

AmerisourceBergen (ABC)

\$91.37 (As of 01/15/20)

Price Target (6-12 Months): **\$96.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 01/04/19)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:A

Value: A

Growth: A

Momentum: C

Summary

AmerisourceBergen outperformed the industry in a year's time. The company continues to gain from Pharmaceutical segment and World Courier business, which have been generating huge profits since quite some time. Its specialty distribution business also continues to contribute significantly to the top line. A strong fiscal 2020 outlook instills investor optimism in the stock. AmerisourceBergen exited the fiscal fourth quarter on a strong note, wherein both earnings and revenues beat the consensus mark. Meanwhile, the company faces other headwinds like conversion of branded drugs and lower price generics. Cutthroat competition in the MedTech space adds to woes.

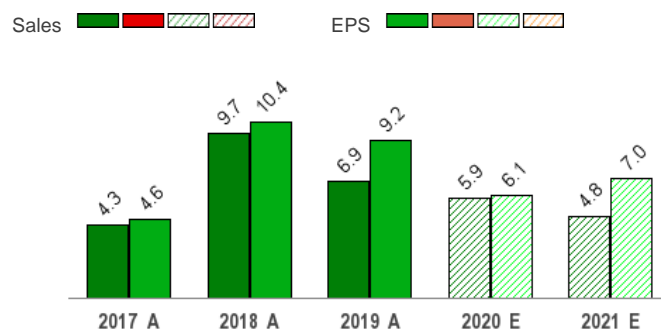
Price, Consensus & Surprise



Data Overview

| | |
|----------------------------|---|
| 52 Week High-Low | \$94.75 - \$70.55 |
| 20 Day Average Volume (sh) | 864,506 |
| Market Cap | \$18.8 B |
| YTD Price Change | 7.5% |
| Beta | 0.96 |
| Dividend / Div Yld | \$1.60 / 1.8% |
| Industry | Medical - Dental Supplies |
| Zacks Industry Rank | Top 43% (109 out of 254) |

Sales and EPS Growth Rates (Y/Y %)



| | |
|---------------------------|------------|
| Last EPS Surprise | 1.9% |
| Last Sales Surprise | 0.7% |
| EPS F1 Est- 4 week change | -0.2% |
| Expected Report Date | 01/30/2020 |
| Earnings ESP | -0.1% |
| P/E TTM | 12.9 |
| P/E F1 | 12.2 |
| PEG F1 | 1.6 |
| P/S TTM | 0.1 |

Sales Estimates (millions of \$)

| | Q1 | Q2 | Q3 | Q4 | Annual* |
|------|----------|----------|----------|----------|-----------|
| 2021 | 50,220 E | 48,223 E | 50,226 E | 50,412 E | 199,298 E |
| 2020 | 47,984 E | 46,074 E | 47,961 E | 48,349 E | 190,226 E |
| 2019 | 45,392 A | 43,320 A | 45,239 A | 45,638 A | 179,589 A |

EPS Estimates

| | Q1 | Q2 | Q3 | Q4 | Annual* |
|------|----------|----------|----------|----------|----------|
| 2021 | \$1.77 E | \$2.43 E | \$1.98 E | \$1.79 E | \$8.05 E |
| 2020 | \$1.67 E | \$2.29 E | \$1.85 E | \$1.68 E | \$7.52 E |
| 2019 | \$1.60 A | \$2.11 A | \$1.76 A | \$1.61 A | \$7.09 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 01/15/2020. The reports text is as of 01/16/2020.

Overview

Chesterbrook, PA-based AmerisourceBergen is one of the world's largest pharmaceutical services companies, which focuses on providing drug distribution and related services to reduce health care costs and improve patient outcomes.

The company reports through two segments – Pharmaceutical Distribution and Other. The **Pharmaceutical Distribution business** includes the operations of AmerisourceBergen Drug Corporation (ABDC) and AmerisourceBergen Specialty Group (ABSG). The segment services healthcare providers in the pharmaceutical supply channel. The ABSG division provides pharmaceutical distribution and other services mainly to physicians, who specialize in a variety of diseases, especially oncology, and to other health care providers, including dialysis clinics. The ABDC division is involved in the distribution of branded pharma drugs and generic drugs, over-the-counter healthcare products, home healthcare supplies and equipment and related services to a range of healthcare providers.

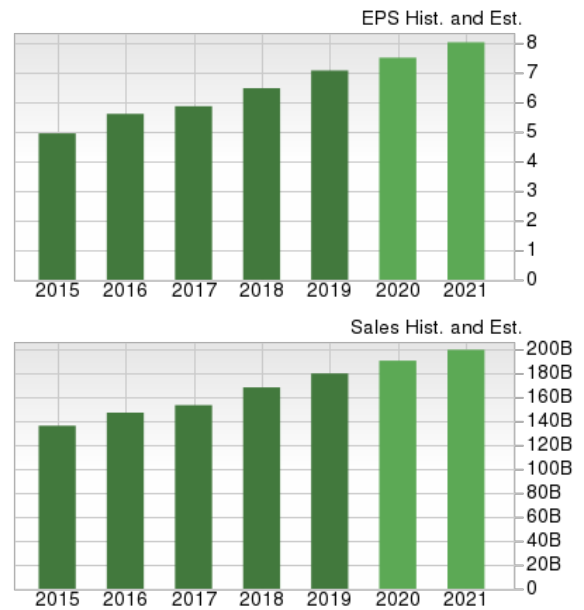
The “**Other**” segment consists of AmerisourceBergen Consulting Services (ABCS), World Courier and MWI Veterinary Supply. The ABCS business provides commercialization support services to pharmaceutical and biotech manufacturers.

Key Acquisitions & Divestitures

In Jan 2018, AmerisourceBergen declared that it has completed the acquisition of H.D. Smith, the largest independent wholesaler in the United States, for \$815 million in cash. The deal was initiated back in Nov 2017. The acquisition is expected to be slightly accretive to adjusted earnings per share in fiscal year 2018. Furthermore, the deal is expected to return 15 cents to adjusted earnings per share in fiscal year 2020. It is designed to strengthen the company's support to community pharmacy and drive long-term, durable value.

FY19 at a Glance

The company's fiscal year ends on Sep 30. Total revenue in fiscal 2019 came in at \$179.56 billion. The Pharmaceutical Distribution Services contributed to 96.2% of net revenues in fiscal 2019. The other segment accounted for 3.8% of net revenues.



Reasons To Buy:

- ▲ **Shares Up:** Over the past year, shares of AmerisourceBergen have gained 20.1% compared to the industry's rise of 2.8%. Meanwhile, the S&P 500 Index rose 23.6% in the same time frame.

Robust fiscal 2020 outlook, solid organic revenue growth, strong performing World Courier unit and Specialty distribution business continue to bolster the company's performance.

- ▲ **Solid Fiscal 2020 Guidance:** The company estimates revenue growth in the mid-to-high single digit percent range. Adjusted EPS is now estimated in the range of \$7.30-\$7.60.

Adjusted operating income is projected to grow in the low-to-mid single digit percent range.

Operating income at Pharmaceutical Distribution Services segment is anticipated to improve in the low-to-mid single digit percent range. For the Other segment, the metric is estimated to grow in the high-single-digit percent range.

- ▲ **World Courier Business Holds Ground:** World Courier, a global leader in specialty logistics and a part of AmerisourceBergen, designs and executes world-class logistics processes. Per management, its position as the leader in global specialty logistics services drove compelling volume growth and overall performance for the company. The company also announced its designation as the first logistics company to obtain global Good Distribution Practices, or GDP, certification against three major GDP standards and the only provider to hold a GDP certification with such wide and global scope.

The business has been delivering substantially strong results in recent times. World Courier's robust business fundamentals position it for yet another strong year of growth with Nova, which is the business' transport platform implementation, continues to display progress as well as pay commercial dividends.

- ▲ **Pharmaceutical Distribution in Focus:** Pharmaceutical Distribution serves healthcare providers in the pharmaceutical supply channel. AmerisourceBergen has been witnessing strong revenue growth in this unit in the last couple of quarters. The segment rides on increasing volume and an expanding customer base. Strong organic growth rates in the U.S. pharmaceutical market, improving patient access to medical care, improved economic conditions and population demographics should benefit the segment in the quarters to come. In fiscal fourth-quarter 2019, revenues at this segment totaled \$43.87 billion, improving 5.1% on a year-over-year basis. Segmental operating income was \$369.3 million, up 3.5% year over year. The segment continues to benefit from consistent robust specialty product sales and increase in volume related to growth of some of its largest customers contributed to the improvement.

- ▲ **Other Segment to Drive Growth:** This segment includes AmerisourceBergen Consulting Services (ABCS), World Courier and MWI Veterinary Supply. Revenues at this segment came in at \$1.79 billion, up 12.6% year over year. This upside can be attributed to ABCS's growth in Canadian operations and MWI.

Operating income in the segment was \$86.7 million in the quarter, up 14.9% year over year primarily on the back of the results at MWI, World Courier and ABCS's Lash Consulting Services.

- ▲ **Operational Efficiencies:** In the last two years alone, AmerisourceBergen invested more than \$1 billion in capital expenditures to create operational efficiencies, leverage scale and provide best-in-class customer service. The company is now well positioned to realize long-term benefits from. Further, the recent U.S. tax legislation enhances the company's ability to invest in business, to innovate and to deliver value to its shareholders. Over the long-term, this enables AmerisourceBergen to grow the U.S. business. Recently, the company made strategic investments in IT systems, positioning AmerisourceBergen to realize greater operational efficiency and increased operating leverage.

- ▲ **Generics & New Product Launches to Drive Growth:** AmerisourceBergen is expected to benefit from generics growth in the long run. AmerisourceBergen is well-positioned to help ensure products get to market as efficiently as possible. Strong organic growth rates in the U.S. pharmaceutical market, improving patient access to care, improved economic conditions and population demographics, introduction of new innovative drugs like hepatitis C drugs, and a continued good brand pricing environment should drive growth. Moreover, the company's focus on specialty drugs has boded well. As per the IMS, pharmaceutical sales are estimated to grow approximately 7.1% annually over a five-year period through 2020 primarily due to strong demand, favorable pricing and new product introductions.

- ▲ **Strategic Acquisitions:** AmerisourceBergen has been actively pursuing acquisitions to strengthen its core areas. In the recent past, the company announced that it acquired H.D. Smith, the largest independent wholesaler in the United States. Notably, the acquisition drove AmerisourceBergen's specialty distribution business in the first quarter.

The MWI Veterinary acquisition has diversified the company's existing pharmaceutical distribution & services businesses into the attractive animal health market, which holds huge potential at the moment. MWI Veterinary Supply sells pharmaceuticals, vaccines, parasiticides, diagnostics, capital equipment, supplies, pet food and nutritional products. Organic growth, new innovative product introductions and market share gains continue to boost AmerisourceBergen's business. In fiscal fourth-quarter 2019, AmerisourceBergen's Other business unit was significantly driven by MWI apart from ABCS's growth in Canadian operations.

- ▲ **Other Deals to Boost Business:** We are positive on the deals signed by AmerisourceBergen, which should boost its top line. By the end of first quarter of fiscal 2019, management at AmerisourceBergen announced that it partners with Good Neighbor Pharmacy Network, Walgreens and others on safe drug disposal programs. The company has already entered into a strategic agreement with Walgreen Boots Alliance. The agreement includes a 10-year pharmaceutical distribution contract with Walgreens Boot Alliance, under which the company will distribute branded and generic pharmaceutical products to Walgreens.

Per management, the company's Pharmaceutical distribution Services unit saw robust growth in the fiscal first quarter of 2018 mostly due to onboarding new business Walgreens. Moreover, the company announced that it has extended the term of its 10-year pharmaceutical distribution agreement with Walgreens Boot Alliance for three years. The contract will now expire in 2026.

The company should benefit from continued solid organic revenue growth, World Courier unit and Specialty distribution business.

Notably, the company entered into a long-term strategic relationship with OneOncology — a national partnership of community oncologists in the United States. Additionally, Innomar Strategies, the Canadian operations business unit of the company, added Chronically Simple to its digital solutions portfolio. Chronically Simple is a secure web-based service and mobile application that has been developed to meet the complex needs of patients with chronic illnesses and ongoing health challenges.

UPS announced its drone logistics partnership with AmerisourceBergen. The collaboration will deploy the UPS Flight Forward drone airline to transport certain pharmaceuticals, supplies and records to qualifying medical campuses, which are served by AmerisourceBergen throughout the United States, and then extend its use to other sites of care. This partnership is likely to provide flexibility in meeting patient needs with emerging technology, which in turn will boost supply chain efficiencies in unique and innovative ways.

Reasons To Sell:

▼ **Problems in PharMEDium Unit:** Per the fiscal fourth-quarter 2019 earnings call, with respect to PharMEDium, the company continued to make appropriate progress with its remediation efforts pertaining to financial expectations. The company continues to anticipate a loss at the business, but does not project it to be a headwind in fiscal 2020 compared with fiscal 2019.

Headwinds include MWI slowdown and cutthroat competition in the Medtech space.

▼ **Generic Deflation:** Generic deflation has been higher than historic norms for several quarters for AmerisourceBergen, creating a headwind for the business. Generic deflation is still mid to high single-digits for the company.

The company has been impacted by several factors, including accelerated deflation of generic drugs and a lower contribution from generic launches. These trends have intensified the effect of a shift in product mix toward lower-margin, higher-priced specialty and branded drugs, as well as the lack of generic inflation.

▼ **Competitive Industry:** AmerisourceBergen operates in a highly competitive pharmaceutical distribution and related health care services market. The company's primary competitors include Cardinal Health, McKesson along with national generic distributors and regional distributors. The generic industry is facing consolidation of customers and manufacturers, globalization and increasing quality and regulatory challenges. The company faces additional competition from manufacturers, chain drugstores, specialty distributors and packaging and health care technology companies. Meanwhile, ABSG is facing competition from the likes of McKesson, Cardinal Health, FFF Enterprises, Henry Schein and UPS Logistics. Increased competition will impact the company's business.

▼ **Contract Renewals a Headwind:** The company's largest customer – Walgreens accounted for a significant proportion of total revenue. The loss of any major customer will adversely impact the top line. However, since early fiscal 2018, AmerisourceBergen had no major contract renewals on the horizon. As of now, the company is seeing competitive stability across the industry.

Last Earnings Report

AmerisourceBergen Q4 Earnings & Revenues Beat Estimates

AmerisourceBergen Corporation reported fourth-quarter fiscal 2019 adjusted earnings per share of \$1.61 surpassing the Zacks Consensus Estimate of \$1.58 by 1.9%. The figure also improved 11% year over year.

The better-than-expected bottom-line performance can be attributed to increase in adjusted operating income, lower share count and reduced net interest expense.

Revenues improved 5.4% to \$45.64 billion in the reported quarter. Moreover, the figure beat the Zacks Consensus Estimate by 0.7%.

Quarter Ending **09/2019**

| Report Date | Nov 07, 2019 |
|------------------|--------------|
| Sales Surprise | 0.68% |
| EPS Surprise | 1.90% |
| Quarterly EPS | 1.61 |
| Annual EPS (TTM) | 7.08 |

FY19 at a Glance

For fiscal 2019, the company reported adjusted earnings of \$7.09 per share, up 9.2% from the year-ago period. The metric exceeded the Zacks Consensus Estimate of \$7.05 per share.

Revenues totaled \$179.56 billion, up 6.9% year over year, which beat the Zacks Consensus Estimate of \$179.37 billion.

Segmental Analysis

Pharmaceutical Distribution Segment

Revenues at this segment totaled \$43.87 billion, improved 5.1% on a year-over-year basis. Consistent robust specialty product sales and increase in volume related to growth of some of its largest customers contributed to the improvement.

Segmental operating income was \$369.3 million, up 3.5% year over year. Increase in gross profit drove the upside. However, an increase in operating expenses partially offset the uptick.

Other Segment

This segment includes AmerisourceBergen Consulting Services (ABCS), World Courier and MWI Veterinary Supply.

Revenues at this segment came in at \$1.79 billion, up 12.6% year over year. This upside was driven by ABCS's growth in Canadian operations and MWI.

Operating income in the segment was \$86.7 million in the quarter, up 14.9% year over year primarily on the back of the results at MWI, World Courier and ABCS's Lash Consulting Services.

Margin Analysis

In the quarter under review, AmerisourceBergen reported adjusted gross profit of \$1.25 billion, up 6.9% on a year-over-year basis. As a percentage of revenues, adjusted gross margin was 2.7% in the quarter, which remained marginally flat year over year.

AmerisourceBergen reported adjusted operating income of \$456.1 million, up 5.5% year over year. As a percentage of revenues, adjusted operating margin was 1% in the quarter, which remained flat from the prior-year quarter.

Fiscal 2020 Guidance

The company estimates revenue growth in the mid-to-high single digit percent range.

Adjusted EPS is now estimated in the range of \$7.30-\$7.60. The Zacks Consensus Estimate is currently pegged at \$7.57, which is within management's guided range.

Adjusted operating income is projected to grow in the low-to-mid single digit percent range.

Operating income at Pharmaceutical Distribution Services segment is expected to improve in the low-to-mid single digit percent range. For the Other segment the metric is estimated to grow in the high-single digit percent range.

Adjusted operating expenses is projected to increase in the mid-single digit percent range.

Adjusted free cash flow is estimated to be around \$1.5 billion.

The company anticipates adjusted effective tax rate in the range of 21-22%.

Further, the company anticipates weighted average diluted shares to range between 209 million and 210 million.

Valuation

AmerisourceBergen's shares are up 6.9% and 20.1% in the past six months period and the trailing 12-month periods, respectively. Stocks in the Zacks sub-industry are down 7.8% while that in the Zacks Medical Market are up 7.1% in the past six months period. Over the past year, the Zacks sub-industry and sector are up 2.8% and 4.3%, respectively.

The S&P 500 index is up 10.6% in the past six months and 23.6% in the past year.

The stock is currently trading at 11.87X Forward 12-months earnings, which compares to 18.17X for the Zacks sub-industry, 21.59X for the Zacks sector and 18.96X for the S&P 500 index.

Over the past five years, the stock has traded as high as 23.18X and as low as 10.1X, with a 5-year median of 13.62X.

Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$89 price target reflects 11.59X forward 12-months earnings.

The table below shows summary valuation data for ABC.

| Valuation Multiples - ABC | | | | | |
|---------------------------|---------------|-------|--------------|--------|---------|
| | | Stock | Sub-Industry | Sector | S&P 500 |
| P/E F12M | Current | 11.87 | 18.17 | 21.59 | 18.96 |
| | 5-Year High | 23.18 | 19.99 | 21.59 | 19.34 |
| | 5-Year Low | 10.1 | 13.7 | 15.88 | 15.17 |
| | 5-Year Median | 13.62 | 16.67 | 18.95 | 17.44 |
| P/S F12M | Current | 0.1 | 0.37 | 2.84 | 3.52 |
| | 5-Year High | 0.18 | 0.37 | 3.81 | 3.52 |
| | 5-Year Low | 0.08 | 0.23 | 2.42 | 2.54 |
| | 5-Year Median | 0.11 | 0.28 | 2.93 | 3 |
| P/B TTM | Current | 6.29 | 4.61 | 4.54 | 4.49 |
| | 5-Year High | 35.25 | 4.93 | 5.02 | 4.49 |
| | 5-Year Low | 4.89 | 2.53 | 3.42 | 2.85 |
| | 5-Year Median | 7.83 | 3.45 | 4.28 | 3.61 |

As of 01/15/2020

Industry Analysis Zacks Industry Rank: Top 43% (109 out of 254)



Top Peers

| | |
|-------------------------------------|--------------|
| Cardinal Health, Inc. (CAH) | Neutral |
| Herbalife LTD. (HLF) | Neutral |
| Henry Schein, Inc. (HSIC) | Neutral |
| McKesson Corporation (MCK) | Neutral |
| Owens & Minor, Inc. (OMI) | Neutral |
| PetIQ, Inc. (PETQ) | Neutral |
| Thermo Fisher Scientific Inc. (TMO) | Neutral |
| Nu Skin Enterprises, Inc. (NUS) | Underperform |

| Industry Comparison Industry: Medical - Dental Supplies | | | | Industry Peers | | |
|---|-------------|------------|-----------|----------------|--------------|-------------|
| | ABC Neutral | X Industry | S&P 500 | CAH Neutral | HSIC Neutral | MCK Neutral |
| VGM Score | A | - | - | C | A | A |
| Market Cap | 18.82 B | 1.58 B | 24.31 B | 15.74 B | 10.05 B | 27.75 B |
| # of Analysts | 7 | 5 | 13 | 8 | 9 | 9 |
| Dividend Yield | 1.75% | 0.00% | 1.76% | 3.58% | 0.00% | 1.06% |
| Value Score | A | - | - | A | A | A |
| Cash/Price | 0.19 | 0.06 | 0.04 | 0.08 | 0.01 | 0.05 |
| EV/EBITDA | 12.20 | 11.46 | 14.08 | 7.19 | 11.24 | 9.10 |
| PEG Ratio | 1.61 | 2.03 | 2.06 | 1.73 | 2.08 | 1.51 |
| Price/Book (P/B) | 6.31 | 3.99 | 3.33 | 17.42 | 2.91 | 4.15 |
| Price/Cash Flow (P/CF) | 9.45 | 12.75 | 13.62 | 6.19 | 12.39 | 5.18 |
| P/E (F1) | 12.15 | 22.74 | 18.86 | 10.66 | 18.49 | 10.64 |
| Price/Sales (P/S) | 0.10 | 1.47 | 2.65 | 0.11 | 0.94 | 0.13 |
| Earnings Yield | 8.23% | 3.94% | 5.27% | 9.38% | 5.42% | 9.39% |
| Debt/Equity | 1.45 | 0.32 | 0.72 | 8.15 | 0.30 | 1.36 |
| Cash Flow (\$/share) | 9.67 | 1.80 | 6.94 | 8.69 | 5.53 | 29.73 |
| Growth Score | A | - | - | D | B | B |
| Hist. EPS Growth (3-5 yrs) | 9.43% | 8.77% | 10.56% | 3.56% | 8.77% | 4.30% |
| Proj. EPS Growth (F1/F0) | 6.13% | 13.35% | 7.52% | -4.38% | 7.41% | 6.65% |
| Curr. Cash Flow Growth | -0.05% | 9.29% | 14.88% | -0.80% | 10.44% | -1.89% |
| Hist. Cash Flow Growth (3-5 yrs) | 12.37% | 12.65% | 9.00% | 7.74% | 8.23% | 16.28% |
| Current Ratio | 0.95 | 1.72 | 1.23 | 1.05 | 1.63 | 1.01 |
| Debt/Capital | 59.26% | 26.85% | 42.99% | 89.07% | 27.89% | 61.05% |
| Net Margin | 0.48% | 3.65% | 11.14% | -2.81% | 4.66% | -0.29% |
| Return on Equity | 48.84% | 15.73% | 17.16% | 32.25% | 15.93% | 32.77% |
| Sales/Assets | 4.61 | 1.02 | 0.55 | 3.66 | 1.43 | 3.68 |
| Proj. Sales Growth (F1/F0) | 5.92% | 5.42% | 4.18% | 4.90% | 3.48% | 6.57% |
| Momentum Score | C | - | - | F | C | A |
| Daily Price Chg | 2.86% | 0.00% | 0.08% | 2.59% | 1.53% | 2.23% |
| 1 Week Price Chg | 3.61% | 1.82% | 0.39% | 2.57% | 0.09% | 5.19% |
| 4 Week Price Chg | 9.36% | 0.61% | 1.93% | 5.30% | 0.20% | 12.44% |
| 12 Week Price Chg | 6.68% | 8.47% | 6.50% | 7.58% | 8.30% | 5.46% |
| 52 Week Price Chg | 18.20% | 11.93% | 22.56% | 11.13% | -14.35% | 24.62% |
| 20 Day Average Volume | 864,506 | 244,298 | 1,571,506 | 1,948,382 | 1,085,651 | 941,799 |
| (F1) EPS Est 1 week change | -0.19% | 0.00% | 0.00% | -0.05% | -0.06% | 1.97% |
| (F1) EPS Est 4 week change | -0.19% | 0.00% | 0.00% | -0.05% | -0.03% | 2.00% |
| (F1) EPS Est 12 week change | -0.64% | -0.32% | -0.52% | 1.20% | -1.13% | 2.06% |
| (Q1) EPS Est Mthly Chg | 1.40% | 0.00% | 0.00% | -1.15% | 0.19% | 0.89% |

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.

Disclosures

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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.

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