

Big Lots, Inc.(BIG)

\$45.18 (As of 08/05/20)

Price Target (6-12 Months): **\$48.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 07/29/20)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:A

Value: A

Growth: A

Momentum: D

Summary

Shares of Big Lots have risen and outperformed the industry in the past three months. Notably, it is gaining from transformation initiative, including the Operation North Star that encompasses driving top-line growth, cost containment as well as enhancement in systems. Recently, it issued an upbeat earnings outlook for second-quarter fiscal 2020, following quarter-to-date comps through fiscal June well ahead of management's expectations. Fiscal second quarter comps are projected to rise mid-to-high twenties percentage, reflecting moderation from quarter-to-date trends. Impressively, Big Lots has also delivered a stellar first-quarter fiscal 2020, with earnings and sales outpacing the Zacks Consensus Estimate and increasing year over year. While increased sales coupled with lower SG&A fueled bottom line, higher comps drove the top line.

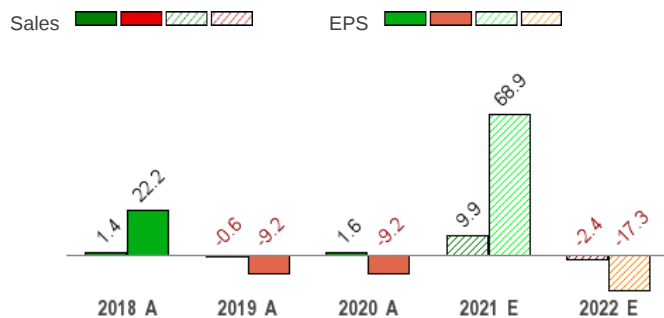
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$45.21 - \$10.13
20 Day Average Volume (sh)	1,308,882
Market Cap	\$1.8 B
YTD Price Change	57.3%
Beta	2.32
Dividend / Div Yld	\$1.20 / 2.7%
Industry	Retail - Discount Stores
Zacks Industry Rank	Bottom 27% (185 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	207.3%
Last Sales Surprise	8.1%
EPS F1 Est- 4 week change	0.1%
Expected Report Date	09/04/2020
Earnings ESP	1.7%
P/E TTM	11.3
P/E F1	7.3
PEG F1	1.0
P/S TTM	0.3

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	1,371 E	1,366 E	1,226 E	1,678 E	5,709 E
2021	1,439 A	1,612 E	1,254 E	1,667 E	5,851 E
2020	1,296 A	1,252 A	1,168 A	1,607 A	5,323 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	\$1.27 E	\$1.38 E	-\$0.14 E	\$3.36 E	\$5.13 E
2021	\$1.26 A	\$2.66 E	\$0.09 E	\$2.60 E	\$6.20 E
2020	\$0.92 A	\$0.53 A	-\$0.18 A	\$2.39 A	\$3.67 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 08/05/2020. The reports text is as of 08/06/2020.

Overview

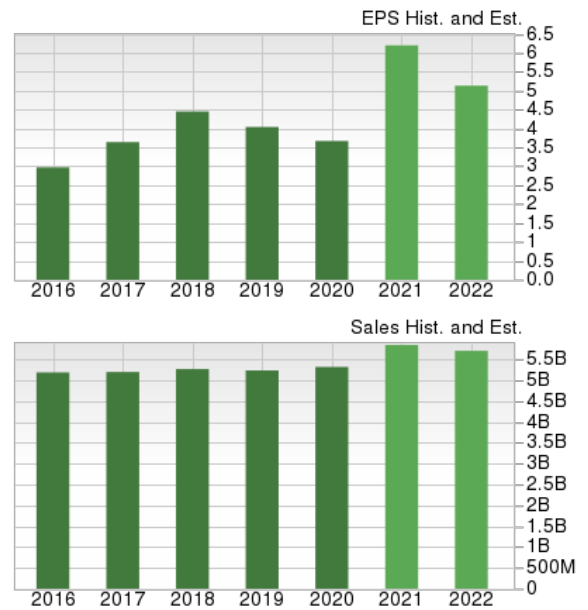
Based in Columbus, OH and founded in 1967, Big Lots, Inc. along with its fully-owned subsidiaries is a broad-line closeout retailer in the United States.

The company offers products under various merchandising categories, which include Food, Consumables, Furniture, Seasonal, Soft Home, Hard Home, Electronics and Toys & Accessories. The company's furniture category includes upholstery, mattress, case goods, and ready to-assemble departments while the seasonal category includes Christmas trim, lawn & garden, summer, and other holiday departments.

Further, its Soft Home category includes fashion bedding, utility bedding, bath, window, decorative textile, home organization, area rugs, home décor, and frames departments. Consumables category comprises health, beauty and cosmetics, plastics, paper, chemical, and pet departments.

Food category comprises beverage & grocery, candy & snacks, and specialty foods departments. Electronics, Toys, & Accessories category comprises our electronics, toys, jewelry, and hosiery departments. Small appliances, table top, food preparation, stationery, greeting cards, and home maintenance departments form a part of the Hard Home category.

These products are processed for retail sale and distributed to its stores that are located in five regional distribution centers including Pennsylvania, Ohio, Alabama, Oklahoma, and California. As of May 2, 2020, Big Lots operated 1,404 stores across 47 states.



Reasons To Buy:

- ▲ **Growth Drivers:** Shares of Big Lots have surged a whopping 81.4% compared with the industry's rise of only 11.3% over the past three months. The company has been gaining from its transformation initiative, referred to as Operation North Star, which encompasses driving top-line growth, cost containment, and enhancement in systems and infrastructure. Management remains focused on improving the performance by enhancing digital capabilities with BOPIS, launching the Broyhill brand, expanding high-volume stores, and investing in marketing to drive traffic and build brand awareness. Apparently, net sales edged up 11.1% during the first quarter of fiscal 2020. The upside can be attributed to higher comparable sales (comps) and sales growth from new and relocated non-comp stores. Notably, furniture category grew mid single-digits, with all departments in the category reporting positive comps and notable strength in mattresses. The company's two financing options for in-store purchases, Easy Leasing and credit card, are performing very well.
- Big Lots has been gaining from its transformation initiative that encompasses driving top-line growth, cost containment and enhancement in systems and infrastructure.
- ▲ **Solid Q2 Earnings View:** Recently, management issued a business update on its second-quarter fiscal 2020 performance. Robust demand continued in mid-April, driving quarter-to-date comparable sales through fiscal June ahead of management's expectations. Second-quarter fiscal 2020 comparable sales are projected to rise in mid-to-high twenties percentage, reflecting moderation from quarter-to-date trends. This is better than comparable sales growth of 1.2% recorded in the same quarter a year ago. Management now envisions adjusted earnings per share between \$2.50 and \$2.75 for the fiscal second quarter, suggesting significant growth from 53 cents earned in the year-earlier quarter. Big Lots had earlier envisioned earnings per share in the band of 65-80 cents.
- ▲ **Robust Q1 Results:** Big Lots reported impressive first-quarter fiscal 2020 results, wherein both the top and the bottom line outpaced the Zacks Consensus Estimate and grew year over year. Higher sales coupled with lower SG&A expenses fueled the bottom line. Moreover, operating margin improved 100 basis points (bps), thanks to a decline of 360 bps in SG&A expenses as a rate of sales. In addition, the company saw a solid start to the fiscal second quarter. Management believes that the company will be able to navigate through the coronavirus chaos and is confident about its Operation North Star strategies.
- ▲ **Store of the Future and New Stores Strategy:** Apart from the company's initiatives, Store of the Future and new stores strategy are worth a mention. The Store of the Future initiative is a key driver of the company's recent positive trends in sales. This positions its shareholders for solid returns and its business for long-term success. The positive sales trends in these store formats (Store of the Future and new stores) are being backed by bigger basket as well as higher transactions. In addition, the company began rolling out the Lot and queue lines to present Store of the Future locations and some other stores in the legacy balance of chain format. Notably, the tests of such stores generated robust results. Management intends to add the Lot and the queue lines to the company's new stores and Store of the Future conversions in fiscal 2020 across roughly 750 stores. Also, it expects to roll out a pantry optimization initiative, which will focus on repositioning food and consumables assortments, in September. In fiscal 2019, Big Lots remodeled 205 stores.
- ▲ **E-commerce and Rewards Growth:** Big Lots is leaving no stone unturned to tap the best in the market, as clear from its efforts to leverage marketing strategies, with loyalty databases and e-commerce enhancement. The company is experiencing strong e-commerce growth, buoyed by the success of the "Buy Online Pick-up In Store" (BOPIS) functionality across many stores. Notably, BOPIS has helped the company to increase their rate of orders. In order to tap higher volume, the company is also leveraging loyalty database with one-to-one marketing, which resulted in increased site traffic in number of orders and higher average basket. Impressively, Big Lots saw the highest e-commerce volume during the first quarter of fiscal 2020 since the launch of this platform in April 2016. Moreover, it has been making significant improvements to online channel with better search, minimized delivery time and enhanced payment options to enhance customer experience. Apparently, its "Lease Online Pickup in Store" (LOPIS) initiative has been receiving strong customer feedback. Big Lots has entered into a partnership with PICKUP, one of the nation's fastest growing on-demand logistics providers, for same-day delivery of its retail store assortment.
- ▲ **Cost-Reduction Initiatives:** Big Lots is on track with its three-year cost reduction program. Evidently, management expects to accomplish its initial cost reduction target of \$100 million ahead of schedule. Despite incurring additional costs, the company's expense ratio improved 180 bps in the fiscal first quarter. In order to contain costs, the company is focused on areas such as organization size and structure, store payroll, indirect costs, supply chain and cost of goods sold. The company is enhancing in-store labor model by simplifying the management structure, which should improve shopping experience through better utilization of resources to serve customers.
- ▲ **Shareholder-Friendly Moves:** Big Lots looks well placed on the dividend-payout front. We note that the company has a current annualized dividend of \$1.20 a share, flat with the year-ago period. Notably, the company has a dividend payout of 30%, dividend yield of 2.7% and free cash flow yield of 11.87%. With an annual free cash flow return on investment of 9.4%, ahead of the industry's nearly 9.2%, we believe that the dividend payment is likely to be sustainable. During the fiscal first quarter, the company bought back roughly 244,000 shares for \$50 million before the suspension of the share repurchase program. It had \$348 million remaining on its share repurchase program.

Reasons To Sell:

- ▼ **Gross Margin Continues to Decline:** Decline in gross margin persisted in the first quarter of fiscal 2020. After a year-over-year contraction of 170 bps in gross margin during the final quarter of fiscal 2019, the metric declined 80 bps to 39.7% in the reported quarter. The drop in gross margin can be attributed to higher shrink expenses and a shift in product mix toward lower-margin categories of food and consumables.
- ▼ **Q2 Comps View:** Although Big Lots witnessed strong comps since the start of the second quarter on continued business acceleration since mid-April, management expects comp trends to moderate over the rest of the quarter. This is due to reasons including other retailers' reopening, planned cancellation of the Friends and Family event, inventory restraints across some categories and abatement of stimulus-driven demand. The company had reported an increase of 1.2% in second-quarter fiscal 2019.
- ▼ **Debt Analysis:** Big Lots had a long-term debt (including non-current operating lease liabilities) of \$1,483.4 million at the end of first-quarter fiscal 2020 (as of May 2, 2020). This figure shows an increase of 12.8% on a sequential basis. Moreover, it had short-term obligations of \$207.9 million as of May 2. Notably, the company's debt-to-capitalization ratio of 0.66 is higher than that of the industry's 0.56. Again, the company's times interest earned ratio stands at 23.1, lower than the industry's ratio of 30.3. The times-interest-earned ratio is very important for some companies, as it measures a company's ability to meet its debt obligations based on its current income. On top of these, the company had cash and cash equivalents of \$311.9 million as of May 2, 2020.
- ▼ **Stiff Competition:** Big Lots is facing intense competition from other general merchandise, discount, food, furniture, arts and crafts, and dollar store retailers, which operate in traditional brick and mortar stores and online. This may result in loss of market share as well as fall in sales and operating margins. Competitors with larger number of stores, greater market presence and better financial resources will continue to weigh on the company's results.

Big Lots continued to witness gross margin pressure in first-quarter fiscal 2020. Also, concerns related to stiff industry competition cannot be ruled out.

Last Earnings Report

Big Lots Beats Earnings & Sales Estimates in Q1

Big Lots reported impressive first-quarter fiscal 2020 results. Both the top and the bottom line outpaced the Zacks Consensus Estimate and grew year over year. With this, the company's earnings and revenues reverted to a positive surprise trend after lagging the consensus estimate in the previous quarter.

In addition, the company saw a solid start to the fiscal second quarter. Management further believes to efficiently navigate through the coronavirus chaos. The company is confident about its Operation North Star strategies.

Quarter Ending **04/2020**

Report Date	May 29, 2020
Sales Surprise	8.08%
EPS Surprise	207.32%
Quarterly EPS	1.26
Annual EPS (TTM)	4.00

Q1 in Detail

This Columbus, OH-based company reported adjusted earnings of \$1.26 a share, surpassing the Zacks Consensus Estimate of 41 cents. Moreover, the bottom line improved nearly 37% year over year. Higher sales coupled with lower SG&A expense fueled the bottom line.

Net sales edged up 11.1% to \$1,439.1 million and outshined the Zacks Consensus Estimate of \$1,332 million on higher comparable sales (comps) and sales growth from new and relocated non-comp stores. During March, sales grew low double-digits as consumers stocked up on essentials. Impressively, comps increased 10.3% in the reported quarter.

Gross profit increased about 10% year over year to \$570.8 million, while gross margin contracted 80 basis points (bps) to 39.7%. The drop in gross margin can be attributed to higher shrink expenses and a shift in product mix toward lower-margin categories of food and consumables.

In the reported quarter, S&A expenses came in at \$458.6 million, down 0.4% year over year. Moreover, the metric (as a percentage of net sales) declined 360 bps from the prior-year quarter to 31.9%.

Furthermore, operating profit came in at \$74.4 million, up from adjusted operating profit of \$54.3 million in the prior-year quarter. Moreover, operating margin came in at 5.2%, up 100 bps from the year-ago quarter's adjusted tally.

Other Financial Details

The company ended the quarter with cash and cash equivalents of \$311.9 million. Inventories declined 13% to \$806.6 million due to robust sales for most merchandise categories. Long-term debt totaled \$436.7 million, down 7.2% from \$470.4 million in the prior-year quarter. Total shareholders' equity was \$883.9 million.

During the reported quarter, the company provided net cash of \$146.1 million from operating activities. Further, management drew additional amounts from its revolving credit facility to deal with the coronavirus crisis.

During the fiscal first quarter, the company bought back roughly 244,000 shares for \$50 million before the suspension of the share repurchase program. It had \$348 million remaining on its share repurchase program. Concurrently, management announced a quarterly cash dividend of 30 cents per share, payable on Jun 26, 2020, to shareholders of record as on Jun 12.

Guidance

Big Lots has been seeing strong comps since the start of the second quarter on continued business acceleration since mid-April. However, it expects comp trends to moderate during the rest of the quarter, thanks to other retailers' reopening, planned cancellation of the Friends and Family event, inventory restraints across some categories and abatement of stimulus-driven demand.

Further, management envisions earnings per share in the band of 65-80 cents, assuming flat comps growth with the first quarter. This view incorporates expected pre-tax costs with respect to COVID-19 of roughly \$18 million and unfavorable pre-tax impact from the anticipated closing of the sale and leaseback transaction of nearly \$7 million. However, the outlook excludes the anticipated gain on sale from the transaction.

For fiscal 2020, management estimates capital expenditures of \$130-\$140 million, reflecting a decrease from \$160-\$270 million expected earlier.

Recent News

Big Lots Partners With PICKUP – Jul 30, 2020

Big Lots has entered into a partnership with PICKUP, one of the nation's fastest growing on-demand logistics providers, for same-day delivery of its retail store assortment. The partnership allows customers to order from the assortment available at their local Big Lots store via biglots.com – delivering small and large items, from decorative accessories and snacks to furniture and mattresses – all within the same day.

Big Lots Issues Robust Q2 Earnings View - Jun 26, 2020

Big Lots issued a business update on its second-quarter fiscal 2020 performance. Robust demand continued in mid-April, driving quarter-to-date comparable sales through fiscal June ahead of management's expectations. Second-quarter fiscal 2020 comparable sales are projected to rise in mid-to-high twenties percentage, reflecting moderation from quarter-to-date trends. This is better than comparable sales growth of 1.2% recorded in the same quarter a year ago. Management now envisions adjusted earnings per share between \$2.50 and \$2.75 for the fiscal second quarter, suggesting significant growth from 53 cents earned in the year-earlier quarter.

Big Lots' Sale & Leaseback Proceeds to Strengthen Liquidity - Jun 16, 2020

Big Lots has completed its earlier-announced sale and leaseback transactions with the affiliates of Oak Street Real Estate Capital, LLC. This includes Big Lots' four company-owned distribution centers in Columbus, OH; Durant, OK; Montgomery, AL; and Tremont, PA. The company will receive gross proceeds of \$725 million from the transactions with net proceeds of roughly \$550 million. The net proceeds are anticipated to strengthen the company's liquidity. As market conditions normalize, management intends to use these proceeds for corporate purposes and boost shareholder value via share buybacks and high-return growth plans.

Valuation

Big Lots shares are up 57.3% in the year-to-date period and 90.1% over the trailing 12-month period. Stocks in the Zacks sub-industry and Zacks Retail-Wholesale sector are up 2.5% and 27.9%, respectively, in the year-to-date period. Over the past year, the sub-industry and the sector are up 20.3% and 4.7%, respectively.

The S&P 500 index is up 2.6% in the year-to-date period and 14.9% in the past year.

The stock is currently trading at 8X forward 12-month earnings, which compares to 28.84X for the Zacks sub-industry, 33.93X for the Zacks sector and 22.58X for the S&P 500 index.

Over the past five years, the stock has traded as high as 15.1X and as low as 3.32X, with a 5-year median of 11.03X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$48 price target reflects 8.48X forward 12-month earnings.

The table below shows summary valuation data for BIG

Valuation Multiples - BIG					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	8	28.84	33.93	22.58
	5-Year High	15.1	29.98	33.93	22.58
	5-Year Low	3.32	17.93	19.07	15.25
	5-Year Median	11.03	20.09	23.44	17.55
P/S F12M	Current	0.31	1.48	1.25	3.61
	5-Year High	0.52	1.48	1.25	3.61
	5-Year Low	0.08	0.95	0.82	2.53
	5-Year Median	0.36	1.14	0.97	3.04
EV/EBITDA TTM	Current	9.07	25.25	18.77	12.8
	5-Year High	9.07	25.25	18.77	12.85
	5-Year Low	4.15	11.02	11.12	8.24
	5-Year Median	6.11	14.14	12.93	10.89

As of 08/05/2020

Industry Analysis Zacks Industry Rank: Bottom 27% (185 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
Dollar General Corporation (DG)	Outperform	2
Burlington Stores, Inc. (BURL)	Neutral	4
Costco Wholesale Corporation (COST)	Neutral	3
Dollar Tree, Inc. (DLTR)	Neutral	2
Ross Stores, Inc. (ROST)	Neutral	3
Target Corporation (TGT)	Neutral	3
Walmart Inc. (WMT)	Neutral	4
Zumiez Inc. (ZUMZ)	Underperform	5

Industry Comparison Industry: Retail - Discount Stores				Industry Peers		
	BIG	X Industry	S&P 500	BURL	COST	TGT
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	4	3	3
VGM Score	A	-	-	D	A	B
Market Cap	1.77 B	17.41 B	22.93 B	12.09 B	150.10 B	64.69 B
# of Analysts	6	11	14	10	10	12
Dividend Yield	2.66%	0.37%	1.76%	0.00%	0.82%	2.04%
Value Score	A	-	-	D	B	B
Cash/Price	0.20	0.08	0.07	0.12	0.08	0.07
EV/EBITDA	6.26	13.86	13.16	18.11	23.17	10.51
PEG Ratio	0.94	4.31	2.99	NA	4.79	4.31
Price/Book (P/B)	2.01	5.79	3.20	43.32	8.73	5.79
Price/Cash Flow (P/CF)	6.30	14.96	12.45	17.11	29.20	11.11
P/E (F1)	7.12	26.10	21.78	NA	40.19	26.10
Price/Sales (P/S)	0.32	0.94	2.47	1.87	0.93	0.81
Earnings Yield	13.72%	3.16%	4.33%	-0.71%	2.49%	3.83%
Debt/Equity	1.68	1.67	0.77	16.75	0.59	1.46
Cash Flow (\$/share)	7.18	6.38	6.94	10.73	11.64	11.64
Growth Score	A	-	-	F	A	B
Hist. EPS Growth (3-5 yrs)	7.48%	12.69%	10.46%	21.44%	12.69%	5.85%
Proj. EPS Growth (F1/F0)	68.85%	-13.22%	-7.14%	-117.61%	3.28%	-22.44%
Curr. Cash Flow Growth	0.18%	9.68%	5.47%	7.36%	14.92%	10.26%
Hist. Cash Flow Growth (3-5 yrs)	2.93%	8.54%	8.55%	18.02%	10.65%	3.95%
Current Ratio	1.48	1.34	1.32	1.65	1.11	1.01
Debt/Capital	62.66%	62.49%	44.59%	94.37%	37.07%	59.37%
Net Margin	5.05%	3.41%	10.15%	0.83%	2.31%	3.46%
Return on Equity	19.99%	23.39%	14.46%	26.65%	22.60%	24.17%
Sales/Assets	1.67	1.51	0.51	1.13	3.26	1.85
Proj. Sales Growth (F1/F0)	9.91%	5.95%	-1.68%	-15.59%	7.38%	5.95%
Momentum Score	D	-	-	A	A	D
Daily Price Chg	5.51%	0.06%	0.59%	0.08%	0.05%	-0.83%
1 Week Price Chg	-7.35%	-0.38%	0.14%	0.58%	-0.08%	1.75%
4 Week Price Chg	8.19%	5.69%	5.31%	0.04%	7.48%	9.91%
12 Week Price Chg	70.04%	10.55%	19.84%	12.96%	12.52%	8.59%
52 Week Price Chg	90.07%	4.04%	2.73%	4.36%	23.94%	55.85%
20 Day Average Volume	1,308,882	1,429,569	2,098,555	763,156	2,144,207	3,148,430
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%
(F1) EPS Est 4 week change	0.13%	0.07%	1.10%	-18.21%	0.18%	0.00%
(F1) EPS Est 12 week change	115.79%	-5.98%	1.04%	-141.31%	-2.65%	-9.32%
(Q1) EPS Est Mthly Chg	2.78%	0.15%	0.39%	-3.22%	0.40%	0.00%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	A
Growth Score	A
Momentum Score	D
VGM Score	A

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

Disclosures

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.