

## Abbott Laboratories (ABT)

**\$87.45** (As of 02/21/20)

Price Target (6-12 Months): **\$92.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 08/20/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

**Zacks Rank:** (1-5)

**3-Hold**

Zacks Style Scores:

VGM:B

Value: C

Growth: C

Momentum: B

## Summary

Over the past six months, Abbott has been outperforming the industry. In the quarter, Abbott registered strong and consistent performance within EPD and Medical Devices segments. Abbott has been in news within Diabetic Care on growth with FreeStyle Libre. Also, solid contributions from Diagnostics were encouraging on double-digit growth in core laboratory. Within Structural Heart, worldwide uptake of MitraClip improved further. Meanwhile, emerging market performance has been promising. Abbott put up a mixed fourth-quarter 2019 results, where the earnings remained in line with the consensus mark but revenues exceeded the same. However, sluggish Neuromodulation and Vascular sales dented growth. Further, increasing currency headwinds and lower infectious disease testing sales in Africa dented the company's international performance.

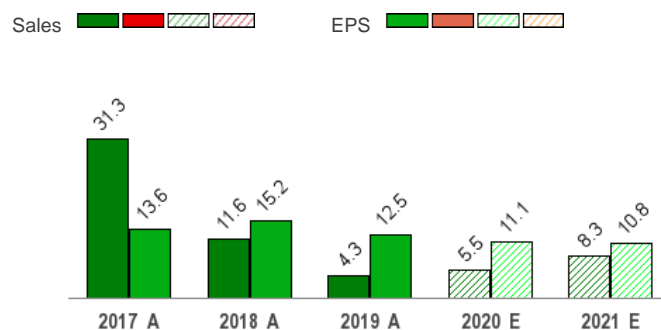
## Price, Consensus & Surprise



## Data Overview

52 Week High-Low	<b>\$92.45 - \$72.36</b>
20 Day Average Volume (sh)	<b>3,995,207</b>
Market Cap	<b>\$154.7 B</b>
YTD Price Change	<b>0.7%</b>
Beta	<b>1.13</b>
Dividend / Div Yld	<b>\$1.44 / 1.6%</b>
Industry	<b><a href="#">Medical - Products</a></b>
Zacks Industry Rank	<b>Top 22% (57 out of 255)</b>

## Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	<b>0.0%</b>
Last Sales Surprise	<b>0.6%</b>
EPS F1 Est- 4 week change	<b>-0.4%</b>
Expected Report Date	<b>04/15/2020</b>
Earnings ESP	<b>0.9%</b>
P/E TTM	<b>27.0</b>
P/E F1	<b>24.3</b>
PEG F1	<b>2.2</b>
P/S TTM	<b>4.9</b>

## Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	8,515 E	9,087 E	9,261 E	9,564 E	36,476 E
2020	7,977 E	8,503 E	8,669 E	8,950 E	33,672 E
2019	7,535 A	7,979 A	8,076 A	8,314 A	31,904 A

## EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.80 E	\$0.99 E	\$1.05 E	\$1.14 E	\$3.99 E
2020	\$0.70 E	\$0.90 E	\$0.96 E	\$1.04 E	\$3.60 E
2019	\$0.63 A	\$0.82 A	\$0.84 A	\$0.95 A	\$3.24 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 02/21/2020. The reports text is as of 02/24/2020.

## Overview

Abbott Park, IL-based Abbott discovers, develops, manufactures and sells a diversified line of health care products.

**Established Pharmaceuticals Division (EPD)** includes branded generics business in the emerging markets. The division accounted for 14% of total sales in 2019 and registered organic growth of 7.3% from 2018.

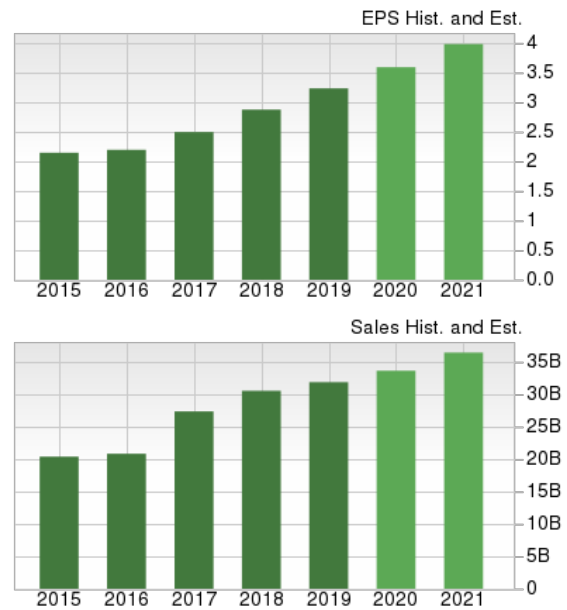
**Medical Devices** includes the diabetes care, vision care and vascular businesses and accounted for 37.6% of total sales in 2019 and reported organic growth of 10.5% from the year-ago number.

**Diagnostics** manufactures and markets diagnostic systems and tests in four business lines – core laboratory, molecular, point of care and rapid diagnostics (reflects sales from Alere, which was acquired on Oct. 3, 2017). The division accounted for 25.3% of total sales in 2019, a 5.9% organic growth from 2018.

**Nutrition** includes a broad line of pediatric and adult nutritional products. The division accounted for 22.9% of total sales in 2019 and registered 5.3% organic growth from the year-ago period.

Abbott has been actively pursuing acquisitions to expand and diversify its portfolio. In 2014, Abbott acquired CFR Pharmaceuticals for \$2.9 billion. In Aug 2015, the company acquired Tendyne Holdings, Inc., In Jan 2017, Abbott acquired St. Jude Medical and in October 2017 the company acquired Alere Inc.

On the other hand, Abbott sold its developed markets branded generics pharmaceuticals business to Mylan in Feb 2015, for 110 million shares of Mylan N.V. Abbott retained the branded generics pharmaceuticals business in emerging markets. Abbott sold its animal health business to Zoetis Inc in Feb 2015. Also the company divested its vision care business, Medical Optics, to Johnson and Johnson for \$4.325 billion in cash.



## Reasons To Buy:

▲ **Share Price Performance:** Over the past six months, Abbott has been outperforming the industry. The stock has rallied 6.1% as compared to the industry's 2.9% rise. Through 2019, will four of the company's businesses performed well contributing to full year organic sales growth of more than 7.5%, above the guidance range. The year was capped off on a strong note with fourth-quarter organic sales growth of 8.5%, including double-digit sales growth in Medical Devices, Established Pharmaceuticals and Core Laboratory Diagnostics, along with ongoing EPS growth of more than 17%.

The branded generics and international diabetes businesses should drive growth in the coming quarters. New product launches and acquisitions should boost sales further.

We are optimistic about the strong and consistent performance by the company's EPD and Medical Devices segments on an organic basis. Particularly, Abbott has been riding high on a healthy growth track within its Diabetes Care business. The company has been hogging the limelight for developments in the flagship, sensor-based continuous glucose monitoring (CGM) system — FreeStyle Libre System. Also, solid contributions from Diagnostics were encouraging where sales were led by double-digit growth in core laboratory. Alinity, the company's family of next-generation diagnostics systems is driving robust global growth on strong rollout in Europe. Within Nutrition, the company registered strong growth across several countries and segments of business, including Southeast Asia and Latin America, across both Pediatric and Adult Nutrition as well as above market growth in the United States. In Pediatric Nutrition growth was driven by PediaSure and Pedialyte. In Adult Nutrition, global growth of 10% in the fourth quarter was led by Ensure.

Within Structural Heart, worldwide strong uptake of MitraClip therapy improves further. With the rapid adoption of MitraClip in a highly underpenetrated market as well as a pipeline of technologies targeting new growth areas, the Structural Heart business is well positioned for sustainable long-term growth. Meanwhile, emerging market performance has been extremely promising on several strategic developments.

▲ **Strong EPD Business:** Abbott's EPD business operates solely in emerging geographies, with leading positions in many of the largest and fastest growing pharmaceutical markets for branded generics in the world. These markets include India, Russia, China and Latin America. The company recently noted that, banking on successful execution of its Branded Generic operating model, EPD is well positioned for sustained above-market growth in many of these growing pharmaceutical markets. In the last reported quarter, sales were strong led by growth in key emerging markets including India, China and Brazil among others. Underlying growth dynamics in these countries continue to remain strong and sustainable.

According to Abbott, its unique branded generics model was built to focus specifically on key emerging countries where long-term growth in medicines is guaranteed by the aging populations and the related rise in chronic diseases. We believe, Abbott's continued focus on enhancing local capabilities and expanding its product portfolio within core therapeutic areas targeted specifically to address local market needs will further strengthen its position in these markets.

▲ **Rapid Diagnostics, a Promising Space:** The integration of Alere has added Rapid Diagnostics to Abbott's existing leadership position in the \$50 billion global diagnostics market. Alere's complementary portfolio of diagnostic products, comprising tests for infections such as HIV, tuberculosis, malaria and dengue will be added to Abbott's portfolio.

Over the past few months, Abbott has made good progress integrating this business and continues to see several levers for growth acceleration, including opportunities for geographic, platform and test menu expansion. In the fourth quarter, Rapid Diagnostics sales reported 2.7% year-over-year growth on an organic basis, led by growing infectious disease testing in developed markets and cardio-metabolic testing globally.

▲ **Progress with Diabetes Business:** This business achieved growth of 35% in the reported quarter led by FreeStyle Libre which achieved global sales of \$534 million in this period, an increase of 62.4% versus the prior year organically. In the full year, Libre achieved sales approaching \$2 billion, an increase of 70% versus the prior year. The company encouragingly noted that, in a relatively short span, Libre has achieved global leadership among CGM systems for both Type 1 and Type 2 users. Moreover, we are looking forward to the company's two back-to-back alliances with Sanofi and Tandem Diabetes Care to integrate glucose sensing and insulin delivery technologies.

▲ **Diagnostics Arm Grows Strong on Alinity:** Within Diagnostics, sales are growing extremely strong over the past few quarters. Alinity, family of highly differentiated instruments is achieving accelerated growth and strong competitive win rates in Europe where more than 50% of Alinity instrument placements are coming from share capture.

In this regard, the company is currently working on the rollout of Alinity suite of instruments across multiple key markets including the United States, where last year Abbott obtained FDA approval of Alinity for blood and plasma screening and have made significant progress obtaining regulatory approvals for a critical mass of immunoassay and clinical chemistry test menu. With a steady menu expansion on multiple different instruments along with its ongoing global rollout, Alinity positions this business for a consistent above market growth for years to come.

---

## Reasons To Sell:

- ▼ **Tension in China Continues:** Abbott, though trying to expand its nutrition business in emerging markets, is facing weaknesses in Greater China on challenging market dynamics. Especially, in pediatric nutrition, the company is apprehensive about the new food safety regulations and a consequent oversupply of product in the market. Outside of China, the company is witnessing soft market conditions across a few international markets. This may continue hurting the top line in the upcoming quarter as well.

This apart, we are also worried about the ongoing tensions between the United States and China regarding the imposition of tariffs on imports. This has raised concerns for major MedTech players like Abbott as any adverse move may affect their sales performance in China in near term.

- ▼ **Weak Rhythm Management Sales Ail:** Within Rhythm Management, during the fourth quarter, sales in the United States were soft and declined 4.4% year over year organically. Although, Abbott is coming up with certain strategic measurements including organizational changes and new product innovations, the near-term outlook is bleak.
  - ▼ **Foreign Exchange Translation Impacts Sales:** Foreign exchange is a major headwind for Abbott due to considerable percentage of its revenues coming from outside the U.S. The strengthening of Euro and some other developed market currencies has been constantly hampering the company's performance in the international markets.
- 

The business environment continues to be challenging. Slow growth in the nutrition business in China will continue dampening top-line growth.

## Last Earnings Report

### Abbott Posts In-Line Q4 Earnings, Reports Strong Segmental Sales

Abbott Laboratories reported fourth-quarter 2019 adjusted earnings from continuing operations of 95 cents per share, in line with the Zacks Consensus Estimate. Meanwhile, the bottom line improved 17.3% from the prior-year quarter. Also, reported earnings from continuing operations came in at 59 cents, reflecting a 59.5% surge from the year-ago quarter.

Further, full-year adjusted earnings of \$3.24 rose 12.5% from the year-ago period. Meanwhile, the figure met the Zacks Consensus Estimate and also fell within the company's guided range of \$3.23-\$3.25.

Fourth-quarter worldwide sales of \$8.31 billion were up 7.1% year over year on a reported basis. The top line also exceeded the Zacks Consensus Estimate by 0.6%.

On an organic basis (adjusting the impact of foreign exchange along with the prior-year's first, second and third-quarter results for a non-core business within U.S. Adult Nutrition), sales increased 8.5% year over year in the reported quarter.

For 2019, worldwide sales were \$31.9 billion, up 4.3% on a reported basis and up 7.7% on an organic basis from 2018-levels. This was also slightly ahead of the Zacks Consensus Estimate of \$31.85 billion.

#### Quarter in Detail

Abbott operates through four segments, namely, Established Pharmaceuticals Division (EPD), Medical Devices, Nutrition and Diagnostics.

In the fourth quarter, EPD sales rose 7.8% on a reported basis (improved 10% on an organic basis) to \$1.17 billion. Sales in the key emerging markets ascended 7% year over year on a reported basis. Organically, sales climbed 9.5% in this market.

Medical Devices business sales increased 9.7% on a reported basis to \$3.2 billion. On an organic basis, sales grew 11.3%. Double-digit growth in Electrophysiology, Heart Failure, Structural Heart and Diabetes Care contributed to this upside.

Vascular sales reportedly (up 0.3% on an organic basis) dipped 0.8%. Neuromodulation sales in the quarter were up 2% reportedly (up 3% organically). Rhythm Management sales were up 2.3% on a reported basis (up 3.7% organically) in the quarter.

Nutrition sales were up 5.2% year over year on a reported basis (up 5.8% on an organic basis) to \$1.87 billion. Pediatric Nutrition sales inched up 2.8% on an organic basis. Adult Nutrition sales were up 9.9% organically.

Diagnostics sales were up 5% year over year on a reported basis (up 6.4% on an organic basis) to \$2.06 billion. Core Laboratory Diagnostics sales grew 10% on an organic basis, led by above-market growth in the United States and international markets. However, Molecular Diagnostics slipped 4.4% on an organic basis. Point of Care Diagnostics sales too slid 0.2% on an organic basis. Rapid Diagnostics sales improved 2.7% on an organic basis in the fourth quarter, driven by infectious disease testing in developed markets and cardio-metabolic testing globally, partially offset by lower infectious disease testing sales in Africa.

#### 2020 Guidance

Abbott issued its 2020 guidance.

For the full year, adjusted earnings from continuing operations are expected in the band of \$3.55-\$3.65. The Zacks Consensus Estimate of \$3.61 lies within this projected range. Organic sales growth is projected in the range of 7-8%. The Zacks Consensus Estimate for 2020 worldwide sales is pegged at \$33.97 billion.

The company also provided its first-quarter 2020 adjusted earnings per share outlook. It expects to report adjusted earnings from continuing operations in the bracket of 69-71 cents. The consensus mark of 72 cents surpasses this predicted range.

Quarter Ending **12/2019**

Report Date	Jan 22, 2020
Sales Surprise	<b>0.63%</b>
EPS Surprise	<b>0.00%</b>
Quarterly EPS	<b>0.95</b>
Annual EPS (TTM)	<b>3.24</b>

## Recent News

On **Feb 20, 2020**, Abbott announced that four real-world data abstracts are currently being presented during the Advanced Technologies & Treatments for Diabetes (ATTD) in Madrid. The new data shows that the users of the FreeStyle Libre system have improved glucose control, increased time in target glucose range and decreased time in hyperglycemia (high glucose levels) and hypoglycemia (low glucose levels), along with reduced HbA1C (average glucose levels over a three-month period).

On **Feb 19, 2020**, Abbott inked a partnership deal with Insulet to integrate Abbott's glucose sensing technology with Insulet's next-generation tubeless system, the Omnipod Horizon Automated Insulin Delivery (AID) System (Omnipod Horizon System). Through the partnership, Abbott will offer personalized automated insulin delivery and care for diabetic patients.

On **Feb 18, 2020**, Abbott announced the receipt of CE Mark for the new Gallant implantable cardioverter defibrillator (ICD) and cardiac resynchronization therapy defibrillator (CRT-D) devices.

On **Feb 4, 2020**, Abbott announced the receipt of Breakthrough Device designation from the FDA for its in-development Fully Implantable Left Ventricular Assist System (FILVAS).

On **Feb 3, 2020**, Abbott announced the receipt of the FDA's nod for a new trial designed to assess its Amplatzer™ Amulet™ Left Atrial Appendage Occluder for people with atrial fibrillation (AF).

On **Jan 30, 2020**, Abbott announced the receipt of CE Mark for the Tendyne Transcatheter Mitral Valve Implantation (TMVI) system and is now approved for use in Europe.

On **Jan 24, 2020**, Abbott announced the receipt of the FDA's approval for a new, expanded indication for the company's Infinity Deep Brain Stimulation (DBS) system to include targeting of an area of the brain called the internal globus pallidus (GPi).

On **Jan 23, 2020**, Abbott announced favorable results from a prospective, multicenter study, providing the scientific basis for the company's Proclaim XR recharge-free neurostimulation system for people living with chronic pain.

On **Jan 13, 2020**, Abbott announced that the FDA has approved its first-of-its-kind clinical trial that will compare the effectiveness of Abbott's minimally invasive MitraClip device – which has now treated 100,000 patients worldwide – to open heart mitral valve surgical repair in people with primary mitral regurgitation (MR) who are eligible for open-heart surgery.

On **Jan 7, 2020**, Abbott announced FDA approval of a new alternative surgical technique for Abbott's HeartMate 3 heart pump that will allow more advanced heart failure patients to avoid open heart surgery.

On **Dec 13, 2020**, the board of directors of Abbott increased the company's quarterly common dividend by 12.5% to 36 cents per share. This marks the 384th consecutive quarterly dividend to be paid by Abbott since 1924. The cash dividend is payable Feb 14, 2020, to shareholders of record at the close of business on Jan 15, 2020.

## Valuation

Abbott shares are up 1.1% and up 15.6% in the year to date period and the trailing 12-month period, respectively. Stocks in the Zacks sub-industry are up 3% while the Zacks Medical sector is up 2.2% in the year to date period. Over the past year, the Zacks sub-industry is up 9.5% and sector is up 3.9%.

The S&P 500 index is up 3.8% in the year to date period and up 21.1% in the past year.

The stock is currently trading at 23.9X Forward 12-months earnings, which compares to 25.4X for the Zacks sub-industry, 21.2X for the Zacks sector and 19.1X for the S&P 500 index.

Over the past five years, the stock has traded as high as 26.8X and as low as 15.6X, with a 5-year median of 20.2X.

Our Neutral recommendation indicates that the stock will perform in line the market. Our \$92 price target reflects 25.2X forward 12-months earnings.

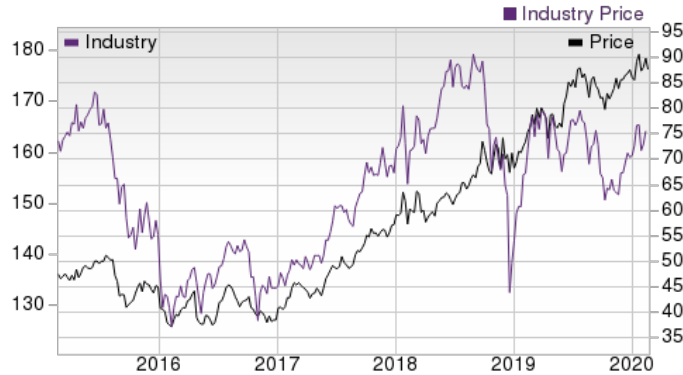
The table below shows summary valuation data for ABT.

Valuation Multiples - ABT					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	23.92	25.40	21.21	19.09
	5-Year High	26.80	25.40	21.24	19.34
	5-Year Low	15.56	17.00	15.83	15.18
	5-Year Median	20.21	19.62	18.89	17.47
P/S F12M	Current	4.54	4.06	2.83	3.51
	5-Year High	4.83	4.06	3.83	3.51
	5-Year Low	2.51	2.87	2.45	2.54
	5-Year Median	3.32	3.21	2.97	3.00
P/B TTM	Current	4.83	3.23	4.63	4.61
	5-Year High	5.07	4.30	5.04	4.68
	5-Year Low	2.34	2.21	3.44	2.85
	5-Year Median	3.28	2.77	4.31	3.62

As of 02/21/2020



## Industry Analysis Zacks Industry Rank: Top 22% (57 out of 255)



## Top Peers

Bio-Rad Laboratories, Inc. (BIO)	Neutral
Boston Scientific Corporation (BSX)	Neutral
Cardiovascular Systems, Inc. (CSII)	Neutral
DexCom, Inc. (DXCM)	Neutral
Hologic, Inc. (HOLX)	Neutral
Johnson & Johnson (JNJ)	Neutral
Medtronic PLC (MDT)	Neutral
Smith & Nephew SNATS, Inc. (SNN)	Neutral

Industry Comparison Industry: Medical - Products				Industry Peers		
	ABT Neutral	X Industry	S&P 500	BAX Neutral	BSX Neutral	MDT Neutral
<b>VGM Score</b>	<b>B</b>	-	-	<b>C</b>	<b>C</b>	<b>B</b>
Market Cap	154.65 B	331.50 M	24.03 B	47.31 B	59.40 B	151.84 B
# of Analysts	10	2.5	13	7	11	14
Dividend Yield	1.65%	0.00%	1.76%	0.95%	0.00%	1.91%
<b>Value Score</b>	<b>C</b>	-	-	<b>C</b>	<b>C</b>	<b>C</b>
Cash/Price	0.03	0.07	0.04	0.06	0.00	0.07
EV/EBITDA	23.96	0.15	14.08	19.83	26.51	17.87
PEG Ratio	2.14	3.20	2.08	2.16	2.39	2.73
Price/Book (P/B)	4.83	4.08	3.29	6.04	6.12	2.92
Price/Cash Flow (P/CF)	18.20	20.86	13.42	20.12	20.25	15.59
P/E (F1)	23.69	28.00	19.00	24.80	24.00	20.10
Price/Sales (P/S)	4.85	5.19	2.64	4.24	5.53	4.89
Earnings Yield	4.12%	0.35%	5.26%	4.04%	4.18%	4.98%
Debt/Equity	0.55	0.06	0.70	0.72	0.99	0.48
Cash Flow (\$/share)	4.81	-0.00	7.03	4.61	2.10	7.27
<b>Growth Score</b>	<b>C</b>	-	-	<b>B</b>	<b>B</b>	<b>C</b>
Hist. EPS Growth (3-5 yrs)	8.90%	11.68%	10.84%	NA	14.77%	6.06%
Proj. EPS Growth (F1/F0)	11.05%	10.56%	7.09%	10.56%	12.37%	7.95%
Curr. Cash Flow Growth	1.30%	3.94%	6.72%	14.69%	-1.87%	6.26%
Hist. Cash Flow Growth (3-5 yrs)	11.45%	9.59%	8.25%	-5.21%	7.44%	15.58%
Current Ratio	1.54	2.75	1.22	2.78	1.14	2.75
Debt/Capital	35.52%	12.60%	42.37%	41.88%	49.72%	32.25%
Net Margin	11.56%	-12.35%	11.56%	13.80%	43.78%	17.11%
Return on Equity	18.34%	-5.52%	16.80%	22.99%	23.62%	14.76%
Sales/Assets	0.47	0.62	0.55	0.68	0.43	0.34
Proj. Sales Growth (F1/F0)	5.54%	10.87%	3.90%	4.66%	11.18%	2.57%
<b>Momentum Score</b>	<b>B</b>	-	-	<b>D</b>	<b>F</b>	<b>B</b>
Daily Price Chg	-1.14%	-0.44%	-0.83%	-0.42%	0.28%	-0.51%
1 Week Price Chg	2.04%	1.15%	1.65%	2.07%	0.28%	-1.36%
4 Week Price Chg	-3.62%	-1.54%	-0.37%	1.72%	-2.18%	-6.36%
12 Week Price Chg	2.38%	4.81%	3.74%	12.38%	-1.37%	0.72%
52 Week Price Chg	16.38%	-3.80%	14.14%	25.18%	6.23%	22.32%
20 Day Average Volume	3,995,207	147,333	1,992,841	1,941,338	7,295,047	4,677,268
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.63%
(F1) EPS Est 4 week change	-0.36%	0.00%	-0.02%	0.07%	-1.60%	0.63%
(F1) EPS Est 12 week change	-0.42%	0.00%	-0.17%	-0.30%	-1.55%	0.63%
(Q1) EPS Est Mthly Chg	-2.26%	0.00%	-0.48%	0.12%	-4.90%	-1.18%

## 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	C
Growth Score	C
Momentum Score	B
VGM Score	B

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.