

G-III Apparel, Ltd. (GIII)

\$29.86 (Stock Price as of 01/09/2026)

Price Target (6-12 Months): **\$31.00**

Long Term: 6-12 Months	Zacks Recommendation:	Neutral
	(Since: 11/04/25)	
	Prior Recommendation: Underperform	
Short Term: 1-3 Months	Zacks Rank: (1-5)	2-Buy
	Zacks Style Scores:	VGM: D
	Value: A	Growth: F
		Momentum: F

Summary

G-III Apparel drives growth through four strategic pillars, focusing on product differentiation, strengthening DTC channels, accelerating international expansion and leveraging licensing to broaden brand reach. Owned brands, including Donna Karan, DKNY, Karl Lagerfeld and Vilebrequin, are generating higher margins and offsetting declines from legacy PVH licenses. Digital and retail initiatives are improving engagement with online sales, up about 20%. Strong liquidity and reduced debt support investments and shareholder return. However, challenges include revenue contraction from PVH phase-out, margin pressure, tariffs and macroeconomic headwinds, creating muted near-term visibility. For fiscal 2026, net sales are anticipated to be \$2.98 billion, down from the previously mentioned \$3.02 billion, whereas it reported \$3.18 billion in fiscal 2025.

Data Overview

52 Week High-Low	\$34.83 - \$20.33
20 Day Average Volume (sh)	444,343
Market Cap	\$1.3 B
YTD Price Change	3.1%
Beta	1.28
Dividend / Div Yld	\$0.40 / 1.3%
Industry	Textile - Apparel
Zacks Industry Rank	Top 18% (45 out of 244)

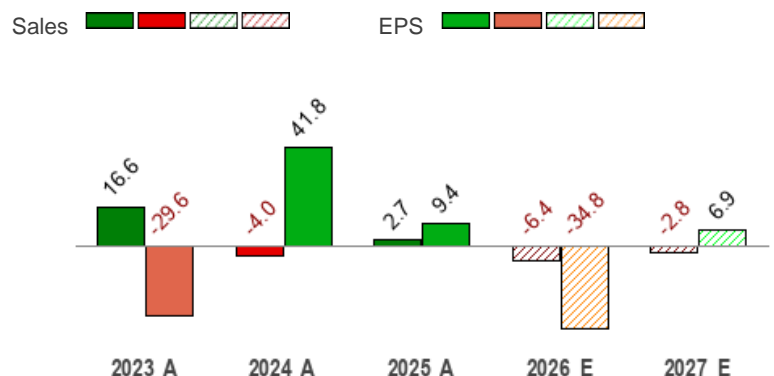
Last EPS Surprise	18.8%
Last Sales Surprise	-2.3%
EPS F1 Est- 4 week change	1.1%
Expected Report Date	03/12/2026
Earnings ESP	0.0%

P/E TTM	8.3
P/E F1	10.4
PEG F1	-1.1
P/S TTM	0.4

Price, Consensus & Surprise⁽¹⁾



Sales and EPS Growth Rates (Y/Y %)⁽¹⁾



Sales Estimates (millions of \$)⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2027					2,896 E
2026	584 A	613 A	989 A	794 E	2,979 E
2025	610 A	645 A	1,087 A	840 A	3,181 A

EPS Estimates⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2027	0.04 E	0.17 E	2.10 E	0.77 E	3.08 E
2026	0.19 A	0.25 A	1.90 A	0.57 E	2.88 E
2025	0.12 A	0.52 A	2.59 A	1.27 A	4.42 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 01/09/2026.

(2) The report's text and the price target are as of 01/02/2026.

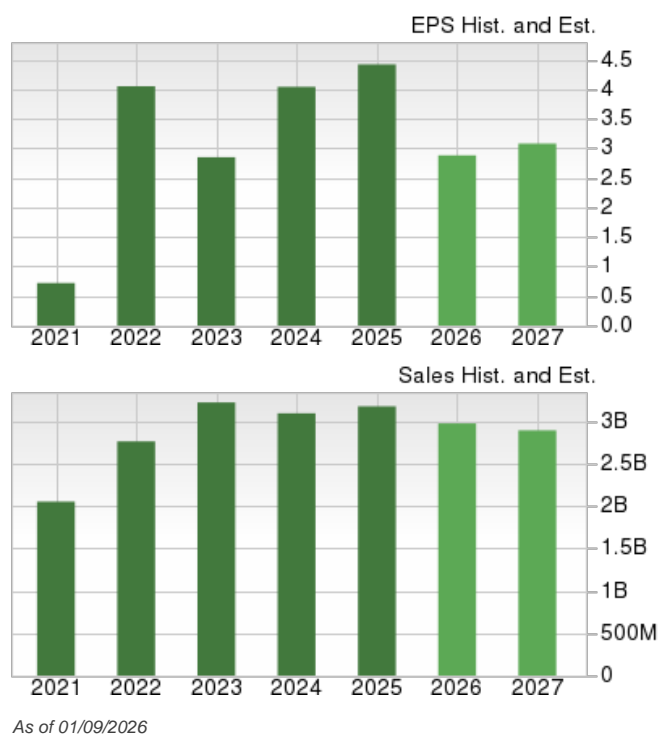
Overview

Based in New York, G-III Apparel Group, Ltd. is a designer, manufacturer and distributor of apparel and accessories under licensed brands, owned brands and private label brands. The company's portfolio includes outerwear, dresses, sportswear, athleisure, jeans, swimwear, women's suits and women's performance wear as well as handbags, footwear, small leather goods, cold weather accessories and luggage. G-III Apparel stands as a global fashion entity with strong capabilities in design, sourcing, distribution and marketing. With ownership and licensing rights to more than 30 leading brands, the company showcases a diverse portfolio with distinct brand identities and product offerings across multiple consumer segments. G-III directly owns 11 major brands including DKNY, Donna Karan, Karl Lagerfeld, Karl Lagerfeld Paris, Vilebrequin, G.H. Bass, Eliza J, Jessica Howard, Andrew Marc, Marc New York, Wilsons Leather and Sonia Rykiel. Additionally, it has an extensive licensed brand portfolio including Calvin Klein, Tommy Hilfiger, Nautica, Halston, Levi's, Kenneth Cole, Cole Haan, Vince Camuto, Dockers, Champion, Converse and BCBG.

The wholesale operations segment (98.9% of third-quarter fiscal 2026 Sales) includes sales to retailers under owned, licensed and private label brands, along with the Karl Lagerfeld and Vilebrequin businesses (excluding Karl Lagerfeld Paris retail and digital sales). It also encompasses royalty revenues from licensing trademarks such as DKNY, Donna Karan, Karl Lagerfeld, G.H. Bass, Andrew Marc, Vilebrequin and Sonia Rykiel for product categories not produced by the company.

The retail operations segment (4.6% of sales) comprises direct-to-consumer sales through company-operated stores and digital platforms for DKNY, Donna Karan, Karl Lagerfeld Paris, G.H. Bass and Wilsons Leather. As of Oct. 31, 2025, the company operated 47 outlet stores in North America under the DKNY and Karl Lagerfeld Paris brands.

(Note: Zacks identifies fiscal years by the month in which the fiscal year ends, while G-III identifies its fiscal year by the calendar year in which it begins; so comparable figures for any given fiscal year, as published by G-III, will refer to this same fiscal year as being the year before the same year, as identified by Zacks)



Reasons To Buy:

- ▲ **Driving Growth Through Strategic Pillars:** G-III is centered on four key pillars. It is enhancing product and consumer engagement by using each brand's unique DNA to deliver differentiated assortments and expand into new categories, driving wholesale growth. Direct-to-consumer performance is strengthened through improved digital capabilities and a refined North American retail strategy, alongside ongoing international retail optimization. The company also accelerates international expansion, where owned brands remain underpenetrated, and partnerships such as AWWG support long-term growth. In addition, licensing continues to extend the brands into fragrance, eyewear, home and experiential categories like hospitality, broadening reach and deepening consumer connection. Increased marketing investment supports all four pillars by amplifying global brand visibility and fueling multi-channel, multi-category growth.
- ▲ **Owned Brands Resilience:** G-III's ongoing transition toward higher-margin owned brands continues to be one of its most compelling long-term value drivers, with third-quarter fiscal 2026 results already demonstrating tangible financial uplift. This is supported by stronger full-price selling and a richer mix of Donna Karan, DKNY, Karl Lagerfeld and Vilebrequin. As legacy PVH license revenues shrink from historical levels, the company has already replaced more than 70% of that volume with go-forward brands that inherently command more margin. The most meaningful financial benefit is that royalty and advertising expenses tied to PVH agreements fall away, leaving incremental points of margin that flow directly to operating profit. Management reiterated that owned brands will continue expanding across categories and regions, enhancing pricing power and sell-through quality.
- ▲ **Robust Performance Across Segments and Regions:** From a brand perspective, the company continues to see strong growth in its women's business in North America. The global men's business remains a key growth driver, complementing women's offerings with nearly 20% growth in the quarter. Karl Lagerfeld jeans, sold internationally, resonate with younger consumers, driving incremental growth of more than 30% in the third quarter. The Studio Collection reinforces its halo role, attracting strong press and consumer interest while expanding in key European retailers. In North America, wholesale and retail performed well, with strong full-price selling, higher AURs and plans to add approximately 100 points of sale by Spring 2026, building on more than 3,200 locations in Fall 2025. Direct-to-consumer business also saw positive comp sales growth, reflecting strong resonance of refreshed men's and women's products. Internationally, despite a soft macro environment, the brand performed well, supported by disciplined pricing and customer activations, which drove traffic, improved gross margins and strengthened overall performance.
- ▲ **Donna Karan's Breakout Growth:** Donna Karan remains a standout engine of value creation, with sales expected to grow nearly 40% in fiscal 2026—far exceeding the company's mid-single-digit owned-brand growth outlook for that year. Digital metrics show the Donna Karan brand's accelerating momentum, as website traffic rose roughly 150% in the third quarter and average order value increased by more than 10%, supported by healthy AURs and strong sell-throughs. The brand is now present in approximately 1,700 wholesale points of sale, with plans to add 200 more by Spring 2026, cementing its rapid scale-up. Repeat customer rates nearing 20% within 18 months of relaunch highlight strong consumer stickiness and long-term value potential. New category introductions such as Donna Karan Weekend and Donna Karan Jewelry are already demonstrating promising early reads and broadening the lifestyle ecosystem. Retail partners, including Saks, Bloomingdale's and Nordstrom, have expanded their assortments, signaling strong merchandising confidence. Donna Karan's high-end positioning, combined with accelerating wholesale penetration, provides a durable multi-year growth runway.
- ▲ **Digital Acceleration and Retail Turnaround:** G-III's digital and retail ecosystem demonstrated meaningful traction in the third quarter. Digital sales rose nearly 20% company-wide, supported by enhanced product imagery, richer content and conversion-optimized platforms. Net sales for the retail segment reached \$46 million this quarter, up from \$42 million in the prior year, despite operating fewer stores. The increase was driven by strong comp sales growth in North American DKNY and Karl Lagerfeld Paris stores, along with robust performance on the Donna Karan website. Investments in Shopify transitions and AI-enabled tools are accelerating speed-to-market and reducing digital operating costs. As owned-brand penetration rises within DTC, both AURs and margin rates are expected to further expand. With the segment on the cusp of profitability, G-III is converting its retail footprint into a scalable, margin-accretive asset that enhances long-term earnings stability.
- ▲ **New Licenses Enhancing Revenue Diversification:** Even as legacy PVH licenses wind down, G-III is building a healthier, more diversified wholesale portfolio through selective, high-potential partnerships. Converse apparel shipments began this year across key retailers, with early results tracking ahead of expectations. BCBG expanded into approximately 300 doors this fall, with another 50 Macy's doors targeted for Spring 2026, and early sell-through data indicate strong consumer acceptance. The sports licensing business grew 9% in the quarter and continues to benefit from G-III's speed-to-market capabilities, such as rapid execution for the L.A. Dodgers' postseason merchandise. Levi's men's outerwear, Halston and Champion launches add further breadth across categories and demographics. Management reiterated that new licenses are pursued selectively, prioritizing opportunities that can scale to \$100 million in three years. This disciplined approach ensures that the revenue replacing PVH will be higher-margin, more diversified and less concentrated. The expanding roster of licenses de-risks the portfolio and supports a smoother revenue trajectory during the transition period.
- ▲ **Financial Synopsis:** G-III's financial position significantly enhances its ability to invest, absorb transition volatility and return capital to shareholders. The company ended the third quarter with \$174 million in net cash, versus \$119 million in net debt a year earlier, reflecting substantial deleveraging and improved working-capital efficiency. Liquidity stands near \$875 million, enabling ample flexibility for acquisitions, digital investments and brand-building initiatives. The company repurchased about \$50 million of shares in the nine months of fiscal 2026. The company expects capital expenditures of approximately \$40 million, primarily for shop-in-shop build-outs for new brand launches, leasehold improvements, and technology investments. With solid cash generation and disciplined capital allocation, the company is positioned to fund growth while simultaneously rewarding shareholders.

G-III continues to expand its omnichannel capabilities while reinforcing its licensing portfolio, both critical to sustaining revenue resilience.

Reasons To Sell:

- ▼ **Revenue Contraction Underscores Transitional Weakness:** G-III's third-quarter fiscal 2026 performance reflected persistent top-line pressure, with net sales declining to \$989 million from \$1.07 billion last year as PVH-related categories continued to unwind faster than new initiatives could scale. The wholesale segment, still the company's revenue engine, contracted meaningfully, highlighting the revenue hole left by Calvin Klein and Tommy Hilfiger. Management reiterated that PVH revenue, once over \$1.5 billion annually, will fall to \$800 million this year and further to approximately \$400 million by fiscal 2027, underscoring a multiyear drag on growth visibility. Owned brands such as Donna Karan and DKNY grew, but these gains remain insufficient to offset the magnitude of the license phase-out. Retail partners also reduced open-to-buy budgets across existing categories, dampening replenishment cycles. This combination of structural and near-term pressures points to continued revenue volatility until replacement brands mature.
- ▼ **Earnings and Margin Declines:** Profitability deteriorated across key metrics, with gross margin slipping 120 basis points year over year to 38.6% and adjusted net income falling to \$83 million from \$116 million in the prior-year quarter. EPS declined materially to \$1.90 compared with \$2.59 last year, reflecting the impact of lower volumes and tariff-laden inventory costs. Adjusted EBITDA declined 28.4% year over year to \$124.9 million. We note that the adjusted EBITDA margin declined 340 bps year over year to 12.6% in the quarter under review. Adjusted EBITDA is now projected at \$208-\$213 million for fiscal 2026, down sharply from \$325.9 million in fiscal 2025, signaling a structural decline in earnings power. Even with strong full-price selling, the company struggled to maintain margin stability amid demand and cost volatility. Management acknowledged that profitability will remain pressured until owned brands reach greater scale.
- ▼ **Tariff Exposure Creating Sustained Risk:** Tariffs remain a major overhang, with management estimating a full-year gross impact of roughly \$135 million and an unmitigated earnings hit of approximately \$65 million. The third quarter already reflected early pressure, as gross margin contracted by 120 basis points from last year, even with disciplined full-price selling. Management cautioned that the fourth quarter will see the highest tariff penetration due to the timing of shipments, creating a potential margin trough during peak promotional season. Retrofitting pricing across wholesale channels is challenging, limiting the company's ability to recapture costs quickly. Any softening in consumer demand could further restrict pricing power, forcing deeper markdowns that erode profit recovery. With trade-policy uncertainty and sourcing shifts requiring time to materialize, tariff volatility introduces a structural drag on forward earnings.
- ▼ **Softened Top-line Guidance:** Management's updated fiscal 2026 outlook presents a more tempered recovery narrative, with net sales anticipated to be \$2.98 billion compared with the previously mentioned \$3.02 billion, whereas it reported \$3.18 billion in fiscal 2025. Management noted that retail partners remain cautious, particularly in categories tied to the PVH phase-out, which is tempering order flows and seasonal commitments. Guidance also reflects material margin pressure from tariffs, mix shifts and elevated shipping costs, further tightening the outlook window. With management emphasizing that fiscal 2027 will mark the major inflection year, investors face an extended period of muted visibility. The downward revision raises the risk of further estimate cuts if owned brands or new licenses scale more slowly than anticipated.
- ▼ **Competitive Pressure:** Stiff competition poses a significant threat to G-III Apparel's performance, particularly from well-established rivals like Ralph Lauren and Tapestry, which have strong brand portfolios and deep market penetration. The competitors with extensive resources to invest in marketing, product innovation and global distribution make it challenging for G-III to maintain its market share. Additionally, the ability to adapt quickly to consumer trends and demand fluctuations could outpace G-III's efforts, potentially leading to slower growth and margin compression. The pressure to keep up with industry giants could also force G-III to increase spending on promotions and discounts, eroding profitability while limiting the brand's ability to command premium prices in a crowded market.
- ▼ **Macroeconomic Headwinds May Dampen Performance:** Any dip in consumer confidence – a key determinant of the economy's health – may have a serious bearing on spending. The company's customers remain sensitive to macroeconomic factors, including interest rates, fuel and energy costs, credit availability, unemployment levels, and high household debt levels, which may negatively impact their sentiment. Additionally, the company is prone to adverse foreign currency fluctuations due to its exposure to the international markets.

G-III Apparel has been witnessing a tough operating landscape, including the inflationary pressures on consumers' discretionary spending.

Last Earnings Report

GIII Beats on Q3 Earnings, Ups FY26 Outlook Despite Tariff Pressures

G-III Apparel has reported third-quarter fiscal 2026 results, wherein the top line missed the Zacks Consensus Estimate and the bottom line beat the same. The company's net sales and earnings decreased year over year.

However, the fiscal third-quarter results were impacted by the performance of its brand portfolio, especially owned brands, along with a strong full-price sales mix and successful tariff mitigation efforts. Based on the fiscal third-quarter results and despite continued consumer uncertainty and tariff-related margin pressure, the company has raised its fiscal 2026 earnings guidance.

With a strong brand portfolio, an efficient operating model, and a solid financial position, the company is confident in achieving its fiscal 2026 goals while continuing to return capital to stockholders and pursue profitable growth opportunities.

More on GIII's Q3 Results

Adjusted earnings per share (EPS) of \$1.90 beat the Zacks Consensus Estimate of \$1.60. However, the figure decreased 26.6% from the year-earlier quarter's \$2.59.

Net sales decreased 9% year over year to \$988.6 million and lagged the consensus estimate of \$1,011 million.

Insight Into G-III Apparel's Margins & Expenses

Gross profit decreased 11.7% year over year to \$381.5 million in the fiscal third quarter. We note that the gross margin declined 120 basis points (bps) year over year to 38.6%.

SG&A expenses increased 0.5% year over year to \$260.4 million. As a percentage of net sales, this metric increased 240 bps year over year to 26.3%.

Adjusted EBITDA declined 28.4% year over year to \$124.9 million. We note that the adjusted EBITDA margin declined 340 bps year over year to 12.6% in the quarter under review.

GIII's Financial Snapshot: Cash, Debt & Equity Overview

G-III Apparel ended the fiscal third quarter with cash and cash equivalents of \$184.1 million and total debt of \$10.6 million. Total stockholders' equity was \$1.79 billion. Inventory increased 3% year over year to \$547.1 million at the end of the quarter.

The company repurchased 209,851 shares for \$5.4 million in the fiscal third quarter.

G-III Apparel's FY26 Guidance

The company has revised its fiscal 2026 guidance to reflect a strong third-quarter performance, while maintaining a measured perspective on current consumer trends and the anticipated impact of tariffs on revenues and profitability. The projected gross tariff impact is now \$135 million, with a portion mitigated through vendor support, shifts in sourcing strategies, and selective pricing actions. The remaining unmitigated effect included in the fiscal 2026 outlook is estimated at \$65 million.

For fiscal 2026, net sales are anticipated to be \$2.98 billion compared with the previously mentioned \$3.02 billion, whereas it reported \$3.18 billion in fiscal 2025. Net income is projected between \$121 million and \$126 million, up from the prior stated \$112-\$122 million.

Earnings per share are forecast between \$2.72 and \$2.82 compared with the earlier mentioned \$2.53-\$2.73, and lower than fiscal 2025 earnings per share of \$4.20 on net income of \$193.6 million.

Adjusted net income for fiscal 2026 is expected between \$125 million and \$130 million compared with the previously stated \$113-\$123 million. This equates to adjusted earnings per share of \$2.80-\$2.90 versus the earlier mentioned \$2.55 to \$2.75, and suggests declines from adjusted net income of \$203.6 million and adjusted earnings per share of \$4.42 reported in fiscal 2025.

Adjusted EBITDA for fiscal 2026 is expected between \$208 million and \$213 million compared with the prior mentioned \$198-\$208 million, whereas the company registered \$325.9 million in fiscal 2025.

FY Quarter Ending 1/31/2025

Earnings Reporting Date	Dec 09, 2025
Sales Surprise	-2.25%
EPS Surprise	18.75%
Quarterly EPS	1.90
Annual EPS (TTM)	3.61

Valuation

GIII shares are up 24.6% in the past six-month period and down nearly 9.9% over the trailing 12-month period. Stocks in the Zacks sub-industry is down 10% and the Zacks consumer discretionary is down 8.1%, in the past six-month period. Over the past year, the Zacks sub-industry and the sector is down 15.1% and 2.6%, respectively.

The S&P 500 index is up 11.7% in the past six-month period and 17.4% in the past year.

The stock is currently trading at 9.45X forward 12-month earnings, which compares to 17.76X for the Zacks sub-industry, 21.39X for the Zacks sector and 26.10X for the S&P 500 index.

Over the past five years, the stock has traded as high as 48.92X and as low as 3.01X, with a 5-year median of 7.41X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$31 price target reflects 10.02X forward 12-month earnings.

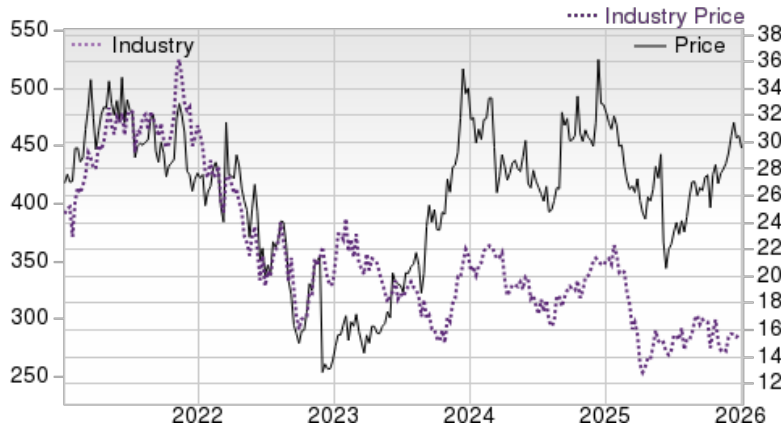
The table below shows summary valuation data for GIII

Valuation Multiples - GIII					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	9.45	17.76	21.39	26.10
	5-Year High	48.92	32.36	40.67	26.10
	5-Year Low	3.01	12.76	15.47	15.74
	5-Year Median	7.41	17.47	19.16	21.21
P/S F12M	Current	0.42	2.38	2.51	5.87
	5-Year High	0.66	3.53	3.50	5.87
	5-Year Low	0.18	1.92	1.68	3.82
	5-Year Median	0.39	2.61	2.30	5.04
EV/EBITDA TTM	Current	4.19	17.51	10.40	18.64
	5-Year High	13.61	37.32	17.40	22.34
	5-Year Low	2.01	14.22	8.04	13.86
	5-Year Median	4.71	17.71	10.29	17.93

As of 12/31/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Top 18% (45 out of 244)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
Steven Madden, Ltd. (SHOO)	Outperform	2
Columbia Sportswear ... (COLM)	Neutral	4
Crocs, Inc. (CROX)	Neutral	3
Guess?, Inc. (GES)	Neutral	2
Gildan Activewear, I... (GIL)	Neutral	2
Kontoor Brands, Inc. (KTB)	Neutral	3
NIKE, Inc. (NKE)	Neutral	3
Oxford Industries, I... (OXM)	Underperform	5

Industry Comparison⁽¹⁾ Industry: Textile - Apparel

	GIII	X Industry	S&P 500	COLM	CROX	GIL
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	2	-	-	4	3	2
VGM Score	C	-	-	F	A	B
Market Cap	1.26 B	1.51 B	40.82 B	3.02 B	4.47 B	11.75 B
# of Analysts	1	3	22	4	5	3
Dividend Yield	1.34%	0.00%	1.37%	2.14%	0.00%	1.42%
Value Score	A	-	-	C	A	B
Cash/Price	0.15	0.07	0.04	0.08	0.03	0.01
EV/EBITDA	3.42	7.41	15.04	7.85	5.17	17.23
PEG Ratio	-1.09	2.95	2.08	NA	NA	NA
Price/Book (P/B)	0.70	1.30	3.46	1.82	3.28	6.36
Price/Cash Flow (P/CF)	5.67	9.13	15.58	11.47	5.85	15.41
P/E (F1)	10.37	15.63	18.90	18.15	6.83	14.00
Price/Sales (P/S)	0.42	0.76	3.12	0.88	1.10	3.49
Earnings Yield	9.65%	5.95%	5.28%	5.52%	14.64%	7.14%
Debt/Equity	0.00	0.32	0.57	0.00	0.97	0.94
Cash Flow (\$/share)	5.27	1.97	8.98	4.88	14.72	4.12
Growth Score	F	-	-	F	C	C
Hist. EPS Growth (3-5 yrs)	18.20%	3.02%	8.24%	4.46%	25.56%	22.23%
Proj. EPS Growth (F1/F0)	-34.84%	0.27%	9.21%	-16.49%	-7.90%	15.33%
Curr. Cash Flow Growth	6.33%	5.49%	7.00%	-14.91%	7.23%	9.34%
Hist. Cash Flow Growth (3-5 yrs)	3.46%	5.39%	7.49%	-8.89%	43.73%	4.82%
Current Ratio	2.33	1.75	1.19	2.95	1.40	2.01
Debt/Capital	0.36%	24.12%	38.14%	0.00%	49.17%	48.48%
Net Margin	4.89%	3.30%	12.77%	5.45%	4.48%	14.13%
Return on Equity	9.37%	10.32%	17.03%	12.45%	43.14%	35.53%
Sales/Assets	1.17	1.14	0.53	1.21	0.87	0.86
Proj. Sales Growth (F1/F0)	-6.40%	1.21%	5.30%	-0.10%	-2.40%	4.40%
Momentum Score	D	-	-	C	B	C
Daily Price Chg	-1.48%	-0.17%	0.65%	-2.22%	-0.58%	-0.09%
1 Week Price Chg	-2.99%	-0.81%	1.76%	0.81%	-5.11%	-0.98%
4 Week Price Chg	-3.05%	0.00%	0.95%	-2.25%	-3.67%	3.97%
12 Week Price Chg	9.38%	0.00%	5.09%	10.13%	3.51%	4.84%
52 Week Price Chg	-7.27%	-11.82%	17.71%	-32.23%	-21.53%	35.06%
20 Day Average Volume	444,343	216,956	2,445,854	467,707	1,203,010	837,681
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	1.05%	0.00%	0.00%	-0.91%	0.00%	0.00%
(F1) EPS Est 12 week change	6.27%	0.58%	0.47%	-6.23%	8.58%	18.78%
(Q1) EPS Est Mthly Chg	-16.18%	0.00%	0.00%	-8.33%	0.00%	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	A
Growth Score	F
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

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