

Lithia Motors, Inc. (LAD)

\$326.91 (Stock Price as of 01/06/2026)

Price Target (6-12 Months): **\$370.00**

Long Term: 6-12 Months | **Zacks Recommendation:** **Neutral**
(Since: 07/01/24)
Prior Recommendation: Underperform

Short Term: 1-3 Months | **Zacks Rank:** (1-5) **4-Sell**
Zacks Style Scores: VGM: A
Value: A | Growth: A | Momentum: C

Summary

Lithia's diverse product portfolio and multiple revenue streams reduce risk and strengthen its long-term growth prospects. Digital platforms like Driveway and GreenCars are driving profitability and expanding market presence. Strategic acquisitions are helping to boost market share and enhance its portfolio. However, increasing debt levels could limit financial flexibility, restricting growth opportunities. Heightened competition and rising price transparency create additional challenges. Shrinking gross profit per unit from new vehicle sales is pressuring margins, while macroeconomic uncertainty adds further risks. Tariffs on vehicles and parts may drive up prices, potentially discouraging buyers and lowering sales volumes. Thus, the stock warrants a cautious approach for now.

Data Overview

52 Week High-Low	\$405.14 - \$264.00
20 Day Average Volume (sh)	226,482
Market Cap	\$8.0 B
YTD Price Change	-1.1%
Beta	1.18
Dividend / Div Yld	\$2.20 / 0.7%
Industry	Automotive - Retail and Whole Sales
Zacks Industry Rank	Top 36% (89 out of 244)

Last EPS Surprise	11.4%
Last Sales Surprise	0.7%
EPS F1 Est- 4 week change	-0.1%
Expected Report Date	02/11/2026
Earnings ESP	0.0%

P/E TTM	9.3
P/E F1	9.3
PEG F1	0.8
P/S TTM	0.2

Price, Consensus & Surprise⁽¹⁾



Sales and EPS Growth Rates (Y/Y %)⁽²⁾



Sales Estimates (millions of \$)⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2026	9,098 E	9,468 E	10,187 E	10,122 E	38,875 E
2025	9,178 A	9,583 A	9,676 A	9,374 E	37,811 E
2024	8,556 A	9,232 A	9,221 A	9,222 A	36,237 A

EPS Estimates⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2026	7.96 E	9.53 E	10.14 E	9.80 E	37.42 E
2025	7.66 A	10.24 A	9.50 A	7.66 E	35.06 E
2024	6.11 A	7.87 A	8.21 A	7.79 A	29.96 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 01/06/2026.

(2) The report's text, the analyst-provided estimates, and the price target are as of 12/11/2025.

Overview

Lithia Motors, Inc. is one of the leading automotive retailers of new and used vehicles, and related services in the United States. As of Dec 31, 2024, the company offered 52 vehicle brands across 459 locations in the United States, United Kingdom and Canada.

Lithia Motors offers tailored service through its nationwide network. Further, it has the largest online inventory with competitive pricing on vehicles and service. In July 2020, Lithia introduced Driveway, an e-commerce platform, which allows the company to deliver differentiated, proprietary digital experiences.

Apart from a wide range of new and used vehicles, the company offers finance and insurance products, and automotive repair and maintenance. It focuses on diversification of products, services, brands and geographic locations to reduce dependence on one manufacturer along with reducing exposure to shifting consumer preferences.

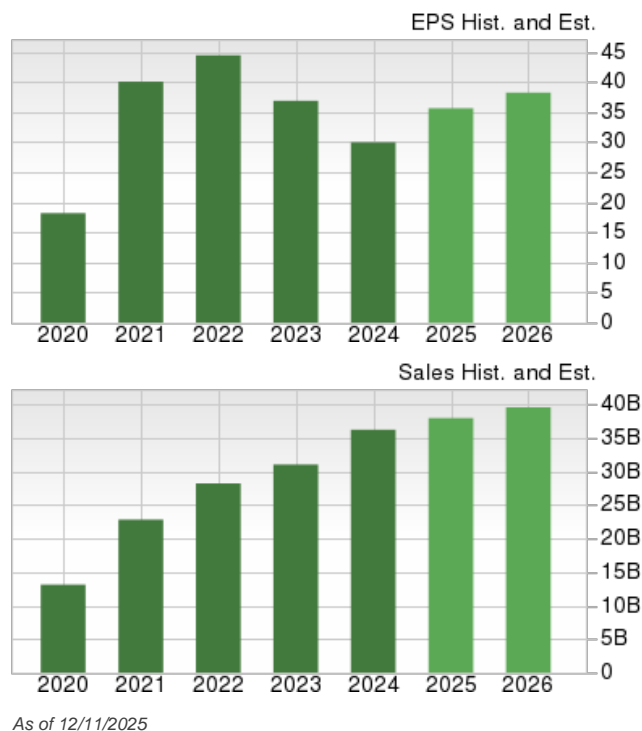
Lithia Motors has two reportable segments as follows — Vehicle Operations and Financing Operations.

Vehicle Operations encompass all facets of automotive merchandising and service, including retail sales of automobiles, recreational vehicles and motorcycles. This includes franchises that offer new and used vehicles, parts, repair and maintenance services, as well as vehicle finance and insurance (F&I) products.

The Financing Operations segment offers financial services to customers purchasing or leasing retail vehicles from the Vehicle Operations division.

All other activities are categorized under "Corporate and Other," which includes corporate personnel expenses, certain unallocated reserves, internal charges, and other general corporate overhead costs.

Lithia's revenue mix consists of New Vehicles (accounted for about 50.7% of the company's revenues in 2024), Used Vehicles (34.9%), Aftersales (10.5%) and F&I (3.9%).



Reasons To Buy:

- ▲ Lithia's **diverse product mix** and multiple income streams lower its risk and support long-term growth. This helps it stay stable and generate steady revenue even during market swings or economic downturns. Its aftersales business, making up about 40% of gross profit, is set to benefit from tariff-driven market shifts. Lithia's financing and fleet management businesses also provide a reliable cushion, helping smooth out the ups and downs in the core retail operations. The company targets \$2 in EPS for every \$1 billion in revenue in the long-term, fueling optimism.
- ▲ Lithia's **strategic acquisitions** and store expansions are boosting its market share and strengthening its portfolio. In 2023 and 2024, it added \$3.8 billion and \$5.9 billion in annualized revenues through acquisitions. So far in 2025, the company has acquired \$720 million in annualized revenues. In its Q3 earnings call, LAD reaffirmed \$2 billion acquisition revenue estimate for 2025, expecting year-end contributions from complementary acquisitions. It is focused on buying large, high-performing stores in the Southeast and South-Central United States., where profitability is strong. Apart from buyouts, LAD's North American JV sale to Pinewood AI has streamlined rollout, unified the platform, reduced duplication, and sped up delivery.
- ▲ Lithia's **digital platforms**, Driveway and GreenCars, are helping boost profitability and expand its market presence. These e-commerce platforms let customers buy, sell, and service vehicles online. Early results from Lithia's investment in Wheels, a top fleet management company, are also strong. Its minority stake in Wheels creates powerful synergies between retail and fleet operations. Together, these moves strengthen Lithia's mobility ecosystem and support customer retention and long-term profitability.
- ▲ **Robust cash flows and investor-friendly moves** of the firm are driving shareholders' confidence. The company's annualized cash flow growth rate has been 25% over the past 3-5 years versus the industry average of 11%. Its five-year annualized dividend growth rate is 14%. During the last reported quarter, Lithia bought back 1.3 million shares. As of Oct 22, \$889.3 million remaining under current repurchase authorization.

Diversified product mix, enhanced digital solutions, strategic buyouts, robust cash flows and investor-friendly moves enhance Lithia's prospects.

Reasons To Sell:

- ▼ Lithia's **high debt load** may restrict its ability to tap onto growth opportunities. As of Sept. 30, 2025, long-term debt stood at \$6.9 billion, up from \$6.1 billion as of 2024 end. Long-term debt-to-capitalization ratio of 57% is much higher than the industry average of 24%. This elevated leverage could weigh on future investments and financial flexibility.
- ▼ Lithia faces **fierce competition** from public and private dealerships, online vehicle brokers, and financial institutions. Its finance and insurance business also battles various third parties. The fragmented used car market and rising price transparency further intensify pressures, potentially squeezing margins and making customer retention and growth more challenging.
- ▼ **Tariffs** could cause automakers and parts suppliers to raise prices, forcing Lithia to pass those higher costs on to customers. More expensive vehicles could discourage buyers, leading to lower sales volumes. To stay competitive, Lithia might need to offer discounts or incentives, which would pressure profit margins. Higher parts costs could also make service and repairs less affordable, slowing growth in Lithia's high-margin aftersales business.
- ▼ **Declining gross margins from new vehicles sales** is concerning. In Q3'25, gross profit per unit sold declined to \$2,864 (gross margin of 6%) from \$3,226 (gross margin of 6.9%) reported in Q3'24. Pricing pressures and high cost of sales could continue to weigh on gross margins.

Declining margins in new vehicle sales, huge debt pile, tariff woes and high competition are causes of concern.

Last Earnings Report

Lithia Q3 Earnings Beat Estimates

Lithia reported third-quarter 2025 adjusted earnings per share of \$9.50, which improved from the prior-year quarter's \$8.21 and beat the Zacks Consensus Estimate of \$8.53. The auto retailer clocked revenues of \$9.67 billion, which increased 5% year over year and also surpassed the Zacks Consensus Estimate of \$9.61 billion.

Segmental Performance

New vehicle retail revenues increased 4.5% year over year to \$4.63 billion and topped our estimate of \$4.5 billion due to higher-than-expected unit sales and average selling price (ASP). New vehicle units sold rose 1.8% from the prior-year quarter's levels to 96,639 units, beating our estimate of 95,276 units. The ASP of new vehicle retail increased to \$47,913 from \$46,649 reported in the prior-year quarter. Our estimate was \$47,213. The gross margin in this segment contracted 90 basis points (bps) to 6% amid the high cost of sales, which rose 5.6% year over year to \$4.35 billion.

Used vehicle retail revenues rose 8.9% year over year to \$3.1 billion and surpassed our estimate of \$3.08 billion, courtesy of higher-than-anticipated ASP. The used-vehicle retail units sold increased 4% from the year-ago quarter to 109,097 units, but lagged our expectation of 114,047 units. The ASP of used vehicle retail was \$28,381, up 4.7% year over year. Our estimate was \$27,016. The gross margin in the segment decreased 40 bps to 6.2%.

Revenues from used vehicle wholesale fell 6.1% to \$367 million and missed our estimate of \$455.9 million. The company's finance and insurance revenues rose 5% to \$378.6 million but fell short of our estimate of \$384.7 million. Revenues from aftersales were \$1.04 billion, which rose 2.4% year over year but missed our estimate of \$1.07 billion. Revenues from fleet and others were \$166.5 million, which contracted 9.3% year over year but topped our expectation of \$163.5 million.

Same-store new vehicle revenues increased 5.5% year over year, while same-store used vehicle retail sales rose 11.8%. Same-store revenues from finance and insurance rose 5.7%, while those of the aftersales unit rose 3.9%.

Financial Tidbits

Cost of sales were up 5.4% year over year in third-quarter 2025. SG&A expenses were \$998 million, up 5.8% year over year. Adjusted SG&A, as a percentage of gross profit, was 67.9%, up from the prior-year quarter's 66%. Pretax and net profit margins improved from the year-ago levels.

The company announced a dividend of 55 cents to be paid out on Nov. 21, 2025, to its shareholders of record as of Nov. 7, 2025. In third-quarter 2025, LAD repurchased nearly 1,312,000 shares at an average price of \$312. Currently, Lithia has approximately \$889.3 million shares remaining under its buyback authorization.

Lithia had cash/cash equivalents/restricted cash of \$417.1 million as of Sept. 30, 2025, up from \$402.2 million as of Dec. 31, 2024. Long-term debt was \$6.97 billion as of Sept. 30, 2025, up from \$6.12 billion as of Dec. 31, 2024.

FY Quarter Ending **12/31/2025**

Earnings Reporting Date	Oct 22, 2025
Sales Surprise	0.70%
EPS Surprise	11.37%
Quarterly EPS	9.50
Annual EPS (TTM)	35.19

Valuation

Lithia's shares are up 7.1% and down 7.4% over the past six months and in the trailing 12-month period, respectively. Stocks in the Zacks Automotive – Retail and Wholesale industry and the Zacks Auto-Tires-Trucks sector are down 1% and 28.9%, respectively, over the past six months. Over the past year, the Zacks sub industry and sector are down 5.4% and up 8.3%, respectively. The S&P 500 index is up 16% and 15.2% over the past six months and in the past year, respectively.

The stock is currently trading at 9.24X forward 12-month earnings, which compares to 8.82X for the Zacks sub-industry, 91.43X for the Zacks sector and 23.44X for the S&P 500 index.

Over the past five years, the stock has traded as high as 19.87X and as low as 4.2X, with a 5-year median of 8.19X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$370 price target reflects 9.71X forward 12-month earnings per share.

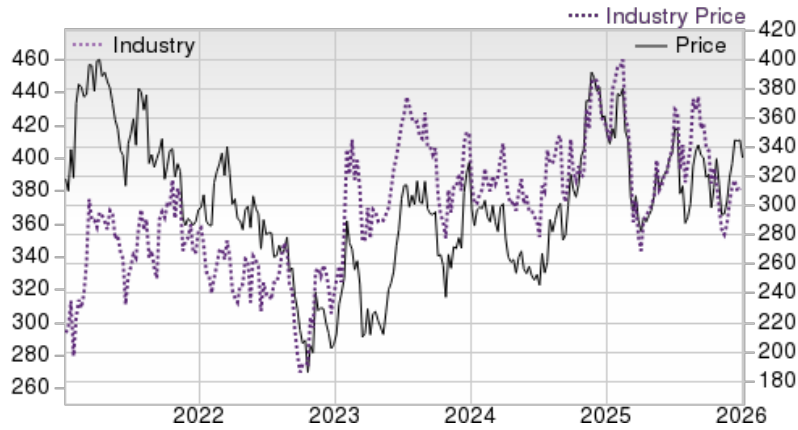
The table below shows summary valuation data for LAD:

Valuation Multiples - LAD					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	9.24	8.82	91.43	23.44
	5-Year High	19.87	11.4	91.43	23.78
	5-Year Low	4.2	4.51	12.49	15.73
	5-Year Median	8.19	7.57	19.73	21.21
EV/EBITDA TTM	Current	8.34	8.53	25.8	18.63
	5-Year High	16.56	10.79	28.39	22.41
	5-Year Low	4.14	4.78	8.95	13.87
	5-Year Median	7.35	7.21	17.03	17.96
P/S F12M	Current	0.22	0.28	1.44	5.3
	5-Year High	0.59	0.33	1.96	5.5
	5-Year Low	0.17	0.2	0.77	3.83
	5-Year Median	0.24	0.28	1.18	5.05

As of 12/10/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Top 34% (82 out of 244)



Top Peers ⁽¹⁾

Company (Ticker)	Rec	Rank
Asbury Automotive Gr... (ABG)	Neutral	2
AutoNation, Inc. (AN)	Neutral	2
Group 1 Automotive, ... (GPI)	Neutral	3
CarMax, Inc. (KMX)	Neutral	3
Penske Automotive Gr... (PAG)	Neutral	3
Rush Enterprises, In... (RUSHA)	Neutral	3
Titan Machinery Inc. (TITN)	Neutral	3
Sonic Automotive, In... (SAH)	Underperform	4

Industry Comparison⁽¹⁾ Industry: Automotive - Retail And Whole Sales

	LAD	X Industry	S&P 500	ABG	GPI	SAH
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Underperform
Zacks Rank (Short Term)	4	-	-	2	3	4
VGM Score	A	-	-	A	A	A
Market Cap	7.97 B	4.30 B	39.40 B	4.67 B	5.00 B	2.15 B
# of Analysts	4	3	22	3	4	3
Dividend Yield	0.67%	0.00%	1.39%	0.00%	0.50%	2.41%
Value Score	A	-	-	A	A	A
Cash/Price	0.05	0.05	0.04	0.01	0.01	0.04
EV/EBITDA	8.34	7.03	14.79	8.42	8.02	6.46
PEG Ratio	0.80	1.72	2.04	NA	NA	NA
Price/Book (P/B)	1.17	1.64	3.38	1.20	1.64	2.01
Price/Cash Flow (P/CF)	7.23	8.17	15.41	7.05	8.15	6.47
P/E (F1)	9.38	9.07	18.79	8.77	9.07	8.84
Price/Sales (P/S)	0.21	0.26	3.12	0.26	0.22	0.14
Earnings Yield	11.63%	10.09%	5.32%	11.40%	11.03%	11.31%
Debt/Equity	1.35	0.32	0.57	0.90	1.06	1.68
Cash Flow (\$/share)	45.46	9.73	8.98	34.07	48.58	9.73
Growth Score	A	-	-	A	A	A
Hist. EPS Growth (3-5 yrs)	2.90%	10.15%	8.24%	8.73%	11.57%	-0.74%
Proj. EPS Growth (F1/F0)	17.02%	5.18%	9.18%	3.16%	5.92%	18.57%
Curr. Cash Flow Growth	-6.29%	-11.40%	7.00%	-15.11%	-9.86%	-11.40%
Hist. Cash Flow Growth (3-5 yrs)	25.26%	11.25%	7.49%	22.46%	18.96%	9.78%
Current Ratio	1.21	1.21	1.19	0.99	1.06	1.02
Debt/Capital	57.42%	24.09%	38.14%	47.43%	51.56%	62.65%
Net Margin	2.39%	2.38%	12.77%	3.15%	1.67%	0.86%
Return on Equity	13.42%	13.42%	17.03%	15.26%	18.08%	21.65%
Sales/Assets	1.58	1.65	0.53	1.68	2.24	2.56
Proj. Sales Growth (F1/F0)	4.30%	2.51%	5.29%	5.40%	13.50%	7.00%
Momentum Score	C	-	-	F	F	B
Daily Price Chg	-1.08%	1.66%	0.64%	2.31%	0.91%	2.14%
1 Week Price Chg	-3.52%	-3.52%	-0.05%	-2.77%	-3.68%	-4.14%
4 Week Price Chg	1.06%	-1.29%	0.81%	0.63%	-2.31%	-1.29%
12 Week Price Chg	8.63%	-2.25%	3.72%	0.35%	-6.55%	-12.39%
52 Week Price Chg	-4.72%	0.56%	15.51%	1.32%	-5.51%	-1.07%
20 Day Average Volume	226,482	179,257	2,399,304	170,602	143,481	162,199
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	-0.14%	0.00%	0.00%	-0.91%	-1.26%	0.00%
(F1) EPS Est 12 week change	2.08%	-1.48%	0.44%	3.36%	-3.80%	-2.47%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Analyst Earnings Model⁽²⁾

Lithia Motors, Inc. (LAD)

In \$MM, except per share data

	2022A	2023A	2024A	2025E					2026E					2027E
	FY	FY	FY	1QA	2QA	3QA	4QE	FY	1QE	2QE	3QE	4QE	FY	FY
FY Ends December 31st	Dec-22	Dec-23	Dec-24	31-Mar-25	30-Jun-25	30-Sep-25	31-Dec-25	Dec-25	31-Mar-26	30-Jun-26	30-Sep-26	31-Dec-26	Dec-26	Dec-27
Income Statement														
Total Revenue	\$28,187.8	\$31,042.3	\$36,188.1	\$9,178.3	\$9,583.0	\$9,675.8	\$9,374.2	\$37,811.3	\$9,098.3	\$9,468.3	\$10,187.1	\$10,121.5	\$38,875.2	\$39,427.4
Cost of Sales	\$23,035.4	\$25,813.4	\$30,627.1	\$7,767.9	\$8,097.9	\$8,209.8	\$8,025.1	\$32,100.7	\$7,733.4	\$7,999.7	\$8,606.7	\$8,592.7	\$32,932.6	\$33,316.4
Gross Profit	\$5,152.4	\$5,228.9	\$5,561.0	\$1,410.4	\$1,485.1	\$1,466.0	\$1,349.1	\$5,710.6	\$1,364.9	\$1,468.6	\$1,580.4	\$1,528.8	\$5,942.6	\$6,110.9
Asset Impairments	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Financing Operations Income	(\$4.0)	(\$45.9)	\$8.4	\$12.5	\$20.1	\$19.1	\$13.8	\$65.5	\$15.7	\$17.2	\$17.8	\$17.1	\$67.9	\$68.6
Selling, General and Administrative, Adjusted	\$3,090.2	\$3,279.1	\$3,747.3	\$961.5	\$1,005.0	\$995.0	\$916.2	\$3,877.7	\$937.8	\$999.2	\$1,083.1	\$1,047.2	\$4,067.3	\$4,099.1
Selling, General and Administrative, GAAP	\$3,044.1	\$3,294.8	\$3,755.2	\$952.7	\$1,014.7	\$998.0	\$973.0	\$3,938.4	\$947.6	\$987.0	\$1,042.5	\$1,038.8	\$4,015.9	\$3,923.5
Depreciation & Amortization	\$163.2	\$195.8	\$245.6	\$63.9	\$65.2	\$65.5	\$64.0	\$258.6	\$62.2	\$64.5	\$69.4	\$69.0	\$265.2	\$268.8
Adjusted EBITDA	\$1,966.6	\$1,755.4	\$1,558.4	\$402.1	\$489.3	\$438.0	\$338.7	\$1,668.1	\$379.7	\$452.2	\$505.5	\$453.6	\$1,790.9	\$2,052.2
EBITDA, GAAP	\$2,113.3	\$2,080.7	\$2,054.0	\$519.1	\$588.8	\$525.9	\$445.5	\$2,079.3	\$487.3	\$556.8	\$617.8	\$568.2	\$2,230.1	\$2,495.1
Operating Income, Adjusted	\$1,895.0	\$1,708.1	\$1,583.5	\$397.5	\$435.0	\$424.6	\$382.7	\$1,639.8	\$380.6	\$422.1	\$445.7	\$429.7	\$1,678.1	\$1,811.6
Operating Income, GAAP	\$1,941.1	\$1,692.4	\$1,568.5	\$406.3	\$425.3	\$421.6	\$326.0	\$1,579.2	\$370.7	\$434.3	\$486.3	\$438.1	\$1,729.5	\$1,987.2
Floor Plan Interest Expense	\$38.8	\$150.9	\$278.8	\$57.1	\$55.0	\$57.8	\$58.6	\$228.5	\$62.3	\$58.7	\$64.4	\$64.8	\$250.2	\$251.8
Other Interest Expense, Net	\$129.1	\$201.2	\$257.8	\$65.5	\$66.7	\$68.3	\$76.4	\$276.9	\$66.7	\$69.8	\$76.2	\$76.8	\$289.4	\$294.8
Other Income (Expense), Net, Adjusted	(\$4.0)	\$23.7	\$39.3	\$0.8	\$48.5	\$9.4	\$6.0	\$64.7	\$6.3	\$7.9	\$8.0	\$7.5	\$29.7	\$30.3
Other Income (Expense), Net, GAAP	(\$43.2)	\$22.0	\$39.3	\$0.8	\$48.5	(\$13.3)	\$6.0	\$42.0	\$6.3	\$7.9	\$8.0	\$7.5	\$29.7	\$30.3
Pre-Tax Income, Adjusted	\$1,723.1	\$1,379.7	\$1,086.2	\$275.7	\$361.8	\$307.9	\$253.7	\$1,199.1	\$257.9	\$301.5	\$313.2	\$295.6	\$1,168.2	\$1,295.3
Pre-Tax Income, GAAP	\$1,730.0	\$1,362.3	\$1,071.6	\$284.5	\$352.1	\$282.2	\$196.9	\$1,115.7	\$248.1	\$313.7	\$353.8	\$304.0	\$1,219.5	\$1,470.9
Income Tax, Adjusted	\$454.6	\$352.6	\$267.8	\$72.0	\$94.0	\$67.0	\$63.4	\$296.4	\$64.5	\$75.4	\$78.3	\$73.9	\$292.0	\$323.8
Income Tax, GAAP	\$468.4	\$350.6	\$255.1	\$73.3	\$93.9	\$63.6	\$49.2	\$280.0	\$62.0	\$78.4	\$88.4	\$76.0	\$304.9	\$367.7
Tax Rate, Adjusted	26.4%	25.6%	24.7%	26.1%	26.0%	21.8%	25.0%	24.7%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Tax Rate, GAAP	27.1%	25.7%	23.8%	25.8%	26.7%	22.5%	25.0%	25.1%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Net Income before Non-Controlling Interest, Adjusted	\$1,268.5	\$1,027.1	\$818.4	\$203.7	\$267.8	\$240.9	\$190.3	\$902.7	\$193.4	\$226.1	\$234.9	\$221.7	\$876.1	\$971.5
Net Income before Non-Controlling Interest, GAAP	\$1,261.6	\$1,011.7	\$816.3	\$211.2	\$258.2	\$218.6	\$147.7	\$835.7	\$186.0	\$235.3	\$265.3	\$228.0	\$914.6	\$1,103.2
Non-Controlling Interest	\$4.8	\$6.5	\$4.8	\$1.7	\$2.1	\$1.5	\$1.6	\$6.9	\$1.7	\$1.7	\$1.7	\$1.8	\$6.9	\$6.9
Redeemable Non-Controlling Interest, Adjusted			\$3.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Redeemable Non-Controlling Interest, GAAP	\$5.8	\$4.4	\$14.8	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Net Income, Adjusted	\$1,257.9	\$1,016.2	\$810.4	\$202.0	\$265.7	\$239.4	\$188.7	\$895.8	\$191.8	\$224.4	\$233.1	\$219.9	\$869.2	\$964.5
Net Income, GAAP	\$1,251.0	\$1,000.8	\$796.9	\$209.5	\$256.1	\$217.1	\$146.1	\$828.8	\$184.4	\$233.6	\$263.6	\$226.2	\$907.7	\$1,096.3
Diluted Shares Outstanding	28.3	27.6	27.1	26.4	25.9	25.2	24.7	25.5	24.1	23.6	23.0	22.5	23.3	22.5
Diluted EPS, Adjusted	\$44.42	\$36.86	\$29.79	\$7.66	\$10.24	\$9.50	\$7.66	\$35.06	\$7.96	\$9.53	\$10.14	\$9.80	\$37.42	\$42.96
Diluted EPS, GAAP	\$44.17	\$36.29	\$29.65	\$7.94	\$9.87	\$8.61	\$5.93	\$32.35	\$7.65	\$9.92	\$11.46	\$10.08	\$39.11	\$48.83

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	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.

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