

Autodesk Inc. (ADSK)

\$249.15 (As of 08/20/20)

Price Target (6-12 Months): **\$262.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 08/17/20)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

2-Buy

Zacks Style Scores:

VGM:D

Value: F

Growth: A

Momentum: F

Summary

Autodesk's portfolio strength is helping it counter competition and win customers. Increasing adoption of BIM 360 solution and success of the maintenance to subscription (M2S) program is a key catalyst. The company is benefiting from higher subscription revenues, gross margin expansion and lower operating expenses. We believe that higher demand for Autodesk's cloud-based products, mobile solutions and design suites will drive the top line over the long haul. Notably, its shares have outperformed the industry on a year-to-date basis. However, sluggish growth in Maintenance revenues, a slowing China economy and unfavorable currency in the rest of fiscal 2020 are headwinds. Also, weakening demand environment in the United Kingdom and Central Europe (sluggish Germany) is expected to hurt profits.

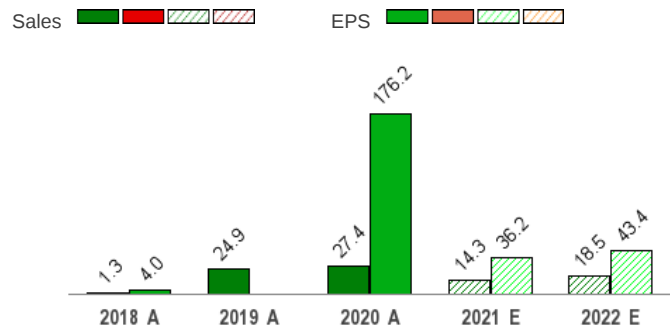
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$251.39 - \$125.38
20 Day Average Volume (sh)	994,454
Market Cap	\$54.6 B
YTD Price Change	35.8%
Beta	1.56
Dividend / Div Yld	\$0.00 / 0.0%
Industry	Computer - Software
Zacks Industry Rank	Top 33% (82 out of 252)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	4.9%
Last Sales Surprise	1.3%
EPS F1 Est- 4 week change	0.7%
Expected Report Date	08/25/2020
Earnings ESP	4.4%
P/E TTM	77.9
P/E F1	65.6
PEG F1	1.7
P/S TTM	16.0

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	1,018 E	1,075 E	1,143 E	1,209 E	4,433 E
2021	886 A	901 E	944 E	1,009 E	3,742 E
2020	736 A	797 A	843 A	899 A	3,274 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	\$1.18 E	\$1.29 E	\$1.43 E	\$1.60 E	\$5.45 E
2021	\$0.85 A	\$0.90 E	\$0.97 E	\$1.10 E	\$3.80 E
2020	\$0.45 A	\$0.65 A	\$0.78 A	\$0.92 A	\$2.79 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 08/20/2020. The reports text is as of 08/21/2020.

Overview

San Rafael, CA.-based Autodesk develops model-based design, engineering and documentation software. The company serves customers in architecture, engineering and construction; product design and manufacturing; and digital media and entertainment industries.

Autodesk recognizes revenue from the sale of product subscriptions, cloud service offerings, and Enterprise Business Agreements (EBAs), renewal fees for existing maintenance plan agreements that were initially purchased with a perpetual software license, and consulting, training and other goods and services. Autodesk reported revenues of \$3.27 billion in fiscal 2020. Total maintenance and subscription revenues accounted for 74.4% of revenues, while the rest came from License and other.

Autodesk has four product families: Architecture, Engineering and Construction (AEC) that, Manufacturing (MFG), AutoCAD and AutoCAD LT (ACAD) and Media and Entertainment (M&E).

AEC solutions include AutoCAD Civil 3D, BIM 360, Industry Collections and PlanGrid to improve the way building, infrastructure, and industrial projects are designed, built, and operated. The product segment contributed 42% to revenues in fiscal 2020.

MFG, which includes CAM solutions, Fusion 360, Vault and Industry Collections, provides manufacturers in automotive, transportation, industrial machinery, consumer products and building product industries with comprehensive digital design, engineering, manufacturing and production solutions. The product line contributed 22.1% to revenues in fiscal 2020.

ACAD comprises AutoCAD and AutoCAD LT. AutoCAD software is a customizable and extensible CAD application for professional design, drafting, detailing, and visualization. AutoCAD LT software is purpose built for professional drafting and detailing. The product line contributed 28.9% to revenues in fiscal 2020.

Media and entertainment products includes Maya, Shotgun, 3ds Max and Industry Collections that provide tools for digital sculpting, modeling, animation, effects, rendering, and compositing for design visualization, visual effects and games production. The product segment contributed 6.1% to revenues.

Geographically, Americas contributed 41.5% to revenues in fourth-quarter fiscal 2020. Europe, Middle East, and Africa (EMEA) and Asia Pacific contributed 40.6% and 40.1% to revenues, respectively.



Reasons To Buy:

- ▲ Autodesk's business transition from perpetual licenses to cloud-based subscription services is expected to benefit it in the long run by boosting subscriptions and deferred revenues. Also, in order to influence customers to move from maintenance subscriptions to product subscription, management is offering discount, which is increasing subscription base. Moreover, growth in total ARR and annualized revenues per subscription (ARPS) is positive. Additionally, the company is gaining from robust performance of the EBA program.
- ▲ We remain positive on Autodesk's long-term growth prospects as it is well positioned to capitalize on the rapid adoption of computer-aided designing and manufacturing through its comprehensive product portfolio. We believe that higher demand for the company's cloud-based products (BIM 360 cloud platform, Shotgun and Fusion Lifecycle), mobile products (AutoCAD 360) and design suites will drive top-line growth. Autodesk is also benefiting from its investment in digital infrastructure that includes its e-store. Moreover, the company remains focused on undertaking more cost-cutting initiatives as a part of its business transition. This is likely to boost profitability in the long haul.
- ▲ Amid the coronavirus pandemic Autodesk's software as a service (SaaS)-based business model is helpful to remote working than on-premise software. As the pandemic has forced teams to collaborate remotely, cloud-based tools have become a staple making Autodesk ahead of the curve in this regard.
- ▲ Autodesk's growing software suite continues to add new features and iterations. The company is gradually moving into virtual reality design tools and augmented reality applications for devices like Microsoft's HoloLens 2. These products are already starting to make their way into the market from third-party vendors.
- ▲ Autodesk's aggressive acquisition strategy has also played a pivotal part in developing its business over the last couple of years. The company continues to expand its product portfolio through the acquisition of small start-ups that are easy to integrate into its own business line. Autodesk acquired PlanGrid in a bid to expand its presence in the construction space. Meanwhile, BuildingConnected's acquisition enabled Autodesk to add bid-management capabilities to its construction portfolio. We believe that Autodesk will continue to pursue strategic acquisitions in order to expand its cloud and mobile-based offerings over the long term.

Autodesk is expected to benefit from the increasing subscriptions revenues, robust demand for BIM 360 cloud platform offerings, acquisitions and solid balance sheet.

Reasons To Sell:

- ▼ Autodesk's top-line growth over the last couple of years has been negatively impacted by the ongoing business model transition. The continuing movement from perpetual licenses to cloud-based services as well as migration of maintenance plan customers to subscription plan offerings has hurt revenues and the trend is expected to continue in the near term.
- ▼ Higher spending (cost of revenues + operating expenses) continues to weigh on profitability. Although restructuring programs are corrective measures to realign cost, their success often depends on execution. Most importantly, we believe that there is a certain limit up to which costs can be curtailed, after which investments are needed to boost organic growth. However, the company's plan to continue to shift to mobile and cloud computing will increase investments. In the long term, we believe that restructuring programs will not be enough to boost earnings and the company will need to generate organic revenue growth in order to yield profits.
- ▼ Autodesk has significant product concentration. The company derives a significant portion of its revenues from AutoCAD and AutoCAD LT, which contributed 28.9% to revenues in fiscal 2019 compared with 28.3% in fiscal 2018.
- ▼ Moreover, Autodesk generates significant portion of revenues from international operations. Despite hedging program, the exposure makes the company vulnerable to foreign currency volatility.
- ▼ ADSK has negative shareholder equity, which is a concern. The company also has a leveraged balance sheet. Although the company's net debt was \$617 million as of Apr 30, 2020, compared with \$701 billion as of Dec 31, 2019, the significant debt burden might hinder near-term growth. Moreover, debt-to-equity stands at 107.2%, much higher than the industry's 42.9%.

Autodesk's ongoing business model transition, higher spending, product concentration and foreign currency exposure are major headwinds.

Last Earnings Report

Autodesk Q1 Earnings Beat Estimates, Revenues Up Y/Y

Autodesk reported first-quarter fiscal 2021 non-GAAP earnings of 85 cents per share that beat the Zacks Consensus Estimate by 4.5%.

Moreover, the earnings figure increased 88.9% year over year driven by growth in subscription plan revenues, led by product subscription revenues.

Revenues of \$885.7 million beat the consensus mark by 1.2% and grew 20.4% year over year. At constant currency (cc), revenues were up 22%. The growth was driven by higher subscription revenues despite softness in software spending due to coronavirus outbreak.

Autodesk benefited from the ongoing transition to cloud. The company witnessed increased usage of its cloud collaboration products due to the remote working wave throughout the quarter.

Top-Line Details

Subscription revenues (90.7% of revenues) increased 34.8% year over year to \$803 million.

However, maintenance revenues (7% of revenues) slumped 414.6% to \$62.1 million. Moreover, other revenues (2.3% of revenues) decreased 25.6% to \$20.6 million in the reported quarter.

Recurring revenues represented 98% of Autodesk's first-quarter fiscal 2021 revenues. Net revenue retention rate was within 110% to 120%.

Geographically, revenues from the Americas (40.9% of revenues) increased 22.4% from the year-ago quarter to \$362.2 million. Europe, Middle East and Africa (EMEA) revenues (38.9% of revenues) increased 16% to \$344.8 million. Revenues from Asia-Pacific (20.2% of revenues) grew 25.4% to \$178.7 million.

In February, Autodesk witnessed rapid decline in usage in China, which, however, rebounded above pre-coronavirus levels by the end of March as businesses started reopening in the country.

Billings of \$884 million increased 11% year over year in the reported quarter.

Product-wise Top-line Details

Autodesk offers primarily four product families, Architecture, Engineering and Construction (AEC), AutoCAD and AutoCAD LT, Manufacturing (MFG), and Media and Entertainment (M&E).

AEC (43.2% of revenues) revenues increased 25.8% year over year to \$382.7 million. AutoCAD and AutoCAD LT (29.6% of revenues) revenues rose 23% to \$262.2 million. MFG (20.7% of revenues) revenues increased 9.2% to \$182.9 million.

Meanwhile, M&E (5.9% of revenues) increased 15.6% to \$52.6 million. Moreover, other revenues (0.6% of revenues) grew 6% to \$5.3 million.

Autodesk witnessed steady renewal rates during the reported quarter and in May. Partial renewal rates remained relatively steady as well.

Operating Results

Non-GAAP gross margin expanded 150 basis points (bps) from the year-ago quarter to 92.2%.

Research & development, marketing & sales and general & administrative expenses as a percentage of revenues declined 350 bps, 440 bps and 60 bps year over year, respectively.

As a result, non-GAAP operating expenses, as a percentage of revenues, contracted 850 bps from the year-ago quarter to 64.2%.

The lower operating expenses reflected disciplined cost management in the reported quarter. The company reduced travel and entertainment expense and monitored hiring rate and marketing spend amid the coronavirus lockdown.

Autodesk reported non-GAAP operating income of \$247.8 million compared with the year-ago quarter's figure of \$131.9 million.

Key Q1 Details

During the quarter, Autodesk announced free and extended access to cloud collaboration products including BIM 360 Docs, BIM 360 Design, Fusion 360, Fusion Team, AutoCAD Web and Mobile, and Shotgun for its customers. The company also launched COVID-19 Autodesk Resource Center as a measure to combat coronavirus.

The company collaborated with British supercar manufacturer Briggs Automotive Company (BAC) to apply generative design methods to the latter's design and manufacturing process.

Moreover, Autodesk announced BIM 360 Design, part of Autodesk Construction Cloud, an expanded global collaboration with a new Europe-based data center offering for primary storage of product data. Also, the company established a connection to collaborate for Plant 3D.

On Apr 14, Autodesk announced an alliance with Aurigo software to bolster construction technology offering for owners. The integration of Aurigo with Autodesk Construction Cloud will give owners a single end-to-end technology platform for design, planning, construction and operations of

Quarter Ending 04/2020

Report Date	May 27, 2020
Sales Surprise	1.27%
EPS Surprise	4.94%
Quarterly EPS	0.85
Annual EPS (TTM)	3.20

infrastructure and private assets.

Balance Sheet & Cash Flow

As of Apr 30, 2020, Autodesk had cash and cash equivalents (including marketable securities) of \$1.46 billion compared with \$1.84 billion as of Jan 31, 2020.

Deferred revenues increased 40% to \$3.01 billion. Unbilled deferred revenues at the end of the fourth quarter were \$470 million.

Remaining performance obligations (RPO) totaled \$3.5 billion, up 27%. Current RPO totaled \$2.4 billion, up 18%.

The company repurchased shares worth \$189 million. Cash flow from operating activities was \$327 million, compared with \$698 million posted in the previous quarter. Free cash flow was \$307 million, compared with the previous quarter's figure of \$684 million.

Guidance

For second-quarter fiscal 2021, Autodesk expects revenues between \$890 million and \$905 million. The Zacks Consensus Estimate for revenues is pegged at \$917.4 million, indicating growth of 15.1% from the figure reported in the year-ago quarter.

Autodesk expects new business activity in the second quarter to be most impacted by the pandemic. The company remains cautious on new business closure rates. Moreover, it expects a decline in renewal rates in the second quarter.

Non-GAAP earnings are anticipated to be in the range of 86-92 cents per share. The consensus mark for earnings is pegged at 98 cents, indicating 50.8% growth from the figure reported in the year-ago quarter.

For fiscal 2021, Autodesk expects revenues between \$3.67 billion and \$3.77 billion, indicating growth in the range of 12-15% year over year. The Zacks Consensus Estimate for revenues is pegged at \$3.79 billion.

Billings are projected to be \$4.07-\$4.22 billion, implying a decline of 3% to growth of 1% year over year.

Further, net revenue retention rate is expected to remain above 100% but below the current range of 110%-120% for the rest of the year.

Non-GAAP earnings are expected between \$3.52 and \$3.90 per share. The consensus mark for earnings is pegged at \$4.17 per share.

Free cash flow is expected between \$1.3 billion and \$1.4 billion.

Recent News

On Aug 17, Autodesk announced the completion of the acquisition of Pype, a provider of cloud-based solutions for automating construction project management workflows. This acquisition will provide additional value to Autodesk Construction Cloud users, allowing general contractors, subcontractors, and owners to automate workflows such as submittals and project closeout to increase overall productivity, and reduce risk throughout the project lifecycle.

On Jul 22, Autodesk announced it has signed a definitive agreement to acquire Pype, a provider of cloud-based solutions for automating construction project management workflows. The transaction is subject to customary closing conditions and is expected to close during Autodesk's third quarter of fiscal 2021, ending Oct 31, 2020.

On May 27, Autodesk announced new integration capabilities for Autodesk Construction Cloud with the release of a new integration platform Autodesk Construction Cloud Connect and an expansion of its partner ecosystem. Autodesk added new APIs, enabling custom connections for BIM 360 and PlanGrid, and 15 new native integrations and bringing the total number of direct integrations in the Autodesk Construction Cloud ecosystem up to more than 140.

On May 19, Autodesk announced the early release of the BIM 360 Assets module within Autodesk Construction Cloud. The BIM 360 Assets module enables construction teams to track and manage project assets through the entire building lifecycle — from design through handover — from one centralized location.

On Apr 14, Autodesk announced an alliance with Aurigo software to bolster construction technology offering for owners. The integration of Aurigo with Autodesk Construction Cloud will give owners a single end-to-end technology platform for design, planning, construction and operations of infrastructure and private assets.

On Apr 8, Autodesk announced BIM 360 Design, part of Autodesk Construction Cloud, expanded global collaboration with a new Europe-based data center offering for primary storage of product data. Also, the company established a connection to collaboration for Plant 3D.

Valuation

Autodesk shares are up 35.8% in the year-to-date period and 71.5% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Computer & Technology sector are up 30.5% and 23% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and the sector are up 43.9% and 37.7%, respectively.

The S&P 500 index is up 5.1% in the year-to-date period and 16.1% in the past year.

The stock is currently trading at 13.23X forward 12-month sales, which compares to 7.75X for the Zacks sub-industry, 4.15X for the Zacks sector and 3.71 X for the S&P 500 index.

Over the past five years, the stock has traded as high as 13.83X and as low as 4.16X, with a 5-year median of 9.7X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$262 price target reflects 13.89X forward 12-month sales.

The table below shows summary valuation data for ADSK

Valuation Multiples - ADSK					
		Stock	Sub-Industry	Sector	S&P 500
P/S F12M	Current	13.23	7.75	4.15	3.71
	5-Year High	13.83	8	4.15	3.71
	5-Year Low	4.16	3.88	2.32	2.53
	5-Year Median	9.7	5.63	3.14	3.05
EV/Sales TTM	Current	16.11	8.61	4.83	3.31
	5-Year High	16.11	8.61	4.83	3.46
	5-Year Low	3.5	3.19	2.59	2.14
	5-Year Median	11.92	5.84	3.63	2.87

As of 08/20/2020

Industry Analysis Zacks Industry Rank: Top 33% (82 out of 252)



Top Peers

Company (Ticker)	Rec	Rank
Apple Inc. (AAPL)	Outperform	1
Adobe Systems Incorporated (ADBE)	Neutral	3
ANSYS, Inc. (ANSS)	Neutral	2
Avid Technology, Inc. (AVID)	Neutral	2
Cadence Design Systems, Inc. (CDNS)	Neutral	2
Oracle Corporation (ORCL)	Neutral	4
PTC Inc. (PTC)	Neutral	3
Trimble Inc. (TRMB)	Neutral	3

Industry Comparison Industry: Computer - Software				Industry Peers		
	ADSK	X Industry	S&P 500	ANSS	AVID	PTC
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	2	-	-	2	2	3
VGM Score	D	-	-	F	A	C
Market Cap	54.61 B	1.74 B	23.46 B	28.17 B	338.88 M	10.22 B
# of Analysts	10	4	14	6	3	8
Dividend Yield	0.00%	0.00%	1.65%	0.00%	0.00%	0.00%
Value Score	F	-	-	F	B	D
Cash/Price	0.03	0.07	0.07	0.03	0.16	0.04
EV/EBITDA	117.34	18.45	13.34	46.19	12.54	78.79
PEG Ratio	1.73	2.69	3.00	NA	NA	1.14
Price/Book (P/B)	NA	6.06	3.12	8.17	NA	7.67
Price/Cash Flow (P/CF)	118.61	23.07	12.60	50.06	11.24	54.53
P/E (F1)	65.57	35.97	21.61	53.49	14.55	37.76
Price/Sales (P/S)	15.95	4.88	2.44	18.52	0.90	7.29
Earnings Yield	1.53%	2.68%	4.43%	1.87%	6.87%	2.65%
Debt/Equity	-14.65	0.21	0.76	0.15	-1.64	0.98
Cash Flow (\$/share)	2.10	1.17	6.93	6.56	0.69	1.61
Growth Score	A	-	-	D	B	A
Hist. EPS Growth (3-5 yrs)	NA%	9.39%	10.44%	14.28%	-40.26%	4.68%
Proj. EPS Growth (F1/F0)	36.27%	10.11%	-5.53%	-6.71%	3.92%	42.15%
Curr. Cash Flow Growth	280.74%	6.56%	5.20%	8.84%	12.92%	-3.70%
Hist. Cash Flow Growth (3-5 yrs)	8.91%	9.63%	8.52%	7.79%	-13.66%	-9.76%
Current Ratio	0.79	1.51	1.33	2.38	1.16	1.27
Debt/Capital	NA%	26.43%	44.50%	13.30%	NA	49.55%
Net Margin	8.91%	5.84%	10.13%	26.17%	3.87%	6.21%
Return on Equity	-230.16%	10.54%	14.67%	12.91%	-7.75%	16.99%
Sales/Assets	0.63	0.60	0.51	0.35	1.31	0.43
Proj. Sales Growth (F1/F0)	14.29%	2.07%	-1.54%	5.63%	-14.00%	8.73%
Momentum Score	F	-	-	F	A	D
Daily Price Chg	3.20%	0.00%	-0.59%	2.75%	-7.55%	-0.58%
1 Week Price Chg	-0.80%	0.00%	1.09%	0.26%	-6.82%	0.62%
4 Week Price Chg	4.98%	2.62%	1.91%	9.39%	-6.20%	5.29%
12 Week Price Chg	22.96%	11.11%	6.82%	19.35%	21.23%	17.53%
52 Week Price Chg	71.58%	21.26%	1.47%	51.23%	21.99%	30.67%
20 Day Average Volume	994,454	118,288	1,873,576	360,426	496,066	647,533
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.75%	0.00%	1.79%	2.20%	96.08%	1.60%
(F1) EPS Est 12 week change	-12.51%	2.80%	3.35%	2.41%	96.08%	0.37%
(Q1) EPS Est Mthly Chg	3.44%	0.00%	0.42%	-11.59%	106.67%	-22.04%

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	F
Growth Score	A
Momentum Score	F
VGM Score	D

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.