scrutiny:** Walmart has always remained under media scrutiny due to its size and scale of operations. It has had to face criticism for issues such as labour disputes and breach of food safety measures in China. Expenses associated with enquiries and investigations significantly impact the company's margins. Moreover, the allegations severely hurt investor confidence.

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 Q1 Earnings & Sales Top Estimates

Walmart posted robust first-quarter fiscal 2021 results, wherein adjusted earnings came in at \$1.18 per share, surpassing the Zacks Consensus Estimate of \$1.10. Moreover, earnings grew 4.4% year over year.

Total revenues grew 8.6% to \$134.6 billion. The year-over-year upside was driven by growth in all segments. The Zacks Consensus Estimate was pegged at nearly \$134 billion. Further, the top line was driven by an unexpected rise in demand for products across different categories in the wake of the coronavirus outbreak.

Consolidated gross profit margin contracted 66 basis points (bps) to 23.7% due to carryover of last year's price investments, markdowns in general merchandise, and the shift in sales mix to lower-margin channels and categories. Gross margin in Walmart U.S. contracted 113 bps due to the same factors.

Consolidated operating income rose 5.6% to \$5.2 billion. On a constant-currency (cc) basis, operating income advanced 6.6% to \$5.3 billion. The operating income was adversely impacted by various costs related to COVID-19, like higher wages and benefits, along with costs associated with sanitization and other safety measures. The company incurred incremental COVID-19-related costs of about \$900 million. On a cc basis, total revenues rose 9.7% to \$135.9 billion.

Segment Details

Walmart U.S.: The segment's net sales grew 10.5% to \$88.7 billion in the quarter. U.S. comp sales (or comps), excluding fuel, improved 10% on the back of a 16.5% rise in ticket, partly negated by a 5.6% fall in transactions. Comps were fueled by growth in food, health & wellness, consumables and some general merchandise categories, partly countered by softness in discretionary categories like apparel. Further, e-commerce sales drove comps by 390 bps. E-commerce sales soared 74% on strength in grocery pickup and delivery, walmart.com and the marketplace. The company saw an increased shift to online shopping, given the increase in stay-at-home trends. However, Walmart announced plans of discontinuing Jet.com, as the company is largely gaining from the Walmart.com brand.

As of the first quarter, Walmart U.S. had nearly 3,300 pickup locations and more than 1,850 same-day grocery delivery locations. Further, the company launched Express Delivery during the quarter. It closed two Supercenters and one Neighborhood Market, alongside remodeling roughly 80 stores in the quarter. Operating income at the Walmart U.S. segment grew 3.9% to \$4.3 billion.

Walmart International: Segment net sales rose 3.4% to \$29.8 billion. At cc, net sales advanced 7.8% to \$31 billion, with nine out of 10 markets registering positive comps. Results gained from stockpiling trends, though the closure of stores and e-commerce operations in Central America, India and South Africa partly hurt the performance. Operating income (at cc) rose 15.6% to \$0.9 billion.

Sam's Club: The segment, which comprises membership warehouse clubs, witnessed a net sales rise of 9.6% to \$15.2 billion. Sam's Club comps, excluding fuel, grew 12%. Comps were hurt by lower tobacco sales to the tune of around 410 bps. While transactions grew 11.9%, ticket climbed marginally by 0.1%. E-commerce fueled comps by 170 bps. Markedly, e-commerce sales jumped 40% at Sam's Club. Segment operating income came in at \$0.5 billion, up 9.5% year over year.

Other Financial Updates

In the first quarter of 2021, this Zacks Rank #3 (Hold) company generated operating cash flow of \$7 billion and incurred capital expenditures of \$1.8 billion, resulting in free cash flow of \$5.3 billion. The company allocated \$1.5 billion toward dividend payments and made share buybacks worth \$0.7 billion during the quarter.

COVID-19 Updates

Management is committed toward keeping its business going amid the pandemic, as part of which it has undertaken several measures to support its employees and customers. The company announced special cash bonuses for workers, speeded up first-quarter bonus payments, offered face masks and gloves, created a COVID-19 emergency leave policy and implemented remote working for office employees, among other efforts. To support customers, Walmart lowered store hours to ensure proper sanitization, enhanced delivery and pickup services, launched pickup in China, expanded online grocery capacity in the U.K. and introduced contact-less delivery in Canada, to name a few. Also, the company announced a partnership between Uber and Flipkart for the delivery of daily essentials. Considering the uncertainty surrounding coronavirus, Walmart withdrew its guidance for fiscal 2021.

Quarter Ending **04/2020**

Report Date	May 19, 2020
Sales Surprise	0.50%
EPS Surprise	7.27%
Quarterly EPS	1.18
Annual EPS (TTM)	4.99

Recent News

Walmart Unveils Express Delivery Amid Coronavirus – May 1, 2020

Walmart informed that it is unveiling a new service – Express Delivery. This will deliver many more items from the company's stores in less than two hours. The company took this step to speed up deliveries for customers amid the coronavirus crisis. To this end, Walmart has implemented this service across 100 stores since mid-April and plans to expand Express Delivery to about 1,000 stores in May beginning and across roughly 2,000 stores in the weeks to follow.

Notably, customers can order more than 160,000 products from Walmart's food, consumables and general merchandise categories through Express Delivery. A day prior to this announcement, Walmart said that it fulfilled its commitment of appointing 200,000 workers at its stores, clubs, and distribution and fulfillment centers.

Walmart Alters Shopping Methods Amid Coronavirus – Apr 4, 2020

Walmart is witnessing increased traffic as a result of burgeoning demand for essential items amid coronavirus-led social distancing. This is leading to panic buying and stock piling, thereby leading to increased traffic in stores. To ensure safety amid the virus spread, Walmart announced various alterations in shopping methods. To this end, the company has regulated store entry – limiting the number of customers in a store at once. Also, it has organized one-way movement through aisles in quite a few stores.

Apart from this, the company has been doing things to protect the well-being of employees like extending paid leave policies, shutting stores overnight to restock and sanitize, installing social distance markers and sneeze guards in stores, producing gloves and masks and conducting temperature checks.

Prior to this, Walmart also announced special cash bonuses for its hourly workers employed as of Mar 1, 2020.

Valuation

Walmart shares are up 4.1% in the year-to-date period and 21.1% over the trailing 12-month period. Stocks in the Zacks sub-industry are up 4.1% and the Zacks Retail-Wholesale sector has gained 5.8% in the year-to-date period. Over the past year, the Zacks sub-industry gained 21.3% and the sector climbed 19.8%.

The S&P 500 index is down 5.9% in the year-to-date period and up 8.4% in the past year.

The stock is currently trading at 24.4X forward 12-month earnings, which compares to 22.4X for the Zacks sub-industry, 31.22X for the Zacks sector and 22.02X for the S&P 500 index.

Over the past five years, the stock has traded as high as 25.54X and as low as 12.75X, with a 5-year median of 17.71X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$131 price target reflects 25.81X 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	24.4	22.4	31.22	22.02
	5-Year High	25.54	22.4	31.22	22.02
	5-Year Low	12.75	14.08	19.07	15.23
	5-Year Median	17.71	17.16	23.24	17.49
P/S F12M	Current	0.64	0.46	1.06	3.42
	5-Year High	0.69	0.49	1.12	3.44
	5-Year Low	0.37	0.31	0.81	2.53
	5-Year Median	0.49	0.41	0.94	3.01
EV/EBITDA TTM	Current	13.18	10.77	17.3	11.21
	5-Year High	13.82	11.35	17.44	12.86
	5-Year Low	6.35	5.87	10.52	8.26
	5-Year Median	8.15	7.19	12.66	10.8

As of 05/28/2020

Industry Analysis Zacks Industry Rank: Top 29% (74 out of 254)



Top Peers

Company (Ticker)	Rec	Rank
Amazon.com, Inc. (AMZN)	Neutral	3
Companhia Brasileira de Distribuicao (CBD)	Neutral	3
Dollar General Corporation (DG)	Neutral	2
Dollar Tree, Inc. (DLTR)	Neutral	3
The Kroger Co. (KR)	Neutral	2
Macys, Inc. (M)	Neutral	3
Target Corporation (TGT)	Neutral	4
Tesco PLC (TSCDY)	Neutral	2

Industry Comparison Industry: Retail - Supermarkets				Industry Peers		
	WMT	X Industry	S&P 500	CBD	KR	TSCDY
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	2	2
VGM Score	A	-	-	B	A	A
Market Cap	350.50 B	4.11 B	21.49 B	3.03 B	25.21 B	28.24 B
# of Analysts	14	8	14	2	9	2
Dividend Yield	1.75%	1.75%	1.98%	1.19%	2.00%	5.61%
Value Score	B	-	-	B	A	A
Cash/Price	0.04	0.16	0.06	0.51	0.06	0.15
EV/EBITDA	11.83	7.08	12.50	6.97	7.19	NA
PEG Ratio	5.29	2.35	2.87	0.55	2.67	2.02
Price/Book (P/B)	4.73	1.21	2.95	0.96	2.99	1.63
Price/Cash Flow (P/CF)	13.97	5.92	11.81	5.92	5.06	7.87
P/E (F1)	25.00	12.17	21.33	11.34	13.00	13.52
Price/Sales (P/S)	0.66	0.21	2.28	0.20	0.21	NA
Earnings Yield	3.99%	8.26%	4.50%	8.82%	7.70%	7.40%
Debt/Equity	0.85	1.01	0.76	1.45	2.17	1.13
Cash Flow (\$/share)	8.85	2.99	6.96	1.92	6.34	1.10
Growth Score	A	-	-	B	A	B
Hist. EPS Growth (3-5 yrs)	1.81%	1.39%	10.87%	NA	1.95%	NA
Proj. EPS Growth (F1/F0)	-0.04%	-0.10%	-10.48%	127.27%	12.07%	23.08%
Curr. Cash Flow Growth	-0.12%	1.94%	5.39%	-12.81%	20.55%	21.48%
Hist. Cash Flow Growth (3-5 yrs)	-0.31%	3.24%	8.55%	-13.56%	6.44%	-12.01%
Current Ratio	0.77	0.80	1.29	0.92	0.76	0.80
Debt/Capital	46.01%	50.49%	44.54%	59.22%	68.47%	53.09%
Net Margin	2.81%	1.36%	10.59%	0.81%	1.36%	NA
Return on Equity	18.33%	11.41%	16.26%	2.11%	20.72%	NA
Sales/Assets	2.27	2.27	0.55	1.31	2.73	NA
Proj. Sales Growth (F1/F0)	4.16%	0.00%	-2.53%	39.76%	3.55%	12.02%
Momentum Score	C	-	-	F	B	D
Daily Price Chg	0.99%	0.83%	-0.65%	-0.61%	-3.67%	2.58%
1 Week Price Chg	-1.28%	0.00%	4.99%	9.48%	-0.43%	-4.35%
4 Week Price Chg	1.76%	0.00%	4.28%	-7.13%	1.42%	-2.26%
12 Week Price Chg	6.70%	-4.21%	-3.05%	-26.36%	-4.21%	-6.39%
52 Week Price Chg	21.04%	-2.64%	0.01%	-47.96%	40.74%	-0.46%
20 Day Average Volume	8,859,173	137,953	2,425,602	554,552	8,800,232	246,118
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	-3.47%	-3.00%	-1.70%	-23.66%	0.00%	-2.54%
(F1) EPS Est 12 week change	-3.67%	-9.36%	-16.00%	-25.09%	5.42%	-8.57%
(Q1) EPS Est Mthly Chg	-8.21%	-0.58%	-3.25%	NA	-0.58%	NA

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	A
Momentum Score	C
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

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.