

Wynn Resorts Ltd. (WYNN)

\$81.27 (As of 07/13/20)

Price Target (6-12 Months): **\$86.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 04/06/20)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:F

Value: D

Growth: F

Momentum: F

Summary

Shares of Wynn Resorts have underperformed the industry so far this year. The dismal performance can be primarily attributed to the coronavirus pandemic. Although most of the casinos in Macau have resumed operations after coronavirus-induced shutdown, casino tables are still empty. Moreover, continual construction around Wynn Palace has been hampering its foot traffic. Also, the opening of Wynn Palace is somewhat leading to cannibalization at Wynn Macau. However, improved non-gaming revenues and expansion in domestic market bode well. Despite the coronavirus pandemic, the company is confident about prospects in Macau. It also has enough liquidity to tide over the current scenario. Notably, earning estimates for 2020 have increased over the past 30 days, depicting analysts optimism regarding the stock growth potential.

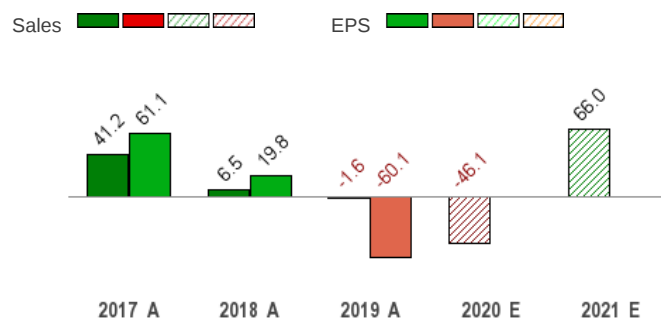
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$153.41 - \$35.84
20 Day Average Volume (sh)	5,807,348
Market Cap	\$8.8 B
YTD Price Change	-41.5%
Beta	2.47
Dividend / Div Yld	\$4.00 / 4.9%
Industry	Gaming
Zacks Industry Rank	Bottom 37% (159 out of 251)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-237.1%
Last Sales Surprise	-12.7%
EPS F1 Est- 4 week change	-0.2%
Expected Report Date	08/04/2020
Earnings ESP	11.0%

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	1,475 E	1,465 E	1,569 E	1,611 E	5,915 E
2020	954 A	303 E	962 E	1,261 E	3,563 E
2019	1,652 A	1,658 A	1,648 A	1,653 A	6,611 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.40 E	\$0.42 E	\$0.54 E	\$0.78 E	\$0.32 E
2020	-\$3.54 A	-\$5.00 E	-\$1.72 E	-\$0.62 E	-\$11.69 E
2019	\$1.61 A	\$1.44 A	\$0.17 A	-\$0.62 A	\$2.61 A

*Quarterly figures may not add up to annual.

P/E TTM	NA
P/E F1	NA
PEG F1	NA
P/S TTM	1.5

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 07/13/2020. The reports text is as of 07/14/2020.

Overview

Based in Las Vegas, NV, Wynn Resorts was founded in 2002. The company, together with its subsidiaries, is a leading developer, owner and operator of casino resorts. The company currently owns and operates casino hotel resort properties in Las Vegas, and in Macau Special Administrative Region of the People's Republic of China.

Wynn Las Vegas and Encore at Wynn Las Vegas are managed as a single integrated resort and are treated as one reportable segment (Las Vegas Operations). Wynn Macau, Encore at Wynn Macau and Wynn Palace are managed as a single integrated resort and are accounted as one reportable segment (Macau Operations).

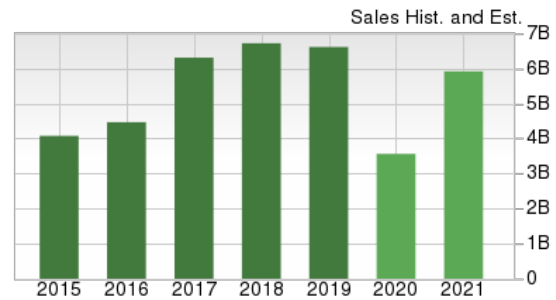
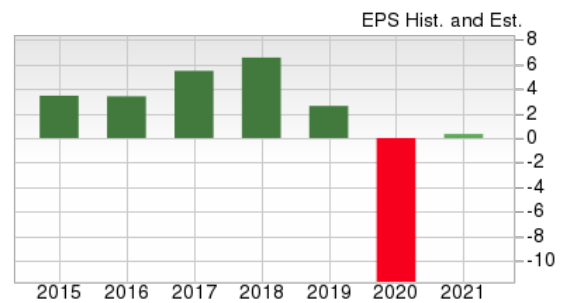
Las Vegas Operations (34% of total revenues in 1Q20): Wynn Las Vegas was opened on Apr 28, 2005 while Encore Las Vegas was opened on Dec 22, 2008.

In Dec 2016, the company formed a joint venture with Crown Acquisitions Inc. to own and operate an existing retail space and another retail space that is currently under construction at Wynn Las Vegas. Per the agreement, Crown will pay the company \$472.0 million in two installments for a 49.9% ownership interest in each of the Retail Joint Ventures.

Macau Operations (51%): The Wynn Macau casino resort was opened on Sep 6, 2006. The company operates Wynn Macau under a 20-year casino concession agreement granted by the Macau government in Jun, 2002. Encore at Wynn Macau was opened on Apr 21, 2010.

Encore Boston Harbor (15%): On June 23, 2019, the company opened Encore Boston Harbor, an integrated resort in Everett, MA.

On Aug 22, 2016, the company unveiled the Wynn Palace resort in the Cotai area of Macau. Featuring 1,706 hotel rooms, suites and villas, a lake with gondolas and fountains, floral sculptures, expensive artwork, lounge and meeting space, a casino, stores, recreation and leisure facilities along with exclusive food-and-beverage outlets and costing over \$4 billion, it is the company's first resort in the Cotai region.



Reasons To Buy:

▲ **Focus on Non-Gaming Revenues:** The company generates a solid share of revenues from Macau resorts. Apart from the gaming business in Macau, it has been increasingly focusing on driving non-gaming revenues. Given the decent visitation pattern in Macau prior to the coronavirus outbreak, infrastructure development and government's efforts to boost tourism, non-gaming sources are expected to boost revenues in the days ahead. Although the company business in Macau and Las Vegas have been impacted by the coronavirus pandemic, the demand is likely to increase once the COVID-19 fear eases.

We expect increased contributions from Wynn Resorts', improved non-gaming revenues coupled with expansion in domestic market to drive growth

Moreover, the company's full-scale integrated resort in Cotai, Macau, is poised to witness increased visits from tourists and leisure gamblers over the long term, which should fortify its position in the Cotai strip. Notably, such projects are expected to draw business and leisure travelers, and provide a solid platform for growth. In fact, building resorts in Boston and Macau will help Wynn Resorts capitalize on strong consumer spending trend in the region. Meanwhile, in Las Vegas, the company is working on two new restaurant concepts that are expected to make significant additions to the non-gaming business. Not only this, Wynn Resorts plans to open new retail and a convention center in Las Vegas.

▲ **Strong Brand Recognition:** Wynn Resorts, one of the leading companies in the gaming and lodging industry, is well poised to grow strategically. Given its strong brand name, Wynn Resorts is better positioned to command a premium rate relative to its peers in the gaming and lodging industry. Moreover, the company recently opened Encore Boston Harbor in Massachusetts. The company stated that it will upgrade Encore Boston Harbor to be the top performing Casino in the northeast.

▲ **Macau to Drive Growth in the Long Run:** Wynn Resorts derives a solid share of revenues from Macau — the largest gaming destination in the world. Despite the coronavirus pandemic, the company is confident about prospects in Macau. The government of China is considering measures to support Macau's economy and introduce favorable policies, which is expected to improve visitation pattern and boost tourism and traffic in the region. These include approval of Macau's maritime expansion plans that are expected to aid shipping and tourism. Also, the government has enabled mainland Chinese cities to offer multi-entry permits. Meanwhile, Wynn Resorts too has been offering various promotional allowances and undertaking initiatives to attract gambling patrons. Also, the company is undertaking several initiatives and building newer concepts to boost non-gaming revenues in Macau. Moreover, the opening of the world's longest sea-crossing bridge and tunnel in the prior year, which connects Macau to Hong Kong as well as mainland China's Pearl River Delta, is likely to prove beneficial to casino operator.

▲ **Enough Liquidity to Tide Over Coronavirus Pandemic:** Wynn Resorts has enough liquidity to survive a zero-revenue scenario for some time. As of Apr 30, 2020, the company's global cash and liquidity totaled nearly \$3.4 billion. Globally, cash interest expense and its scaled down CapEx program require nearly \$1.7 million per day. Also, the company's cash burn rate is nearly \$7.8 million per day at the current scenario. So, the company can handle a no-revenue-full-pay environment until at least third-quarter 2021. Although the company's long-term debt at the end of first-quarter 2020 stood at \$11.37 billion, compared with \$10.5 billion as of Dec 31, 2019, it has no debt maturing prior to 2022. At the end of first-quarter 2020, the company had debt-to-capital ratio of 0.9, which indicates that its debt levels are manageable.

Reasons To Sell:

- ▼ **Coronavirus to Hurt Future Results:** Wynn Resorts' performance in 2020 is likely to be impacted by the outbreak of coronavirus. The company's domestic operations are temporarily closed to contain the spread of the coronavirus. Although casinos in Macau properties are now open, the company is witnessing low visitation. Moreover, Wynn Resorts board of directors and top executives have decided to forgo between 33% and 100% of their salaries in the light of the coronavirus-induced economic downturn. Matt Maddox, CEO, has agreed to give up 100% of his salary in exchange for shares for the rest of 2020.
 - ▼ **Q1 Results Declines Sharply:** Wynn Resorts reported dismal first-quarter 2020 results, wherein both earnings and revenues missed the Zacks Consensus Estimate. Both top and bottom lines declined sharply year over year. In the reported quarter, the bottom line was hurt by operating loss at Encore Boston Harbor, Wynn Palace, Wynn Macau, Las Vegas operations and Encore Boston Harbor. During the coronavirus-induced shutdowns in Macau, the company was bearing expenses between \$2.2 million and \$2.6 million per day. Following the reopening of Macau casinos, the company witnessed gradual increase in gaming volume from Feb 20 to Mar 20, and expenses declined from \$2.5 million per day to \$800,000 a day. The top line also declined 42.3% thanks to dismal performances by Wynn Palace, Wynn Macau and Las Vegas operations. The company's operations were impacted by the coronavirus pandemic.
 - ▼ **Suspends Dividends:** The company has suspended its dividend program in a bid to maintain sufficient liquidity. It stated that it is preserving \$100 million of liquidity every quarter on the back of dividend suspension.
 - ▼ **Macau/China Regulatory Issues:** The Macau government has joined forces with mainland authorities to tackle money laundering and terrorism financing, and beefed up its anti-money laundering framework with a much wider scope and stringent compliance measures. In sync with this, new security measures including facial recognition at ATM machines are also being rolled out. Earlier, the government had put withdrawal limit on each ATM transaction to stem the recent increase in overseas ATM withdrawals. While these policies might be helpful in the long run, they are likely to restrict gaming revenues in the near term. Moreover, Macau's Gaming Inspection and Coordination Bureau ("DICJ") is increasing its audits of the junket industry owing to worries of money laundering. This, in turn, may weigh down on the company's performance in the region. That said, recent numbers published by The Macau Gaming Inspection and Coordination Bureau raised concerns for the short term.
 - ▼ **Increased Competition & Promotional Activities:** Wynn Resorts operates in highly competitive marketplaces like Las Vegas and Macau. Competition is stiff with increased hotel openings and promotional activities. Excess supply, especially in the Macau market, might reduce the company's market share. Particularly, the company's resort in Cotai – Wynn Palace – is likely to face extreme peer pressure from several local Chinese casino operators as well as the recently opened The Parisian Macao and the Sands Cotai Central project of Las Vegas Sands Corp. This may pose a huge threat to the company's business in the region in the future. Meanwhile, continual construction around Wynn Palace has been hampering its foot traffic. Also, the opening of Wynn Palace is somewhat leading to cannibalization at Wynn Macau. On the other hand, the company often offers higher promotional allowances to gambling patrons.
-

The coronavirus pandemic and increased competition remain concerns for the company.

Last Earnings Report

Wynn Resorts Q1 Earnings & Revenues Miss Estimates

Wynn Resorts reported first-quarter 2020 results, wherein both earnings and revenues missed the Zacks Consensus Estimate for the third straight quarter. Following the results, the company's shares declined 2.8% in after-hour trading session on May 6.

The company reported an adjusted loss of \$3.54 per share, wider than the Zacks Consensus Estimate of a loss of \$1.05. In the prior-year quarter, the company had reported adjusted earnings per share of \$1.61. In the reported quarter, the bottom line was hurt by operating loss at Encore Boston Harbor, Wynn Palace, Wynn Macau, Las Vegas operations and Encore Boston Harbor. During the coronavirus-induced shutdowns in Macau, the company was bearing expenses between \$2.2 million and \$2.6 million per day.

Following the reopening of Macau casinos, the company witnessed gradual increase in gaming volume from Feb 20 to Mar 20, and expenses declined from \$2.5 million per day to \$800,000 a day.

Revenues totaled \$953.7 million, which lagged the Zacks Consensus Estimate of \$1,093 million. The top line also declined 42.3% thanks to dismal performances by Wynn Palace, Wynn Macau and Las Vegas operations. The company's operations were impacted by the coronavirus pandemic.

In an effort to maintain sufficient liquidity amid the ongoing crisis, the company has suspended quarterly dividend.

Wynn Palace Disappoints

Revenues from Wynn Palace totaled \$259.5 million in the first quarter, down 64.3% year over year. Casino revenues amounted to \$207.6 million, down 66.7%. Rooms, food and beverage, and entertainment, retail and other also declined 54.5%, 53.5%, 39.9%, to \$19.7 million, \$13.3 million and \$18.9 million, respectively.

At the VIP segment, table games turnover was \$4.8 billion, down 62% year over year. VIP table games win rate (based on turnover) was 2.9%, within the expected range of 2.7-3% but below 3.91% witnessed in the year-ago quarter. Table drop at the mass market segment was \$475.2 million, down 63.6% from the year-ago quarter. Furthermore, table games win in mass market operations amounted to \$130.7 million, down 58.6% year over year.

Notably, average daily rate (ADR) came in at \$294 (up 8.4%), occupancy was 41.6% (97.2% reported in the prior-year quarter) and revenue per available room (RevPAR) was \$122 (down 53.8%).

Wynn Macau Operations

Wynn Macau revenues were down 56.2% year over year to \$229.5 million in the first quarter on account of decrease in casino, rooms, food and beverage, and entertainment, retail and other revenues.

Notably, casino revenues in the reported quarter fell 57.8% to \$190.1 million. Rooms, food and beverage, and entertainment, retail and other revenues declined 44.9%, 54.6% and 41.5%, to \$15.9 million, \$9.5 and \$13.9 million, respectively.

Table games turnover at the VIP segment declined 70.9% to \$2.9 billion. Meanwhile, the VIP table games win rate (based on turnover) was 4.14%, higher than the year-ago quarter figure of 2.9%.

Table drop at the mass market segment was \$578.2 million, down 57.2% year over year. Table games win in the mass market category amounted to \$117.9 million, down 55.4%.

Notably, average daily rate (ADR) came in at \$321 (up 10.9%), occupancy was 49.2% (compared with 99.3% in the prior-year quarter) and revenue per available room (RevPAR) was \$258 (down 45.1%).

Las Vegas Operations

Revenues from Las Vegas operations were down 19.3% year over year to \$323.8 million in the quarter under review. The downside can primarily be attributed to the coronavirus-induced shutdowns.

Casino and food and beverage revenues declined 36.2% and 14.3% to \$71.3 million and \$106 million, respectively. Rooms and entertainment, retail and other revenues also decreased 10.9% and 13.3% to \$106.1 million and \$40.4 million, respectively.

Further, table games drop increased 2.7% to \$414.9 million. Meanwhile, table games win witnessed a sharp decline of 25.8% year over year to \$82.7 million. Table games win percentage of 19.9% was down from 27.6% in the year-ago quarter and also below the projected range of 22-26%.

During the quarter, RevPAR improved 7.2% to \$299. Occupancy rate was 80.1%, down 250 basis points from the prior-year period. ADR came in at \$374, up 10.7%, year over year.

Encore Boston Harbor

The company, which opened Encore Boston Harbor on Jun 23, 2019, reported revenues of \$140.9 million. Table games win was 20.8%, above company's expected range of 16-20%.

Operating Performance

Quarter Ending **03/2020**

Report Date	May 06, 2020
Sales Surprise	-12.70%
EPS Surprise	-237.14%
Quarterly EPS	-3.54
Annual EPS (TTM)	-2.55

Adjusted property earnings before interests, taxes, depreciation and amortization (EBITDA) came in at negative \$5.3 million. In the prior-year quarter, the company had reported adjusted property EBITDA of \$494.8 million.

In the quarter under review, adjusted property EBITDA from Macau totaled \$29.4 million, compared with \$386.5 million reported in the prior-year quarter. Adjusted property EBITDA from Las Vegas operations came in at negative \$22.1 million, compared with adjusted EBITDA of \$108.3 million.

Cash Position

As of Mar 31, 2020, Wynn Resorts' cash, cash equivalents and restricted cash totaled \$2.89 billion.

Outstanding debt at the end of the first quarter amounted to \$11.37 billion, including \$3.11 billion of Wynn Las Vegas related debt, \$5.15 billion of Macau debt, \$2.5 billion of Wynn Resorts Finance debt, and \$611.9 million of debt held by the retail joint venture, which the company consolidated.

Recent News

Wynn Resorts to Restart Las Vegas Operation With Safety Plans – May 27, 2020

Wynn Las Vegas, part of Wynn Resorts, recently announced that it will reopen all facilities on Jun 4. Notably, the long-awaited reopening will come during phase two of Nevada United's Roadmap to Recovery plan. Wynn Las Vegas, one of the world's largest five-star resorts, will open every amenity and outlet including hotel towers, casinos, and restaurants for guests, followed by the resort's newest restaurant — Elio — in late June.

Wynn Resorts to Cut Executive Salaries on Coronavirus Fears – Mar 24, 2020

Wynn Resorts board of directors and top executives have decided to forego between 33% and 100% of their salaries in the light of the coronavirus-induced economic downturn. Matt Maddox, CEO, has agreed to give up 100% of his salary in exchange for shares for the rest of 2020.

These savings will be utilized to compensate ongoing employee payroll and other expenses. Despite the closure of its resorts in Boston and Las Vegas, the company has already announced that it will pay all of its employees, which also include their average tips.

Wynn Resorts Plans to Launch a New Restaurant Concept - Jan 09, 2020

In a bid to maintain its position in the intensively competitive gaming and lodging industry, Wynn Resorts Ltd. continues to expand its reach. Wynn Las Vegas recently announced that it plans to launch Elio, a social dining concept on Mar 19, 2020. Notably, the new restaurant will be opened in collaboration with Enrique Olvera, Daniela Soto-Innes and Santiago Perez of ATM Group.

Valuation

Wynn Resorts shares are down 41.5% year-to-date and 41% in the trailing 12-month period. Stocks in the Zacks sub-industry is down by 25.7%, and Zacks Consumer Discretionary sector is down by 10.1% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and sector were down by 24.3% and 7.9%, respectively.

The S&P 500 index is down 0.7% in the year-to-date period, but up 6.5% in the past year.

The stock is currently trading at 1.82X forward 12-month sales, which compares to 2.45X for the Zacks sub-industry, 2.24X for the Zacks sector and 3.51X for the S&P 500 index.

Over the past five years, the stock has traded as high as 3.15X and as low as 0.71X, with a 5-year median of 1.94X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$86 price target reflects 1.82X trailing 12-month sales.

The table below shows summary valuation data for WYNN.

Valuation Multiples - WYNN					
		Stock	Sub-Industry	Sector	S&P 500
P/S F12M	Current	1.82	2.45	2.24	3.51
	5-Year High	3.15	2.89	3.2	3.51
	5-Year Low	0.71	1.39	1.67	2.53
	5-Year Median	1.94	2.29	2.49	3.02
EV/EBITDA TTM	Current	15.85	12.39	10.22	11.84
	5-Year High	21.12	24.96	17.63	12.86
	5-Year Low	8.55	7.67	8.26	8.25
	5-Year Median	16.84	13.16	12.22	10.86
P/CF	Current	18.81	17.3	13.44	16.17
	5-Year High	25.19	19.81	16.26	22.73
	5-Year Low	5.09	6.29	9.12	11.7
	5-Year Median	11.23	12.13	13.47	16.38

As of 07/13/2020

Industry Analysis Zacks Industry Rank: Bottom 37% (159 out of 251)



Top Peers

Company (Ticker)	Rec	Rank
Boyd Gaming Corporation (BYD)	Neutral	4
Churchill Downs, Incorporated (CHDN)	Neutral	3
Caesars Entertainment Corporation (CZR)	Neutral	2
Las Vegas Sands Corp. (LVS)	Neutral	4
MGM Resorts International (MGM)	Neutral	3
Melco ResortsEntertainment Limited (MLCO)	Neutral	3
Penn National Gaming, Inc. (PENN)	Neutral	3
Century Casinos, Inc. (CNTY)	Underperform	5

Industry Comparison Industry: Gaming				Industry Peers		
	WYNN	X Industry	S&P 500	LVS	MGM	MLCO
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	4	3	3
VGM Score	F	-	-	F	F	F
Market Cap	8.77 B	1.51 B	21.41 B	37.06 B	8.08 B	8.34 B
# of Analysts	6	4	14	5	4	3
Dividend Yield	4.92%	0.00%	1.92%	0.00%	0.06%	3.60%
Value Score	D	-	-	D	D	F
Cash/Price	0.36	0.25	0.07	0.07	0.75	0.22
EV/EBITDA	11.04	9.56	12.70	8.38	4.40	8.49
PEG Ratio	NA	1.92	2.87	NA	NA	NA
Price/Book (P/B)	8.83	3.00	3.02	6.79	0.61	3.23
Price/Cash Flow (P/CF)	9.35	9.19	11.61	9.92	4.88	7.99
P/E (F1)	NA	25.02	21.07	NA	NA	NA
Price/Sales (P/S)	1.48	1.25	2.23	3.12	0.67	1.62
Earnings Yield	-14.39%	-7.55%	4.47%	-0.74%	-9.22%	-7.83%
Debt/Equity	11.37	2.25	0.76	2.25	1.51	1.93
Cash Flow (\$/share)	8.69	0.97	6.94	4.89	3.36	2.27
Growth Score	F	-	-	F	F	F
Hist. EPS Growth (3-5 yrs)	8.38%	4.94%	10.85%	5.16%	-1.23%	23.66%
Proj. EPS Growth (F1/F0)	-547.82%	-128.04%	-9.37%	-111.04%	-138.92%	-251.90%
Curr. Cash Flow Growth	-27.48%	0.37%	5.51%	-0.77%	-1.74%	9.54%
Hist. Cash Flow Growth (3-5 yrs)	-3.64%	9.28%	8.55%	-1.30%	9.93%	0.60%
Current Ratio	1.81	1.81	1.30	1.44	2.89	1.53
Debt/Capital	91.92%	69.80%	44.46%	69.19%	60.25%	65.87%
Net Margin	-6.49%	-5.34%	10.59%	17.81%	23.59%	-2.19%
Return on Equity	-17.92%	-1.04%	15.75%	28.49%	0.81%	-1.04%
Sales/Assets	0.43	0.45	0.55	0.53	0.35	0.54
Proj. Sales Growth (F1/F0)	-46.11%	-14.55%	-2.54%	-47.15%	-51.06%	-45.12%
Momentum Score	F	-	-	F	F	D
Daily Price Chg	9.63%	-0.33%	-0.19%	6.15%	1.11%	16.21%
1 Week Price Chg	-4.13%	-2.23%	-0.41%	-1.34%	-3.91%	-5.85%
4 Week Price Chg	-11.67%	-8.66%	-0.91%	-1.08%	-15.78%	4.98%
12 Week Price Chg	10.88%	12.67%	10.22%	12.52%	21.06%	27.48%
52 Week Price Chg	-41.01%	-25.01%	-7.40%	-24.12%	-44.25%	-25.84%
20 Day Average Volume	5,807,348	105,493	2,267,087	6,237,123	22,302,904	2,807,862
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	-5.18%	0.00%
(F1) EPS Est 4 week change	-0.19%	0.00%	0.00%	0.00%	-5.18%	0.00%
(F1) EPS Est 12 week change	-391.40%	-203.87%	-6.60%	-289.47%	-1,023.81%	-207.75%
(Q1) EPS Est Mthly Chg	-26.75%	0.00%	0.00%	-24.07%	-6.90%	0.00%

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	D
Growth Score	F
Momentum Score	F
VGM Score	F

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.