

Bed Bath & Beyond Inc. (BBBY)

\$12.27 (As of 08/24/20)

Price Target (6-12 Months): **\$13.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 07/28/20)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

4-Sell

Zacks Style Scores:

VGM:D

Value: D

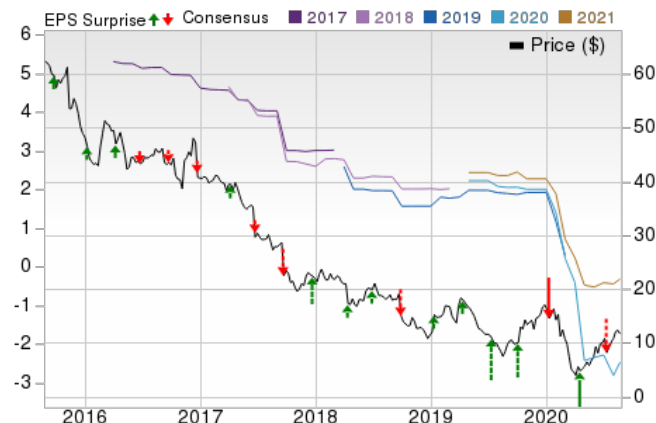
Growth: F

Momentum: A

Summary

Shares of Bed Bath & Beyond have outpaced the industry in the past three months. The stock is gaining from its store phased reopening. Even as stores reopen, the company notes that both in-store and online channels are witnessing positive sales. Encouragingly, the company has increased digital marketing spend in a bid to boost traffic. Further, to expedite the delivery process and assign orders locally, roughly 25% of namesake and buybuy BABY stores have been converted into regional fulfillment centers. Moreover, it is on track with store optimization plans, which are likely to generate cost savings of \$250-\$350 million. However, the company's first-quarter fiscal 2020 results were affected by temporary store closures due to the COVID-19 crisis. Also, dismal margins and rising SG&A expenses remain concerns.

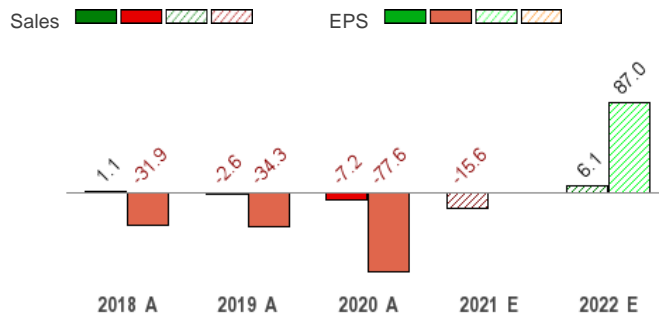
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$17.79 - \$3.43
20 Day Average Volume (sh)	7,149,923
Market Cap	\$1.5 B
YTD Price Change	-29.1%
Beta	2.45
Dividend / Div Yld	\$0.00 / 0.0%
Industry	Retail - Miscellaneous
Zacks Industry Rank	Bottom 33% (170 out of 252)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-38.0%
Last Sales Surprise	-1.8%
EPS F1 Est- 4 week change	0.4%
Expected Report Date	10/07/2020
Earnings ESP	-83.1%

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	1,994 E	2,480 E	2,541 E	2,886 E	9,992 E
2021	1,307 A	2,570 E	2,591 E	2,946 E	9,421 E
2020	2,573 A	2,719 A	2,759 A	3,107 A	11,159 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	-\$0.56 E	\$0.09 E	-\$0.25 E	\$0.43 E	-\$0.32 E
2021	-\$1.96 A	-\$0.26 E	-\$0.52 E	\$0.25 E	-\$2.46 E
2020	\$0.12 A	\$0.34 A	-\$0.38 A	\$0.38 A	\$0.46 A

*Quarterly figures may not add up to annual.

P/E TTM	NA
P/E F1	NA
PEG F1	NA
P/S TTM	0.2

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 08/24/2020. The reports text is as of 08/25/2020.

Overview

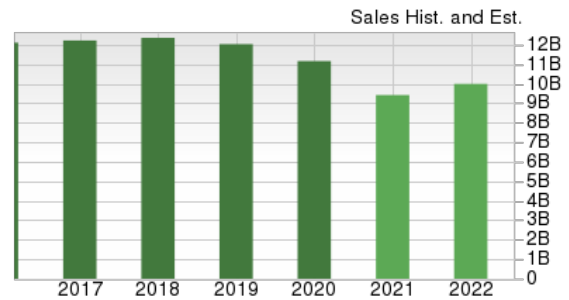
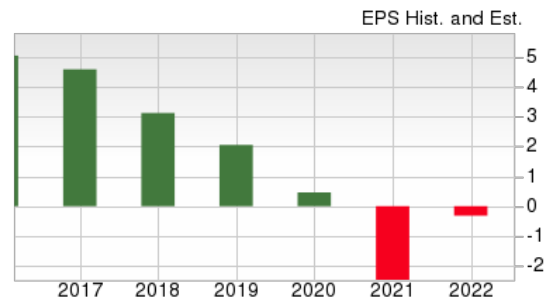
Bed Bath & Beyond Inc. is a leading operator of specialty retail stores in the United States and Canada. It is an omni-channel retailer, offering top-quality and differentiated products, services and solutions.

The company sells a variety of domestic merchandise and home furnishings under the names Bed Bath & Beyond ("BBB"), Christmas Tree Shops, Christmas Tree Shops and That! or and That! ("CTS"), Harmon, Harmon Face Values, or Face Values ("Harmon"), buybuy BABY ("Baby") and World Market, Cost Plus World Market or Cost Plus (collectively, "Cost Plus World Market").

The company provides a wide assortment of "everyday low price" products, primarily including domestic merchandise (such as bed linens, bath accessories, and kitchen textiles) and home furnishings (such as cookware, dinnerware, glassware and basic house ware). Bed Bath's product portfolio also includes food, giftware, health and beauty care items, along with infant and toddler merchandise. Notably, Bed Bath & Beyond's products can be bought either in-store, online, or via a customer contact center.

Additionally, the company operates an e-commerce website, featuring specially commissioned, limited edition items from emerging fashion and home designers such as OneKings Lane; PersonalizationMall.com ("PMall"); Chef Central, a retailer of kitchenware and homeware items; and Decorist, an online interior design platform providing personalized home design services. It also operates Linen Holdings, a provider of various textile products and other goods to institutional consumers in the hospitality, cruise line, healthcare and other industries.

As of May 30, the company had 1,478 stores in operation, comprising 955 namesake stores across 50 states, the District of Columbia, Puerto Rico and Canada; 262 stores under the labels World Market, Cost Plus World Market or Cost Plus; 127 buybuy BABY stores; 81 stores under the labels Christmas Tree Shops, Christmas Tree Shops and That! or and That!; 53 stores under Harmon, Harmon Face Values or Face Values names; and three stores under the label One Kings Lane. Additionally, the company's joint venture operates 10 flagship stores in Mexico.



Reasons To Buy:

- ▲ **Store Re-Opening Efforts Boost Stock:** Shares of Bed Bath & Beyond have surged 83.1% in the past three months compared with the industry's growth of 22.2%. The stock received a boost from its phased store reopenings, keeping in mind the local and state regulations. Majority of its stores in the United States are now open. Further, management witnessed positive sales for the reopened stores in the month of June. In the re-opened stores, the company has introduced Store Safety Plan to ensure the safety of customers.
- ▲ **Impressive Digital Growth in Q1:** Bed Bath & Beyond's sales in the digital platform have been witnessing solid performance since fourth quarter fiscal 2019. Notably, digital sales rose roughly 82% with robust growth witnessed throughout the first quarter of fiscal 2020. Backed by BOPIS and Curbside Pickup services, which were available at approximately 60% of the company's stores, digital sales surged more than 100% in April and May each. Moreover, management continued to witness strong online demand in June to the tune of more than 80% even after stores reopened. This uptick can be attributable to the expansion of Buy-Online-Pick-Up-In-Store (BOPIS) as well as Curbside Pickup services. Encouragingly, the company increased digital marketing spend in a bid to boost traffic in its revamped website. In addition to this, the mobile app has been doing well with more than 500,000 downloads from Apple and Google Play stores. This led to sturdy sales demand to the tune of 134% year over year during the quarter.
- ▲ **Efforts in the Wake of COVID-19:** Amid the crisis, the company's four e-commerce fulfillment centers remained operational. In a bid to expedite the delivery process and assign orders locally, it has converted roughly 25% of Bed Bath & Beyond and buybuy BABY stores in the United States and Canada into regional fulfillment centers, in fourth-quarter fiscal 2019. This helped doubled its digital fulfillment capacity to cater to the rising digital sales. The company has also adopted curbside pick-up at all Harmon stores and launched BOPIS and curbside pick-up at all buybuy BABY and Bed Bath & Beyond stores in Canada. In April, the company launched Buy-Online-Pick-Up-In-Store or BOPIS and Curbside Pickup services, which were touted to be key growth drivers, particularly for its buybuy BABY banner. By the end of May, this new facility was rolled out to 60% of its stores.
- ▲ **Financial Flexibility:** As of May 30, 2020, Bed Bath & Beyond's long-term debt of \$1,724.9 million increased 15.9% sequentially. Although the company's total debt-to-capitalization ratio of 0.74 reflects a sequential increase from 0.68 at the end of the prior quarter, it compares favorably with the industry's ratio of 0.77. Further, the company announced an \$850-million revolving credit facility to help it stay afloat amid the crisis. In March, management withdrew \$236 million from its revolving credit facility to strengthen cash position. That said, it boasts liquidity of more than \$1.8 billion, which is likely to help it overcome the current hurdle.
- ▲ **Restructuring Program:** As part of its efforts to rebuild its business foundation and create a durable business model, Bed Bath & Beyond announced a strategic restructuring program. The program comprises efforts to reorganize and simplify field operations, reduce management positions and outsource several functions. Consequently, the company earlier revealed plans to cut nearly 500 positions to reduce workforce. This is a key step in its efforts to generate significant cost savings in the long term. The company expects this action to result in nearly \$85 million of reduction in annual SG&A expenses. This will in turn result in strategic realignment for improved focus on core business and initiatives to enhance customer experience, boost sales and drive long term success. The company incurred \$0.9 million of severance cost related to the restructuring plan in first-quarter fiscal 2020. Also, as part of its restructuring initiative, it is working toward supply-chain transformation to combat declining margins due to shift to the online platform as well as lowering the cost of goods.
- ▲ **Store-Rationalization Efforts to Drive Sales:** Bed Bath & Beyond is in the process of strategically expanding its store count apart from increasing productivity of existing stores by adjusting the breadth and depth of its merchandise offerings to suit customer preferences. In fiscal first quarter, Bed Bath & Beyond inaugurated one buybuy BABY store and Cost Plus World Market Store each. Simultaneously, it closed 21 Bed Bath & Beyond outlets. Going ahead, it intends to close nearly 200 stores over the next two years in sync with its store optimization efforts. Such well-chalked endeavors are likely to generate cost savings of \$250-\$350 million excluding related onetime costs. Apart from these, the company remains focused on expanding, renovating and relocating stores to adapt to the changing market conditions. Additionally, the Next Generation Lab stores, where it is testing various experiences and visual merchandising, are expected to boost customer experience, and in turn, drive sales and profitability.

Bed Bath & Beyond store reopening efforts seem encouraging. Also, it the company increased digital marketing spend in a bid to boost traffic.

Reasons To Sell:

▼ **Soft Q1 Results:** Bed Bath & Beyond posted first-quarter fiscal 2020 results wherein adjusted loss was wider than the Zacks Consensus and sales lagged the same. Both top and bottom lines declined on a year-over-year basis. Results were affected by the COVID-19 situation that led to a huge sales loss stemming from temporary store closures and lower margins due to shifting of consumers' preference to the digital platform. With most of its stores closed since Mar 23 across the United States and Canada, excluding most buybuy BABY and Harmon Face Values stores, net sales declined 49% to \$1,307 million in the quarter under review. Moving on, it refrained from providing any fiscal 2020 outlook, given the growing uncertainty of the pandemic.

Bed Bath & Beyond has extended store closures, furloughed staff, reduced costs, deferred capital expenditure and suspended share repurchase plans as a result of uncertain COVID-19 impacts.

▼ **Dismal Margins & High Costs:** Gross profit plunged 60.7% to \$348.5 million in the fiscal first quarter. Moreover, gross margin contracted 780 basis points (bps) to 26.7% on adverse channel and product mix resulting from consumers shifting preference to the digital platform. Also, rise in fulfillment costs, soft margins of products sold in the quarter and elevated fixed costs hurt margins to some extent. Further, adjusted SG&A, as a percentage of sales, expanded significantly from 32.9% to 55.3% in the reported quarter. The company incurred an operating loss of \$460.9 million, which remained almost flat with the year-ago quarter's reported figure.

▼ **Currency Woes:** Owing to its exposure to international markets, Bed Bath & Beyond faces various risks associated with international operations, including legal and regulatory hurdles, changing global fashion trends and unfavorable currency fluctuations. Hence, persistence of these headwinds is likely to weigh on the company's results.

▼ **Seasonal Risks:** Bed Bath & Beyond's business is seasonal in nature and typically generates stronger results in the second and fourth quarters. As a result, the company is exposed to significant risks if the seasons fail to deliver favorably.

Last Earnings Report

Bed Bath & Beyond Posts Q1 Loss, Misses on Sales

Bed Bath & Beyond posted dismal first-quarter fiscal 2020 results. Both top and bottom lines declined on a year-over-year basis. Results were affected by the COVID-19 situation that led to a huge sales loss stemming from temporary store closures and low margins due to shifting of consumers' preference to the digital platform.

The company has now opened its stores for customers and is focused on improving omnichannel capabilities. Post store reopenings, management continued to witness strong online demand in June to the tune of more than 80%, driven by the expansion of Buy-Online-Pick-Up-In-Store (BOPIS) as well as Curbside Pickup services.

However, it refrained from providing any fiscal 2020 outlook, given the growing uncertainty of the pandemic.

Q1 in Detail

Bed Bath & Beyond reported an adjusted loss of \$1.96 per share for the fiscal first quarter against earnings of 12 cents in the year-ago quarter. Moreover, the loss was wider than the Zacks Consensus Estimate of a loss of \$1.42.

Net sales declined 49% to \$1,307 million and lagged the Zacks Consensus Estimate of \$1,332 million. This downside was mainly attributed to temporary store closures stemming from the coronavirus outbreak, which resulted in lost sales.

Meanwhile, digital sales rose roughly 82% with robust growth witnessed throughout the fiscal first quarter. Backed by BOPIS and Curbside Pickup services, which were available at approximately 60% of the company's stores, digital sales surged more than 100% in April and May each. On the flip side, in-store sales plummeted 77% in the reported quarter.

Gross profit plunged 60.7% to \$348.5 million in the reported quarter. Moreover, gross margin contracted 780 basis points (bps) to 26.7% on adverse channel and product mix resulting from consumers shifting preference to the digital platform. Also, rise in fulfillment costs, soft margins of products sold in the quarter and elevated fixed costs hurt margins to some extent.

Adjusted SG&A expenses fell 14.5% to \$723.2 million, driven by cost-cutting actions and impacts of COVID-19. Meanwhile, adjusted SG&A, as a percentage of sales, expanded significantly from 32.9% to 55.3% in the reported quarter.

Further, the company incurred an operating loss of \$460.9 million, almost in-line with the year-ago quarter's reported figure.

Financial Position

Bed Bath & Beyond ended the fiscal first quarter with cash and investments of roughly \$1.1 billion. Long-term debt totaled \$1,725 million and total shareholders' equity was \$1,461.1 million, as of May 30, 2020.

In the fiscal first quarter, the company used cash flow of about \$394.6 million in operating activities and deployed nearly \$42 million toward capital expenditures. However, the company has deferred \$150 million of planned non-essential capital expenditure in light of the pandemic.

Post the end of the reported quarter, the company announced an \$850-million revolving credit facility to help it stay afloat amid the crisis. In March, management withdrew \$236 million from its revolving credit facility to strengthen cash position. That said, it boasts liquidity of more than \$1.8 billion, which is likely to help it overcome the current hurdle.

Store Update

In the said quarter, the company launched one buybuy BABY store and Cost Plus World Market Store each, while it closed 21 Bed Bath & Beyond stores.

Business Developments

In sync with its efforts to reopen stores, the company has introduced Store Safety Plan to ensure the safety of customers. As part of its restructuring initiative, it is working toward supply-chain transformation to combat declining margins due to shift to the online platform as well as lowering the cost of goods. Apart from these, it intends to shut down 200 stores, particularly Bed Bath & Beyond stores, for the next two years. Also, it remains focused on reducing SG&A expenses. These efforts are expected to generate annualized savings of \$250-\$350 million.

Quarter Ending **05/2020**

Report Date	Jul 08, 2020
Sales Surprise	-1.80%
EPS Surprise	-38.03%
Quarterly EPS	-1.96
Annual EPS (TTM)	-1.62

Recent News

Bed Bath & Beyond Concludes Sale of PersonalizationMall.com - Aug 3, 2020

Bed Bath & Beyond has successfully completed the divestment of PersonalizationMall.com to 1-800-FLOWERS.COM for \$245 million. However, certain customary closing conditions are yet to be fulfilled. Even after the sale, PersonalizationMall.com will continue to support Bed Bath & Beyond and buybuy BABY stores.

This move is in sync with the company's restructuring efforts to focus on its core categories including Home, Baby, Beauty and Wellness. It has also launched Buy-Online-Pickup-In-Store and contactless Curbside Pickup services in a bid to enhance customers shopping experience.

The net proceeds from this sale will be utilized to help the company strengthen its financial position in order to stay afloat during this ongoing COVID-19 crisis. The sale is also expected to fund its transformation program.

Bed Bath & Beyond Plans to Keep Stores Shut on Thanksgiving – Aug 3, 2020

Bed Bath & Beyond plans to keep its stores including Bed Bath & Beyond, buybuy BABY, Christmas Tree Shops, Harmon Face Values and Cost Plus World Market closed on Thanksgiving Day in the United States and Canada. The company will make its full range of shopping options available online with the facility of in-home delivery. Further, it will launch 2 hour Buy-Online-Pickup-In-Store (BOPIS) and contactless Curbside Pickup services for customers during the said time. This move reflects the company's efforts to offer safe and convenient shopping experience to its customers.

Bed Bath & Beyond Settles Sale of PersonalizationMall.com - Jul 21, 2020

Bed Bath & Beyond has agreed to a settlement with 1-800-FLOWERS.COM regarding the divestment of PersonalizationMall.com, provided some working capital and other closing conditions are fulfilled. The deal is likely to be completed by Aug 3. The company had entered into a definitive agreement in February to sell the PersonalizationMall.com business to 1-800-Flowers.

This move is in sync with the company's plans to streamline its portfolio and focus on core businesses, including Home, Baby and Beauty categories. The sale is also expected to fund its transformation program.

Valuation

Bed Bath & Beyond shares are down 29.1% in the year-to-date period but up 47.1% for the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Retail-Wholesale sector are up 1.4% and 31.2%, in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and the sector are up #% and 42.1%, respectively.

The S&P 500 index is up 5.5% in the year-to-date period and 18.3% in the past year.

The stock is currently trading at 0.15X forward 12-month sales, which compares to 0.87X for the Zacks sub-industry, 1.53X for the Zacks sector and 3.76X for the S&P 500 index.

Over the past five years, the stock has traded as high as 0.85X and as low as 0.04X, with a 5-year median of 0.24X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$13 price target reflects 0.16X forward 12-month sales.

The table below shows summary valuation data for BBBY

Valuation Multiples - BBBY					
		Stock	Sub-Industry	Sector	S&P 500
P/S F12M	Current	0.15	0.87	1.53	3.76
	5-Year High	0.89	1.29	1.54	3.76
	5-Year Low	0.04	0.45	0.84	2.44
	5-Year Median	0.24	0.99	1.1	3.22
P/B TTM	Current	1.07	6.47	5.78	4.59
	5-Year High	4.2	10.89	6.03	4.59
	5-Year Low	0.26	3.25	3.69	2.83
	5-Year Median	1.11	6.7	5.03	3.75
EV/EBITDA TTM	Current	35.59	12.72	19.98	12.89
	5-Year High	36.2	12.93	20.01	12.89
	5-Year Low	1.86	6.16	10.68	8.25
	5-Year Median	3.71	9.46	12.97	10.91

As of 08/24/2020

Industry Analysis Zacks Industry Rank: Bottom 33% (170 out of 252)



Top Peers

Company (Ticker)	Rec	Rank
DICKS Sporting Goods, Inc. (DKS)	Neutral	2
KAR Auction Services, Inc. (KAR)	Neutral	2
Kingfisher PLC (KGFHY)	Neutral	3
Sally Beauty Holdings, Inc. (SBH)	Neutral	3
Tractor Supply Company (TSCO)	Neutral	3
The Michaels Companies, Inc. (MIK)	Underperform	3
Office Depot, Inc. (ODP)	Underperform	5
Ulta Beauty Inc. (ULTA)	Underperform	3

Industry Comparison Industry: Retail - Miscellaneous				Industry Peers		
	BBBY	X Industry	S&P 500	DKS	ODP	TSCO
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Underperform	Neutral
Zacks Rank (Short Term)	4	-	-	2	5	3
VGM Score	D	-	-	F	B	A
Market Cap	1.55 B	1.46 B	23.81 B	4.16 B	1.12 B	17.84 B
# of Analysts	8	6	14	10	2	15
Dividend Yield	0.00%	0.00%	1.64%	2.61%	0.00%	1.04%
Value Score	D	-	-	C	A	B
Cash/Price	0.78	0.31	0.07	0.37	0.71	0.07
EV/EBITDA	25.80	8.71	13.37	6.47	4.71	20.54
PEG Ratio	NA	3.88	3.02	13.97	0.82	1.91
Price/Book (P/B)	1.06	1.47	3.17	2.49	0.65	10.52
Price/Cash Flow (P/CF)	1.71	6.16	12.77	6.66	2.65	23.67
P/E (F1)	NA	14.51	21.72	56.92	5.63	24.40
Price/Sales (P/S)	0.16	0.40	2.48	0.51	0.11	1.92
Earnings Yield	-20.05%	5.96%	4.44%	1.76%	17.78%	4.10%
Debt/Equity	2.41	1.05	0.76	1.09	1.02	1.57
Cash Flow (\$/share)	7.16	3.12	6.93	7.18	8.05	6.49
Growth Score	F	-	-	F	D	A
Hist. EPS Growth (3-5 yrs)	-32.17%	6.28%	10.41%	0.68%	-1.50%	13.47%
Proj. EPS Growth (F1/F0)	-635.61%	-43.01%	-5.05%	-77.24%	-7.68%	34.42%
Curr. Cash Flow Growth	-19.13%	6.68%	5.20%	6.18%	9.73%	7.18%
Hist. Cash Flow Growth (3-5 yrs)	-5.23%	2.61%	8.50%	2.61%	2.23%	9.40%
Current Ratio	1.55	1.50	1.33	2.04	1.18	1.40
Debt/Capital	70.65%	57.66%	44.50%	52.22%	50.39%	61.03%
Net Margin	-5.51%	2.79%	10.13%	1.18%	-2.74%	7.40%
Return on Equity	-11.52%	9.84%	14.66%	9.84%	10.50%	45.25%
Sales/Assets	1.26	1.26	0.51	1.14	1.51	1.60
Proj. Sales Growth (F1/F0)	-15.57%	-4.79%	-1.45%	-4.52%	-9.76%	19.42%
Momentum Score	A	-	-	A	D	B
Daily Price Chg	5.10%	1.80%	1.32%	3.31%	4.20%	0.16%
1 Week Price Chg	-5.51%	-3.59%	-1.45%	-0.06%	-2.94%	3.15%
4 Week Price Chg	16.48%	10.76%	3.38%	3.84%	-3.66%	7.36%
12 Week Price Chg	63.53%	25.16%	7.69%	31.13%	-14.38%	25.16%
52 Week Price Chg	47.06%	29.14%	3.85%	40.53%	61.51%	55.29%
20 Day Average Volume	7,149,923	544,641	1,873,293	1,934,821	771,867	1,143,700
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	43.67%	0.00%	0.00%
(F1) EPS Est 4 week change	0.35%	0.00%	1.00%	60.03%	-15.23%	1.78%
(F1) EPS Est 12 week change	-5.11%	21.94%	3.40%	18.37%	-14.94%	25.51%
(Q1) EPS Est Mthly Chg	0.42%	0.00%	0.00%	29.52%	-21.56%	0.53%

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	D
Growth Score	F
Momentum Score	A
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.