

Caseys General Stores (CASY)

\$146.16 (As of 05/07/20)

Price Target (6-12 Months): **\$155.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 12/10/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:B

Value: B

Growth: A

Momentum: D

Summary

Shares of Casey's have risen and outperformed the industry so far in the year. Management's remark that the company is well positioned to sail through this turbulent environment, citing strong balance sheet and ample liquidity provided an impetus to the stock. The company is focused on curtailing costs, minimizing capital expenditures and lowering inventory levels. It also expanded partnership with DoorDash to boost delivery capabilities amid the coronavirus crisis. Notably, the company is on track with its Value Creation Plan. Talking about the performance, third-quarter fiscal 2020 marked the seventh straight earnings beat. However, the top line missed the Zacks Consensus Estimate for the second quarter in row, while the bottom line fell on a year-over-year basis due to lower fuel margin and higher operating expenses.

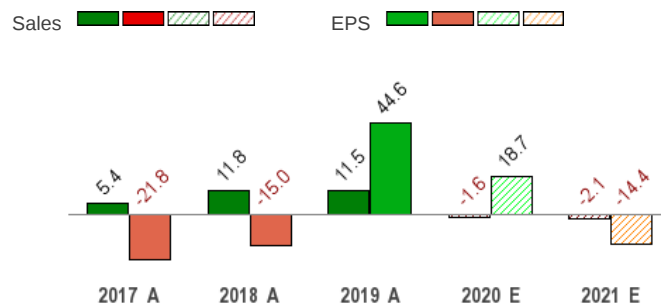
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$181.99 - \$114.01
20 Day Average Volume (sh)	239,778
Market Cap	\$5.4 B
YTD Price Change	-8.1%
Beta	0.75
Dividend / Div Yld	\$1.28 / 0.9%
Industry	Retail - Convenience Stores
Zacks Industry Rank	Top 32% (82 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	4.6%
Last Sales Surprise	-1.8%
EPS F1 Est- 4 week change	-10.6%
Expected Report Date	06/08/2020
Earnings ESP	70.7%
P/E TTM	23.9
P/E F1	26.1
PEG F1	2.9
P/S TTM	0.6

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	2,083 E	2,287 E	2,191 E	2,131 E	9,005 E
2020	2,627 A	2,488 A	2,248 A	1,837 E	9,199 E
2019	2,588 A	2,538 A	2,048 A	2,178 A	9,353 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$1.66 E	\$2.39 E	\$1.07 E	\$0.49 E	\$5.60 E
2020	\$2.31 A	\$2.21 A	\$0.91 A	\$1.00 E	\$6.54 E
2019	\$1.90 A	\$1.80 A	\$1.13 A	\$0.68 A	\$5.51 A

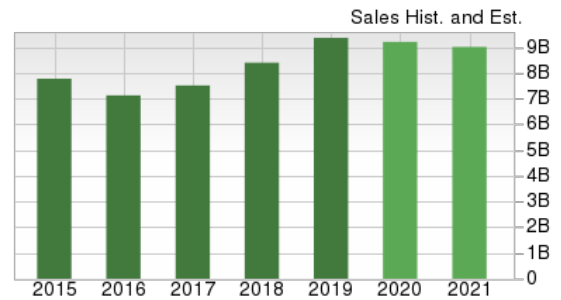
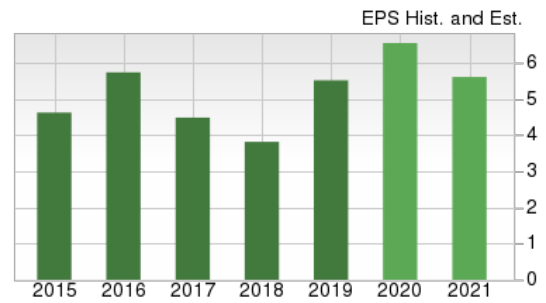
*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 05/07/2020. The reports text is as of 05/08/2020.

Overview

Founded in 1959 and based in Ankeny, IA, Casey's General Stores, Inc. operates convenience stores under the Casey's and Casey's General Store names in 16 Midwestern states, mainly Iowa, Missouri and Illinois. The company's stores offer a variety of food selection (including freshly prepared foods such as pizza, donuts and sandwiches), beverages, tobacco products, health and beauty aids, automotive products and other non-food items. Its stores also offer fuel for sale on a self-service basis.

The company, which operates more than 2,000 stores, primarily derives revenues under three categories — Fuel (63% of FY19 total revenue), Grocery and Other Merchandise (25% of FY19 total revenue) and Prepared Food and Fountain (11% of FY19 total revenue). Other category accounts for 1% of total revenues.



Reasons To Buy:

- ▲ **Prioritize Actions to Tackle Coronavirus Crisis:** In order to steer through the uncertain environment, Casey's has prioritized its actions. Management clarified that the company is well positioned to sail through these troubled waters, citing strong balance sheet and ample liquidity. This operator of convenience stores has drawn \$100 million on its revolving credit facility, and is still has \$150 million in capacity under its facilities. Moreover, management is undertaking some bold steps to optimize cash flow. These involves deferring capital expenditures, revisiting payment terms with suppliers, lowering inventory levels and adjusting store operating hours. The company also plans to lower production of prepared foods in order to contain in-store stale costs. Casey's is strengthening pizza promotions for guests who are seeking meal solutions. It is also enhancing delivery capabilities via DoorDash at 579 stores. It is increasing online grocery items at all outlets. Notably, the company also owns and operates distribution centers and transportation fleet. Although, the stock has fallen 8.1% year-to-date, it has fared better than the industry's decline of 9.4%. Notably, the stock has improved 9.9% in a year's time frame.
- Casey's remains on track with its value creation plan to improve sales and profitability. This includes new fleet card program, price and product optimization, loyalty program, digital engagements comprising mobile app and online ordering capabilities, cost containment efforts as well as capital reallocation plan. Management is also focusing on improving distribution efficiency. Casey's had earlier highlighted that cost-reduction initiatives are likely to result in savings of approximately \$200 million in store-level operating expenditures by fiscal 2021. The company had launched the new Caseys.com e-commerce website, rolled out new mobile app, initiated fuel price optimization platform across all outlets. Further, the company remains optimistic about the Casey's Rewards program, wherein customers can gain points from everyday purchases and redeem the same for fuel discounts, Casey's Cash or donate to a local school. As March 10, the company has 3,100 accounts and 20,000 cardholders.
- ▲ **Positive Highlights of Q3:** Casey's positive earnings surprise streak continued for the seventh straight quarter during the third quarter of fiscal 2020. Also, the top line increased from the year-ago period. Notably, the company's quarterly earnings of 91 cents a share surpassed the Zacks Consensus Estimate of 87 cents. Total revenues of \$2,248.2 million rose 9.8% year over year. We note that revenues at Fuel, Grocery & Other Merchandise and Prepared Food & Fountain categories witnessed growth. Fuel sales increased 11.5% to \$1,376 million, while Grocery & Other Merchandise sales rose 7.1% to \$582.4 million. Again, Prepared Food & Fountain sales jumped 6.8% to \$273.6 million.
- ▲ **Value Creation Plan:** Casey's remains on track with its value creation plan to improve sales and profitability. This includes new fleet card program, price and product optimization, loyalty program, digital engagements comprising mobile app and online ordering capabilities, cost containment efforts as well as capital reallocation plan. Management is also focusing on improving distribution efficiency. Casey's had earlier highlighted that cost-reduction initiatives are likely to result in savings of approximately \$200 million in store-level operating expenditures by fiscal 2021. The company had launched the new Caseys.com e-commerce website, rolled out new mobile app, initiated fuel price optimization platform across all outlets. Further, the company remains optimistic about the Casey's Rewards program, wherein customers can gain points from everyday purchases and redeem the same for fuel discounts, Casey's Cash or donate to a local school. As March 10, the company has 3,100 accounts and 20,000 cardholders.
- ▲ **Efforts to Yield Results:** Management highlighted that Casey's fleet card program, which involves managing and monitoring of initial sales, back-end system processing, billing and other consumer-oriented services, is likely to lift fuel sales. Moreover, the program is anticipated to be accretive to fuel and in-store sales. FLEETCOR Technologies is handling the company's fleet card program. The company's digitalization efforts will help create a seamless shopping experience online as well as in-store and facilitate same-store sales growth. Further, the company's price and product optimization strategy will help augment sales and fuel margin. During the third quarter of fiscal 2020, Fuel sales increased 11.5% to \$1,376 million. Total gallons sold during the quarter rose 3.3% to 573 million gallons due to the strong contribution from new stores opened in the last 12 months.
- ▲ **Store Update:** During fiscal 2018, the company opened 85 new outlets, acquired 26 stores, completed 30 replacements, and remodeled 74 stores. In fiscal 2019, the company constructed 56 new stores and acquired 24. The company closed 10 stores. The company replaced eight stores and has eight acquisition stores under agreement to purchase. During the nine months ended on Jan 31, 2020, the company constructed 50 new stores and acquired 10. The company closed 12 stores. As of Jan 31, the company operated 2,193 stores.
- ▲ **Debt Analysis:** Balance sheet has become an important point of discussion during the coronavirus crisis. Casey's has been focusing on reducing debt for a while now. This offers the company financial flexibility to drive future growth. The company ended the third quarter of fiscal 2020 with a long-term debt of \$715.1 million (as of Jan 31, 2020), which shows a decline of almost 45% since the end of the first quarter. Moreover, at the end of the third quarter, the company's debt-to-capitalization ratio was a respectable 0.45 compared with 0.52 for its sub-industry. Also, the company's debt-to-capitalization has improved on a sequential basis. Moreover, the company's times interest earned ratio stands at 6.5 better than the sub-industry's ratio of 6.2. 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.

Reasons To Sell:

- ▼ **Casey's Withdraws Guidance:** The coronavirus pandemic has claimed innumerable lives, rattled the stock market and brought the economy to standstill. The retail sector, in particular, has been dealt a massive blow. Supply-chain bottlenecks and reduced traffic has either led to store closures or limited operating hours, which in turn is hurting sales and productivity. Amid the prevailing uncertainty, many retailers have called-off their guidance and drawn cash from revolving facility to maintain liquidity. Witnessing lower footfall and fall in demand, Casey's has decided to withdraw its fiscal 2020 guidance.
- ▼ **Top-Line Misses Estimate:** We note that the company's top line fell short of the Zacks Consensus Estimate for the second quarter in row, while the bottom line declined on a year-over-year basis on account of lower fuel margin and higher operating expenses. Fuel margin of 21.7 cents per gallon fell 1.8% year over year. Management highlighted that an unfavorable pricing environment compared with the year-ago period resulted in lower growth in fuel gross profit dollars.
- ▼ **Soft Fuel Gallons Same-Store Sales:** We note that during the third quarter of fiscal 2020 Fuel gallons same-store sales decreased 2% compared with 3.4% decline witnessed in the year-ago quarter. This follows a decline of 1.8%, 2%, 2.8% and 3.4% witnessed in the preceding four quarters.
- ▼ **Rise in Operating Expenses May Hurt Margins:** We note that higher operating expenses may be a threat to margin and the bottom line. Operating expenses rose 10.5% during the third quarter of fiscal 2020. This follows an increase of 8.5%, 5.7% and 9.6% during the preceding three quarters. The year-over-year increase can be attributed to 70 more stores from the prior-year period, technology costs associated to digital systems and rise in credit card fees. Same-store operating expenses excluding credit card fees were up 5.4% for the quarter.
- ▼ **Fuel & Tobacco Products Related Headwinds:** Fuel sales are a significant part of Casey's overall revenues. However, any disruption in the supply of fuel or rise in fuel costs or any other volatility in the wholesale fuel market or price competition may adversely impact its retail fuel profit margins. Quite apparent, these headwinds will have a direct impact on the company's fuel gallon volume, fuel gross profit, and overall customer traffic at its outlets. Similar to fuel, tobacco products form a major part of the grocery and other merchandise category. Increase in the price of the same to offset rise in taxes or stricter government regulation on them or people quitting smoking for health reasons could impact the company's overall sales.
- ▼ **Stiff Competition May Hurt Market Share:** Casey's operate in a highly competitive convenience store and retail fuel industries. The company faces stiff competition from other convenience store chains, gasoline stations, supermarkets, drugstores, discount stores, club stores, fast food outlets, and a variety of other retail companies in terms of price, resource, store expansion, brand name recognition and promotional activities. This may dent the company's sales and margins.
-

We note that higher operating expenses is a threat to margin and the bottom line. Operating expenses rose 10.5% during the third quarter of fiscal 2020.

Last Earnings Report

Casey's Q3 Earnings Surpass Estimates, Decline Y/Y

Casey's General Stores, Inc.'s third-quarter fiscal 2020 marked the seventh straight quarter of a positive earnings surprise. However, the bottom line declined on a year-over-year basis. The top line fell short of the Zacks Consensus Estimate for the second quarter in row but increased from a year ago. Notably, this IA-based company retained fiscal 2020 same-store sales projection for Fuel, Grocery and Other Merchandise, and Prepared Food & Fountain categories.

Management highlighted that an unfavorable pricing environment compared with the year-ago period resulted in lower growth in fuel gross profit dollars. Nevertheless, it is optimistic about the January launch of the Casey's Rewards program.

Quarter Ending **01/2020**

Report Date	Mar 09, 2020
Sales Surprise	-1.82%
EPS Surprise	4.60%
Quarterly EPS	0.91
Annual EPS (TTM)	6.11

A Closer Look at Q3 Results

Casey's reported quarterly earnings of 91 cents a share that surpassed the Zacks Consensus Estimate of 87 cents but declined 19.5% from \$1.13 in the year-ago period on account of lower fuel margin and higher operating expenses.

Total revenues of \$2,248.2 million rose 9.8% year over year but missed the Zacks Consensus Estimate of \$2,290 million. We note that revenues at Fuel, Grocery & Other Merchandise and Prepared Food & Fountain categories witnessed growth.

Gross profit came in at \$496.9 million, up 5.7% year over year, while gross margin contracted 90 bps to 22.1%.

Casey's witnessed an increase of 11% in cost of goods sold and a rise of 10.5% in operating expenses during the reported quarter. Increase in operating expenses can be attributed to operating 70 more stores in the quarter under review, technology costs associated to digital systems and rise in credit card fees. The company continues to expect an increase in the band of 7-9% in operating expenses during fiscal 2020.

Performance by Categories

We note that Fuel sales increased 11.5% to \$1,376 million. Fuel gallons same-store sales declined 2% compared with a 3.4% decline in the year-ago quarter. Fuel margin of 21.7 cents per gallon fell 1.8% year over year.

Management envisions fiscal 2020 fuel gallons same-store sales decline of 1% to up 0.5% compared with decline of 1.7% witnessed in fiscal 2019. It expects fuel margin in the range of 21-23 cents per gallon compared with 20.3 cents reported in fiscal 2019.

Grocery & Other Merchandise sales rose 7.1% to \$582.4 million, while same-store sales rose 3.5% compared with 3.4% growth registered in the year-ago quarter. Grocery & Other Merchandise margin expanded 100 basis points (bps) to 32.9%. Casey's reaffirmed same-store sales growth forecast at 2.5-4% with margin expected between 32% and 33% for fiscal 2020. Notably, the company had reported same-store sales increase of 3.6% and margin expansion of 30 bps to 32.1% in fiscal 2019.

Prepared Food & Fountain sales jumped 6.8% to \$273.6 million. In spite of a competitive food service environment, same-store sales increased 2.8% compared with 1.5% growth registered in the year-ago quarter. Further, Prepared Food & Fountain margin shrunk 210 bps to 60.2%. Higher commodity costs compared with the year-ago period and increased promotional activity affected margins.

Management projects prepared food and fountain same-store sales increase of 1.5-4% with margin between 61% and 63% for fiscal 2020. Notably, the company had reported same-store sales increase of 1.9% and margin expansion of 120 bps to 62.2% in fiscal 2019.

Store Update

During the nine months ended on Jan 31, 2020, the company constructed 50 new stores and acquired 10. The company closed 12 stores. As of Jan 31, the company operated 2,193 stores. It plans to construct 60 stores and acquire 20 in fiscal 2020.

Other Financial Aspects

Casey's ended the reported quarter with cash and cash equivalents of \$43.5 million, long-term debt (net of current maturities) of \$715.1 million and shareholders' equity of \$1,588.6 million. During the quarter, the company did not make any share repurchases and still has \$300 million under authorization.

The company generated cash flow from operations of \$399.7 million during the first nine months of fiscal 2020 and incurred capital expenditure of \$376.5 million. Management plans to incur capital expenditures of \$516 million during fiscal 2020.

Recent News

Casey's Hires Michelle Wickham – April 13, 2020

Casey's announced the hiring of Michelle Wickham, a restaurant industry veteran, as Vice President of Food Service. In this role, she will continue to evolve Casey's \$1.1B prepared food service business, advancing the incorporation of a restaurant mindset for menu, quality, consistency and innovation.

Casey's-DoorDash Tie Up to Boost Delivery – April 6, 2020

Casey's recently expanded partnership with DoorDash to boost its delivery capabilities. This agreement helps Casey's delivery to reach out to 579 locations, offering items like made-from-scratch pizza, select appetizers and 20 oz soda. The delivery will be available all days a week. The company will gradually add items like candy, salty snacks and ice cream. It is also expanding the online grocery range at all outlets.

Valuation

Casey's shares are down 8.1% in the year-to-date period but up 10% over the trailing 12-month period. Stocks in the Zacks sub-industry is down 9.4% but the Zacks Retail-Wholesale sector is up 1.1% in the year-to-date period. Over the past year, the Zacks sub-industry and the sector are up 7.8% and 8.5%, respectively.

The S&P 500 index is down 10.5% in the year-to-date period but up 0.2% in the past year.

The stock is currently trading at 24.23X forward 12-month earnings, which compares to 23.53X for the Zacks sub-industry, 29.69X for the Zacks sector and 20.81X for the S&P 500 index.

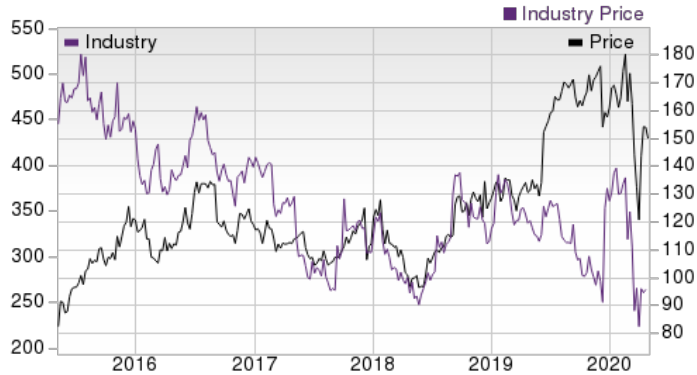
Over the past five years, the stock has traded as high as 28.63X and as low as 18.05X, with a 5-year median of 23.03X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$155 price target reflects 25.68X forward 12-month earnings.

The table below shows summary valuation data for CASY

Valuation Multiples - CASY					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	24.23	23.53	29.69	20.81
	5-Year High	28.63	31.72	29.69	20.81
	5-Year Low	18.05	17.42	19.06	15.19
	5-Year Median	23.03	24.07	23.17	17.44
P/S F12M	Current	0.6	0.45	1.01	3.25
	5-Year High	0.68	0.51	1.11	3.44
	5-Year Low	0.37	0.28	0.8	2.54
	5-Year Median	0.52	0.41	0.93	3.01
EV/EBITDA TTM	Current	11.13	10.19	15.47	10.57
	5-Year High	18.88	17.01	16.33	12.86
	5-Year Low	8.3	7.9	10.9	8.28
	5-Year Median	10.54	9.51	12.56	10.77

As of 05/07/2020

Industry Analysis Zacks Industry Rank: Top 32% (82 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
Companhia Brasileira de Distribuicao (CBD)	Neutral	3
Dollar General Corporation (DG)	Neutral	3
Dollar Tree Inc (DLTR)	Neutral	3
The Kroger Co (KR)	Neutral	2
TravelCenters of America LLC (TA)	Neutral	3
Target Corporation (TGT)	Neutral	3
Walmart Inc (WMT)	Neutral	3
Burlington Stores Inc (BURL)	Underperform	5

Industry Comparison Industry: Retail - Convenience Stores				Industry Peers		
	CASY	X Industry	S&P 500	TA	TGT	WMT
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	B	-	-	A	B	B
Market Cap	5.38 B	2.73 B	19.51 B	77.95 M	56.66 B	345.40 B
# of Analysts	7	3	14	1	12	14
Dividend Yield	0.88%	0.00%	2.15%	0.00%	2.33%	1.77%
Value Score	B	-	-	B	B	B
Cash/Price	0.01	0.10	0.06	0.20	0.05	0.03
EV/EBITDA	10.74	12.14	11.77	13.54	9.31	11.87
PEG Ratio	2.91	3.14	2.54	NA	2.64	4.93
Price/Book (P/B)	3.39	1.77	2.67	0.14	4.85	4.24
Price/Cash Flow (P/CF)	11.94	6.44	10.44	0.93	9.74	13.77
P/E (F1)	26.46	16.71	19.30	7.32	20.74	24.37
Price/Sales (P/S)	0.56	0.29	1.99	0.01	0.73	0.66
Earnings Yield	3.83%	8.75%	4.91%	13.66%	4.83%	4.10%
Debt/Equity	0.45	2.20	0.75	3.95	1.15	0.79
Cash Flow (\$/share)	12.24	11.16	7.01	10.07	11.64	8.85
Growth Score	A	-	-	C	A	B
Hist. EPS Growth (3-5 yrs)	1.13%	1.13%	10.87%	NA	7.09%	0.99%
Proj. EPS Growth (F1/F0)	-14.33%	69.17%	-9.87%	155.17%	-14.48%	1.46%
Curr. Cash Flow Growth	22.43%	31.51%	5.88%	40.59%	10.26%	-0.12%
Hist. Cash Flow Growth (3-5 yrs)	11.03%	1.30%	8.55%	-8.44%	3.95%	-0.31%
Current Ratio	0.35	0.70	1.24	1.05	0.89	0.79
Debt/Capital	31.04%	55.42%	44.23%	79.80%	53.50%	44.04%
Net Margin	2.38%	1.42%	10.68%	0.46%	4.20%	2.84%
Return on Equity	15.01%	5.75%	16.36%	-3.52%	28.46%	18.16%
Sales/Assets	2.49	2.17	0.55	1.86	1.85	2.22
Proj. Sales Growth (F1/F0)	-2.12%	-6.34%	-2.26%	-10.56%	4.18%	3.50%
Momentum Score	D	-	-	A	F	F
Daily Price Chg	-2.46%	-1.23%	1.52%	8.07%	-0.19%	-1.14%
1 Week Price Chg	-2.61%	0.00%	0.53%	18.93%	0.38%	-5.04%
4 Week Price Chg	1.97%	-0.42%	0.73%	-0.85%	8.79%	0.07%
12 Week Price Chg	-14.13%	-28.71%	-21.09%	-43.28%	-4.16%	3.79%
52 Week Price Chg	9.99%	-44.05%	-10.17%	-49.76%	50.92%	22.45%
20 Day Average Volume	239,778	60,677	2,398,409	120,329	5,119,291	8,303,066
(F1) EPS Est 1 week change	-7.11%	-3.55%	0.00%	0.00%	0.00%	-0.64%
(F1) EPS Est 4 week change	-10.56%	-5.28%	-6.95%	0.00%	-16.37%	-2.08%
(F1) EPS Est 12 week change	-18.34%	118.61%	-15.68%	255.56%	-20.03%	-3.84%
(Q1) EPS Est Mthly Chg	-20.29%	-10.14%	-13.12%	0.00%	-11.88%	-4.50%

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	B
Growth Score	A
Momentum Score	D
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.