

Baxter International (BAX)

\$86.89 (As of 04/10/20)

Price Target (6-12 Months): **\$91.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 04/01/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:B

Value: C

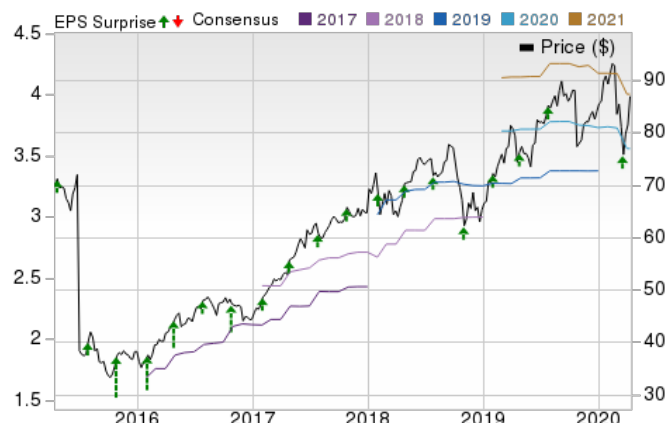
Growth: B

Momentum: B

Summary

Baxter continues to benefit from its core Renal Care, Advanced Surgery and Acute Therapies units. Baxter's surgical portfolio is anticipated to generate huge profits on the back of products like FLOSEAL Hemostatic Matrix, TISSEEL Fibrin Sealant among others. Driven by these factors, Baxter outperformed its industry in a year's time. Baxter ended fourth-quarter 2019 on a mixed note, wherein earnings beat the Zacks Consensus Estimate while revenues matched the same. Higher revenues across all global businesses and regions, and continued execution on business transformation initiatives drove the fourth-quarter results. However, the company's Other unit has witnessed sluggishness in the quarter under review. Cut-throat competition in the MedTech markets is indicative of dull prospects.

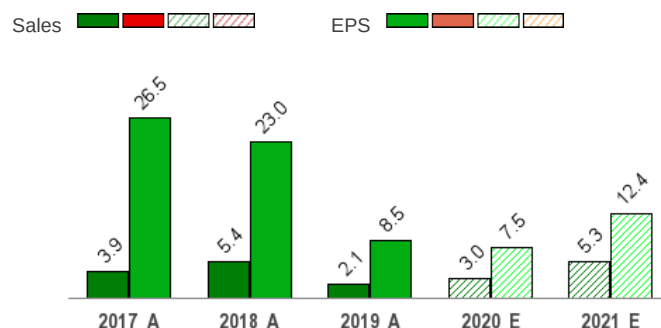
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$95.00 - \$69.10
20 Day Average Volume (sh)	4,375,791
Market Cap	\$44.1 B
YTD Price Change	3.9%
Beta	0.88
Dividend / Div Yld	\$0.88 / 1.0%
Industry	Medical - Products
Zacks Industry Rank	Top 19% (48 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	10.2%
Last Sales Surprise	0.0%
EPS F1 Est- 4 week change	-4.7%
Expected Report Date	04/23/2020
Earnings ESP	0.0%

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	2,885 E	3,054 E	3,117 E	3,320 E	12,321 E
2020	2,755 E	2,872 E	2,933 E	3,150 E	11,706 E
2019	2,632 A	2,840 A		3,039 A	11,362 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.82 E	\$0.97 E	\$1.07 E	\$1.16 E	\$4.00 E
2020	\$0.73 E	\$0.82 E	\$0.92 E	\$1.05 E	\$3.56 E
2019	\$0.76 A	\$0.89 A		\$0.97 A	\$3.31 A

*Quarterly figures may not add up to annual.

P/E TTM	26.9
P/E F1	24.4
PEG F1	1.9
P/S TTM	3.9

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 04/10/2020. The reports text is as of 04/13/2020.

Overview

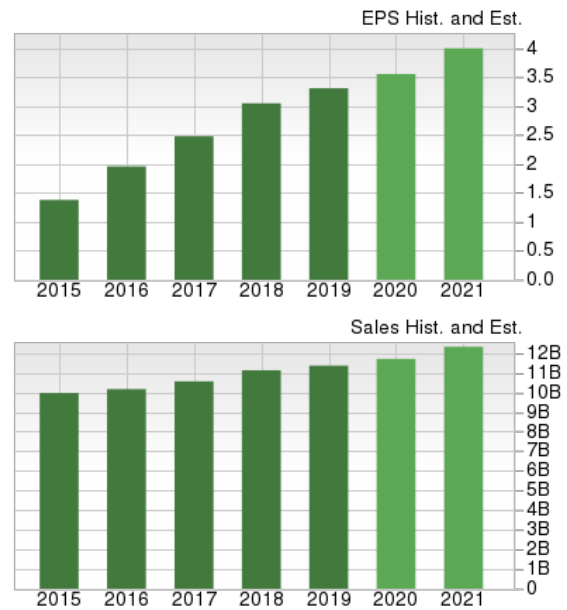
Headquartered in Deerfield, IL, Baxter International Inc. (BAX) is a global medical technology company. However, the company spun off its biopharmaceuticals segment into an independent entity – Baxalta Inc. Following the spinoff, the company consists of renal and hospital products, providing items such as kidney-dialysis equipment, infusion pumps, and intravenous (IV) solutions.

Baxter has been reporting through six revenue segments.

- Renal Care (32.9% of net sales in 2018)
- Medication Delivery (24%)
- Pharmaceuticals (18.8%)
- Clinical Nutrition (7.9%)
- Advanced Surgery (7.2%)
- Acute Therapies (4.6%)
- Other (4.6%)

Baxter's Renal segment primarily consists of Peritoneal Dialysis (PD) and Hemodialysis (HD) therapies. The portfolio addresses the needs of patients with kidney failure or kidney disease, and their healthcare providers, with a comprehensive range of therapeutic options across home, in-center, and hospital settings for better individualized care. Pharmacy Solutions (IPS) mainly includes premixed and oncology drug platforms, nutrition products and pharmacy compounding services. Cyclophosphamide is a part of this division. Surgical Care includes inhaled anesthesia products as well as biological products and medical devices used in surgical procedures for hemostasis, tissue sealing and adhesion prevention. Other segment primarily generates revenues from the company's pharmaceutical partnering business.

2019 at a Glance: Baxter reported net revenues of \$11.36 billion in 2019, up 2.4% year over year on a reported basis. Adjusted earnings of \$3.31 per share, improved 13.7% year over year.



Reasons To Buy:

- ▲ **Shares Up:** Over the past year, shares of Baxter have gained 9.1% against the industry's decline of 4.3%. Meanwhile, the S&P 500 index fell 4.3%.

Plethora of regulatory nods, strategic acquisitions and robust surgical portfolio continue to favor the stock.

- ▲ **Guidance Strong:** Baxter hasn't issued any guidance for full-year 2020 due to the high-degree of uncertainty surrounding COVID-19 and any potential negative financial impacts from the same. The company projects to provide an update in its first quarter 2020 earnings announcement on Apr 30, 2020.

For first-quarter 2020, the company anticipates sales growth in the range of 4-5% on a reported basis, and 5-6% on both cc and operational basis.

Adjusted earnings are projected to be in the range of 72-74 cents per diluted share. The Zacks Consensus Estimate is pegged at 81 cents.

- ▲ **Acute Therapies Profile:** Baxter's performance in acute therapies has been continued to be driven by improving utilization for CRRT globally, and increased demand for multi-organ support products. In acute therapies, Baxter launched the first 3-in-1 oXIRIS set for continuous renal replacement therapy and sepsis management protocols. This adds to Baxter's multi-organ therapy offering, utilizing the Prismaflex system. The second quarter performance was primarily driven by the ongoing rollout of the PrisMax next-generation technology for CRRT and Therapeutic Plasma Exchange. PrisMax is available in the intensive care units in more than 20 countries across Europe and Asia-Pacific. Per management, the company plans to bring additional markets on board through 2020.

Per the fourth-quarter results, revenues in Acute Therapies business were \$144 million, reflecting growth of 5.9% on a reported basis and 7% on a constant currency (cc) basis. Continued rollout of PrisMax across all geographies and increased global demand for Baxter's continuous renal replacement therapies, are driving Acute Therapies business.

- ▲ **Baxter – a Leading Player in Renal-Care Space:** Baxter provides renal care services across Asia, Europe and Latin America. Per the preliminary results, sales in the renal care segment were \$918 million in the second quarter, up 0.9% on a year-over-year basis. Performance was driven by robust growth in peritoneal dialysis therapies globally, partially offset by lower volume of sales with respect to select in-center HD products and impact of Revaclear dialyzer temporary supply constraints.

For more than 60 years, Baxter has been a leading provider for HD and PD. New therapies like expanded hemodialysis (HDx) and remote patient management has fortified the company's position in the renal care space.

The renal care products include AMIA Automated PD System with SHARESOURCE Remote Patient Management System, SHARESOURCE Remote Patient Management System, BICART Cartridge, Cartridge Blood Set, DIACLEAR Ultrafilter, DIASCAN Monitoring System, EXELTRA Dialyzer High-Flux, Single-Use Dialyzers, PD Simple Paks, POLYFLUX 6H Dialyzer and others. All these products enjoy high demand and have been significantly contributing to the company's top line in the past several quarters.

Baxter anticipates strong growth in global demand for continuous renal replacement therapies. In the fourth quarter, revenues in Renal Care business were \$960 million that increased 0.9% from the prior-year quarter and also rose 2% at cc. Growth in PD therapies globally contributed to the improvement. However, lower volume of sales of select in-center HD products (including the Bloodline's business exit in early 2019, which negatively affected sales by about \$12 million in the quarter under review) partially offset the upside.

- ▲ **Baxter's Surgical Portfolio Holds Promise:** Baxter's surgical portfolio includes products like FLOSEAL Hemostatic Matrix, TISSEEL Fibrin Sealant, COSEAL Surgical Sealant and VASCU-GUARD Patch among others. The portfolio is composed of hemostasis (addressing bleeding), tissue sealing and hard tissue regeneration as well as soft tissue repair and microsurgery with products available in nearly 60 countries. Introduction of Peri-Strips Dry stapler and Tisseel Prima are likely to boost Baxter's surgical portfolio.

Per a CISION report, the Global Surgical and Medical device market is anticipated to witness a CAGR of 5.93% over the forecast period of 2017-2026, reaching a worth of \$828.6 billion by 2026. Considering the bullish market sentiments, we think this latest development is timely.

- ▲ Notably, during the fourth quarter, revenues at Advanced Surgery segment grossed \$231 million, up 8.5% from the prior-year quarter and 10% at cc.

- ▲ **Strategic Collaboration with Mayo Clinic:** In 2018, in a bid to develop a renal care center in the United States, Baxter and Mayo Clinic had inked a collaboration agreement. The companies formed an outpatient clinic for chronic kidney disease management, home dialysis and in-center dialysis services. The renal care center will be established at the Mayo Clinic Dialysis Center in Jacksonville, FL. The collaboration will integrate Baxter Renal Care Services' proven clinical service model and CKD management program with Mayo Clinic's recognized excellence in care.

For investors' notice, the collaboration is the first initiative from the Baxter and Mayo Clinic five-year agreement that was announced earlier in 2017. Per the agreement, researchers and clinicians of the companies will work toward the treatment of kidney diseases, with additional projects planned in other areas. The collaboration focuses on new research and developments to bring innovation across different therapeutic areas. The agreement has been signed for a five-year period, with a five-year renewal option.

- ▲ **Positive Tidings on Regulatory Front:** Baxter has been witnessing positive tidings on the regulatory front.

In January, Baxter announced the enrollment of the first group of patients under a U.S. clinical trial for the company's flagship peritoneal dialysis (PD) solution generation system. Notably, the FDA has also approved the trial. For investors' notice, the system is not yet available for use by patients.

Positive tidings on regulatory front, expanding product portfolio, strategic collaborations and strong presence in the international markets are key positives.

Baxter received CE mark for its PrisMax and TherMax blood warmer. The company has also submitted 510(k) clearance to the FDA for PrisMax.

In recent times, the company received CE mark for the Evo IQ Infusion System in the United Kingdom and Ireland, representing the first in a series of planned regulatory submissions for the Evo IQ system. Additionally, the Evo IQ Infusion System recently received regulatory approval by the Therapeutic Goods Administration (TGA) in Australia.

During the fourth quarter, the company received FDA approval for faster preparation of Floseal Hemostatic Matrix. This next generation of Floseal has 20% lesser components and steps to prepare, making it easier and faster for nurses in the operating room to get Floseal into the hands of surgeons to help stop bleeding during procedures.

▲ **Solid Global Foothold:** Baxter has a strong presence in foreign markets which makes international diversification a core component of the company's strategy.

In the fourth quarter, Baxter reported revenues of \$1.63 billion, up 9.4% on a year-over-year basis and 10% at constant currency (cc). In EMEA, revenues totaled \$789 million, up 3% from the year-ago quarter and 5% at cc. In APAC, revenues of \$618 million improved 7.5% from the prior-year quarter and 9% at cc.

▲ **Strong Product Portfolio:** Baxter has an impressive product portfolio with improved existing products and new product development. Management has announced plans of introducing therapies and products, which are expected to contribute approximately \$1.7 billion to sales by 2023.

In the fourth quarter of 2018, Baxter enrolled the first patient in its U.S clinical trial for the in-home, on-demand PD solution generation system. This technology is believed to have great potential to improve the patient experience and simplify therapy management. The company also confirmed that Evo IQ pump platform is being launched in other global markets. Additional launches across the U.S and around the world include IV pharmaceuticals, surgical hemostats, sealants and nutritionals.

The company also upgraded the SIGMA Spectrum Infusion System with the launch of DeviceVue Advanced Asset Tracking System.

During the third quarter, the company introduced new data associating Sharesource remote patient management platform with reductions in hospitalizations for home PD patients. Moreover, the company achieved substantial milestones in its innovation pipeline, which includes U.S. and Canadian launches of PrisMax, U.S. launch of Myxredlin and European launch of Finomel.

During the fourth quarter of 2019, the company introduced the Sharesource 2.0 clinical portal that will offer the healthcare providers better insights to patients' home PD treatments while offering improved clinic workflow. Additionally, the company introduced Clinolipid (20% Lipid Injectable Emulsion), which is Baxter's proprietary olive oil-based lipid emulsion, in the United States.

Additionally, the company expanded its injectable pharmaceuticals portfolio with the U.S. launch of Myxredlin (Insulin Human in 0.9% Sodium Chloride Injection), the first and only ready-to-use insulin for IV infusion in the hospital and other acute care settings. The company also introduced a ready-to-use eptifibatide, a first-of-its-kind premix presentation of a platelet aggregation inhibitor that prevents platelets from sticking together and clotting.

Further, the company initiated collaboration with bioMerieux, a world leader in the field of in vitro diagnostics, to create future biomarkers with the target of quickly detecting and informing treatment of acute kidney injury (AKI). The efforts are meant to help diagnose AKI earlier so a patient can have improved therapy options, indicating Baxter's growth strategy of addressing patient needs across the continuum of care.

Reasons To Sell:

▼ **Valuation Looks Dull:** Baxter's P/E (F12M) ratio currently stands 22.57 over the past year, compared with 18.16 of the S&P 500 index.

▼ **Weak Trend in Q4:** In the fourth quarter, revenues at the Other segment were \$122 million, down 4.1% from the year-ago quarter.

▼ **Generic Competition for Cyclophosphamide:** Cyclophosphamide is a part of Baxter's Hospital Products segment. However, Baxter's cyclophosphamide performance over the last five years has lacked luster for the most part. Lower cyclophosphamide sales pose threats to the Integrated Pharmacy Solutions franchise business. Despite a promising portfolio, the company has failed to grab market share and substantially grow its top line, thanks to generic competition for cyclophosphamide.

▼ **Sluggish Macro-environment:** Baxter depends on the European Union for about a third of its sales. This is a cause for concern, given the sluggish macro-environment, a glum outlook for hospital spending and tightening of reimbursement. The outlook also remains slightly uneasy in the U.S., where demand for many health care products is soft with an expectation of further price cuts on account of health care reforms.

▼ **Cutthroat Competition in Renal Care Market:** Increase in prevalence of renal diseases and a huge diabetic and obese population is responsible for the growth of renal dialysis market in North America, Europe and Asia Pacific. Notably, Middle East and Africa has the least share in the renal dialysis market. Per a report by Global Market Insights, the Global Renal Dialysis market is expected to exceed US\$ 104 billion by end of 2024.

Cutthroat competition in the Renal Care Market is likely to dent Baxter's margins. The company faces aggressive rivalry from MedTech behemoths like Fresenius Medical Care, DaVita Healthcare Partners Inc. and more.

Generic competition for Cyclophosphamide, and lackluster sales in a few sub-segments are key concerns.

Last Earnings Report

Baxter Q4 Earnings Beat Estimates, Revenues In Line

Baxter International Inc. reported fourth-quarter 2019 adjusted earnings of 97 cents per share, which surpassed the Zacks Consensus Estimate of 88 cents by 10.2%. The bottom line also improved 36.6% from the year-ago quarter.

For the full-year 2019, adjusted EPS came in at \$3.31, up 13.7% from that of 2018. However, the figure missed the Zacks Consensus Estimate by 2.4%.

Quarter Ending **12/2019**

Report Date	Mar 17, 2020
Sales Surprise	0.00%
EPS Surprise	10.23%
Quarterly EPS	0.97
Annual EPS (TTM)	3.23

Revenues in Detail

Revenues of \$3.04 billion matched the Zacks Consensus Estimate. The top line improved 7.3% year over year on a reported basis and 9% on operational basis.

For the full-year 2019, revenues totaled \$11.36 billion, up 2.4% on a reported basis and 5% on an operational basis. The metric came in line with the Zacks Consensus Estimate.

Geographical Details

Baxter reports operating results through three geographic segments — Americas (North and South America), EMEA (Europe, Middle East and Africa) and APAC (Asia Pacific).

In Americas, Baxter reported revenues of \$1.63 billion, up 9.4% on a year-over-year basis and 10% at constant currency (cc).

In EMEA, revenues totaled \$789 million, up 3% from the year-ago quarter and 5% at cc.

In APAC, revenues of \$618 million increased 7.5% from the prior-year quarter and 9% at cc.

Segmental Details

Renal Care

This segment reported revenues of \$960 million in the quarter under review, up 0.9% year over year. Revenues at the segment increased 2% at cc.

Medication Delivery

Revenues at the segment grossed \$775 million, up 17.8% from the year-ago quarter and 19% at cc.

Pharmaceuticals

Revenues at the segment amounted to \$580 million, up 7.6% from the year-ago quarter and 9% at cc.

Clinical Nutrition

Revenues at the segment were \$233 million, up 8.4% from the year-ago quarter and 10% at cc.

Advanced Surgery

Revenues at the segment totaled \$231 million, up 8.5% from the year-ago quarter and 10% at cc.

Acute Therapies

This segment reported revenues of \$144 million, up 5.9% from the prior-year quarter and increased 7% at cc.

Other

Revenues in the segment grossed \$122 million, down 4.1% on a year-over-year basis and 3% at cc.

Margin Analysis

Baxter registered gross profit of \$1.29 billion in the fourth quarter, up 9.7% year over year. As a percentage of revenues, gross margin expanded 90 bps on a year-over-year basis at 42.7% in the fourth quarter.

Operating income surged 37.1% year over year to \$536 million in the quarter under review. As a percentage of revenues, operating margin expanded 380 bps to 17.6% in the fourth quarter.

Guidance

Due to the high-degree of uncertainty surrounding COVID-19 and any potential negative financial impacts from the same, Baxter is not issuing any guidance for full-year 2020. The company projects to provide an update in its first quarter 2020 earnings announcement on Apr 30, 2020.

For first-quarter 2020, the company anticipates sales growth in the range of 4-5% on a reported basis, and 5-6% on both cc and operational

basis.

Adjusted earnings are projected to be in the range of 72-74 cents per diluted share. The Zacks Consensus Estimate is pegged at 81 cents.

Recent News

On **Jan 12**, Baxter posted upbeat preliminary fourth-quarter and full-year 2019 results and issued preliminary full-year 2020 guidance.

Valuation

Baxter's shares are up 3.9% and 9.1% in the year-to-date and trailing 12-month periods, respectively. Stocks in the Zacks sub-industry and Zacks Medical sector are down 10.2% and 9.5% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and sector are down 4.3% and 6.5%, respectively.

The S&P 500 index is down 13.4% in the year-to-date period and 4.3% in the past year.

The stock is currently trading at 22.6X Forward 12-months earnings, which compares to 24.7X for the Zacks sub-industry, 19.8X for the Zacks sector and 18.2X for the S&P 500 index.

Over the past five years, the stock has traded as high as 31.3X and as low as 9.1X, with a 5-year median of 23.8X.

Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$91 price target reflects 23.6X forward 12-months earnings.

The table below shows summary valuation data for BAX.

Valuation Multiples - BAX					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	22.57	24.69	19.76	18.16
	5-Year High	31.29	25.36	21.1	19.34
	5-Year Low	9.11	17.01	15.81	15.19
	5-Year Median	23.79	19.72	18.81	17.45
P/S F12M	Current	3.7	3.76	2.53	3.08
	5-Year High	4.01	3.99	3.84	3.44
	5-Year Low	1.24	2.88	2.26	2.54
	5-Year Median	3.1	3.22	2.96	3.01
P/B TTM	Current	5.57	2.97	3.49	3.71
	5-Year High	6.02	4.3	5.05	4.55
	5-Year Low	2.15	2.21	2.9	2.84
	5-Year Median	3.77	2.77	4.3	3.63

As of 04/09/2020

Industry Analysis Zacks Industry Rank: Top 19% (48 out of 253)



Top Peers

DaVita Inc. (DVA)	Outperform
AngioDynamics, Inc. (ANGO)	Neutral
Accuray Incorporated (ARAY)	Neutral
Becton, Dickinson and Company (BDX)	Neutral
Boston Scientific Corporation (BSX)	Neutral
Fresenius Medical Care AG & Co. KGaA (FMS)	Neutral
Medtronic PLC (MDT)	Neutral
3M Company (MMM)	Underperform

Industry Comparison Industry: Medical - Products				Industry Peers		
	BAX Neutral	X Industry	S&P 500	BDX Neutral	BSX Neutral	FMS Neutral
VGM Score	B	-	-	C	D	A
Market Cap	44.08 B	270.68 M	19.66 B	67.10 B	51.42 B	20.72 B
# of Analysts	11	2.5	13	12	11	4
Dividend Yield	1.01%	0.00%	2.18%	1.28%	0.00%	1.30%
Value Score	C	-	-	D	D	B
Cash/Price	0.08	0.10	0.06	0.01	0.00	0.06
EV/EBITDA	24.75	0.50	11.72	20.51	26.27	6.10
PEG Ratio	1.89	2.71	2.04	2.29	2.44	2.58
Price/Book (P/B)	5.61	3.36	2.66	3.17	3.70	1.40
Price/Cash Flow (P/CF)	17.49	17.24	10.44	11.91	15.32	6.24
P/E (F1)	24.19	25.73	17.51	21.01	24.43	13.63
Price/Sales (P/S)	3.88	4.67	2.12	3.87	4.79	1.06
Earnings Yield	4.10%	-0.49%	5.65%	4.76%	4.10%	7.34%
Debt/Equity	0.67	0.11	0.70	0.80	0.62	0.49
Cash Flow (\$/share)	4.97	-0.00	7.01	20.77	2.40	5.56
Growth Score	B	-	-	C	C	A
Hist. EPS Growth (3-5 yrs)	NA%	11.68%	10.92%	12.78%	14.77%	9.74%
Proj. EPS Growth (F1/F0)	7.44%	6.91%	-1.14%	0.81%	-4.60%	0.69%
Curr. Cash Flow Growth	4.10%	3.94%	5.93%	14.64%	12.08%	47.56%
Hist. Cash Flow Growth (3-5 yrs)	-6.10%	7.73%	8.55%	24.86%	10.33%	13.72%
Current Ratio	2.32	2.65	1.24	0.96	0.97	1.02
Debt/Capital	40.20%	15.77%	42.36%	44.43%	38.24%	32.81%
Net Margin	9.12%	-23.63%	11.64%	4.96%	43.78%	6.87%
Return on Equity	22.41%	-12.82%	16.74%	15.50%	21.15%	10.32%
Sales/Assets	0.65	0.58	0.54	0.33	0.41	0.53
Proj. Sales Growth (F1/F0)	3.02%	3.04%	0.45%	1.02%	3.09%	4.12%
Momentum Score	B	-	-	B	F	C
Daily Price Chg	2.85%	0.64%	2.48%	-1.02%	4.84%	1.34%
1 Week Price Chg	2.04%	0.00%	-4.40%	4.69%	1.83%	0.34%
4 Week Price Chg	15.13%	12.46%	11.26%	12.19%	18.81%	6.47%
12 Week Price Chg	-3.44%	-15.86%	-20.02%	-10.63%	-14.75%	-7.59%
52 Week Price Chg	8.84%	-16.00%	-11.31%	-1.70%	-2.87%	-16.74%
20 Day Average Volume	4,375,791	232,088	3,931,994	2,779,031	14,979,242	605,177
(F1) EPS Est 1 week change	0.00%	0.00%	-0.12%	0.00%	-3.72%	0.00%
(F1) EPS Est 4 week change	-4.71%	0.00%	-5.78%	-1.55%	-14.49%	-2.02%
(F1) EPS Est 12 week change	-4.63%	-4.50%	-7.64%	-6.29%	-16.05%	-3.96%
(Q1) EPS Est Mthly Chg	-10.95%	0.00%	-10.13%	-3.23%	-36.93%	0.00%

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	B
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.