

**salesforce.com, Inc. (CRM)**
**\$272.32** (As of 08/26/20)

Price Target (6-12 Months): **\$286.00**

Long Term: 6-12 Months

**Zacks Recommendation:**
**Neutral**

(Since: 03/11/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

**Zacks Rank:** (1-5)

**2-Buy**

Zacks Style Scores:

VGM:D

Value: F

Growth: B

Momentum: F

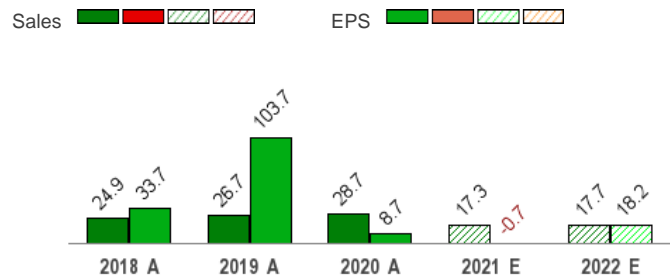
**Summary**

Salesforce is benefiting from a robust demand environment as customers are undergoing a major digital transformation. The rapid adoption of its cloud-based solutions is driving demand for its products. Salesforce's sustained focus on introducing more aligned products as per customer needs is driving its top-line. Continued deal wins in the international market is another growth driver. Furthermore, the recent acquisition of Tableau positions the company to be a leader in business analytics for actionable results in everything from operations to HR. However, stiff competition from Oracle and Microsoft is a concern. Besides, unfavorable currency fluctuations along with increasing investments in international expansions and data centers are an overhang on near-term profitability. The stock has underperformed the industry in the past year.

**Price, Consensus & Surprise**

**Data Overview**

52 Week High-Low	\$277.97 - \$115.29
20 Day Average Volume (sh)	8,971,668
Market Cap	\$245.4 B
YTD Price Change	67.4%
Beta	1.07
Dividend / Div Yld	\$0.00 / 0.0%
Industry	<a href="#">Computer - Software</a>
Zacks Industry Rank	Top 25% (64 out of 252)

**Sales and EPS Growth Rates (Y/Y %)**


Last EPS Surprise	114.9%
Last Sales Surprise	5.2%
EPS F1 Est- 4 week change	0.0%
Expected Report Date	12/01/2020
Earnings ESP	0.3%
P/E TTM	76.7
P/E F1	91.7
PEG F1	4.2
P/S TTM	12.7

**Sales Estimates (millions of \$)**

	Q1	Q2	Q3	Q4	Annual*
2022	5,496 E	5,726 E	5,937 E	6,283 E	23,601 E
2021	4,865 A	5,151 A	5,011 E	5,245 E	20,054 E
2020	3,737 A	3,997 A	4,513 A	4,851 A	17,098 A

**EPS Estimates**

	Q1	Q2	Q3	Q4	Annual*
2022	\$0.75 E	\$0.85 E	\$0.93 E	\$0.99 E	\$3.51 E
2021	\$0.70 A	\$1.44 A	\$0.76 E	\$0.83 E	\$2.97 E
2020	\$0.93 A	\$0.66 A	\$0.75 A	\$0.66 A	\$2.99 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 08/26/2020. The reports text is as of 08/27/2020.

## Overview

Headquartered in San Francisco, salesforce.com, founded in 1999, is the leading provider of on-demand Customer Relationship Management (CRM) software, which enables organizations to better manage critical operations, such as sales force automation, customer service and support, marketing automation, document management, analytics and custom application development.

Salesforce is currently the largest CRM vendor in the world with a market share of nearly 20% according to reports of Gartner, a global research and advisory firm. Its nearest rival, SAP is way behind at a market share of around 8%. About 90% of the Fortune 100 companies uses at least one Salesforce software.

The company has leveraged its expertise in on-demand software to increase the scale of operations. It also offers a technology platform for customers and developers to build and run business applications.

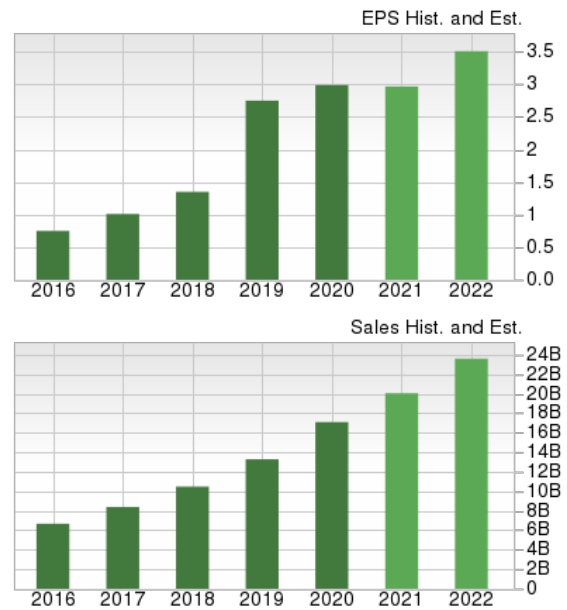
Salesforce helps companies of every size and industry to connect with their customers in new ways through existing and emerging technologies including cloud, mobile, social, IoT and artificial intelligence (AI).

Rapid digital transformation and the company's sustained focus on introducing more aligned products as per customer needs is driving its revenues higher. Over the last five years, Salesforce's annual revenues have tripled from \$5.4 billion in fiscal 2015 to \$17.1 billion in fiscal 2020.

There are two main revenue streams — Subscription and Support and Professional Services & Other.

Subscription revenues comprise subscription fees from customers, accessing the company's enterprise cloud computing services (Cloud Services), software licenses and subscription fees recognized from customers for additional support beyond the standard support lent by the company. This segment accounted for more than 94% of Salesforce's fiscal 2020 revenues.

Professional Services & Other revenues consist of fees that the company derives from consulting and implementation services and training. This segment accounted for the remaining 6% of Salesforce's fiscal 2020 revenues.



---

## Reasons To Buy:

- ▲ Salesforce is the world's leading Customer Relationship Management (CRM) company, in the Software-as-a-Service (SaaS) enterprise application market. The company dominates the market owing to its strong clientele. Per IDC's Worldwide Semiannual Software Tracker, Salesforce remained the #1 CRM providers for the seventh straight year, demonstrating the attractiveness of its cloud-based solutions. The company cemented its overall market share position and inflated its revenue base more than any other CRM vendor, the firm added. Management intends to double the company's top line by fiscal year 2024 with a revenue target of \$34-\$35 billion, thus making it the fastest enterprise software entity to attain that milestone.
- ▲ Salesforce's on-demand SaaS business model underscores its focus on sales force automation, marketing, customer responsiveness and support, improved personnel collaboration within an organization, software tools for developers, social media monitoring and marketing, and other social enterprise areas. The company has various SaaS applications and platforms to serve its focus areas. SaaS deployments are easy and help to reduce ownership costs for customers. The company's ability to provide an integrated solution for customers' business problems is the key growth driver. According to IDC estimates, spending on public cloud services will grow from \$229 billion in 2019 to nearly \$500 billion by 2023, at a CAGR of 23%. Per a ResearchAndMarkets.com report, the global CRM software market, valued at \$25.5 billion in 2018, is projected to reach \$36.53 billion at a CAGR of 9.4% through 2022. With its SaaS-based CRM and social enterprise applications, we think that Salesforce is well-positioned to lead the market.
- ▲ Acquisitions have been one of key growth strategies, strengthening the company's position in the CRM solution-providing space. Notably, buyouts of Tableau, ClickSoftware, Mulesoft, Datorama and CloudCraze over the last couple of years have been immensely lucrative for the company. The acquisition of Tableau is in sync with the company's strategy to diversify beyond its customer relationship management and provide more data insights to the clients. Tableau buyout contributed \$652 million to Salesforce's fiscal 2020 revenues and \$273 million to first-quarter fiscal 2021 revenues. Additionally, the company, in February 2020 announced entering agreement to acquire tech start-up Vlocity which builds cloud and mobile software on Salesforce platform. Vlocity acquisition is believed to help Salesforce enhance its capabilities and expand customer base across the communications, media, healthcare, energy, insurance and financial services, and entertainment industries. We believe that Salesforce's sustained focus on expanding its business through strategic acquisitions and investments will drive growth over the long run.
- ▲ Salesforce's partnership agreements with the likes of Amazon and Alphabet for the firms' cloud services have been helping it expand its international operations. The company announced at its Dreamforce event that it entered into a partnership with Apple, which will help it offer new apps for iPhones and iPads. A redesigned Salesforce mobile app will be developed exclusively for iOS, featuring Face ID, Siri shortcuts as well as Apple's business chat. Salesforce also expanded its global strategic alliance with Amazon Web Services to focus on new product integrations that will simplify secure data sharing and synchronizing across AWS and Salesforce services.
- ▲ In keeping with its strategy of growing in Europe, in Aug 2015 Salesforce's investment arm, Salesforce Ventures, announced its decision to invest \$100 million specifically in European start-ups. Over the past few years, Salesforce has invested in several start-ups, be it through acquisitions or partnerships. In Europe, the company opened its first data center in the U.K. in Aug 2014. In 2015, Salesforce opened two more datacenters, one each in France and Germany. The opening of data centers in these countries has helped Salesforce to reach local small and medium businesses as well as government agencies. The initiatives are helping Salesforce generating higher revenues from the European region. Notably, in fiscal 2020, Salesforce's revenues from Europe increased over 34% year over year and accounted for 20% of the total revenue. We believe expansion in Europe would enable Salesforce to diversify its international revenues, going forward.
- ▲ Salesforce is a cash rich company with a strong balance sheet. As of Jul 31, 2020, the company had cash and cash equivalents of nearly \$9.3 billion. The existing cash can be used for pursuing strategic acquisitions, investment in growth initiatives and distribution to shareholders. Additionally, Salesforce's total debt to total capital ratio of 0.14 is significantly lower than the industry average of 0.5.

Salesforce's diverse cloud offerings, clientele strength, strategic acquisitions and partnerships are key drivers.

---

## Reasons To Sell:

- ▼ Increased focus on acquisitions could negatively impact Salesforce's balance sheet in the form of a high level of goodwill, which totaled \$25 billion, or approximately 47% of its total assets as of Apr 30, 2020. Furthermore, frequent acquisitions add to integration risks, which may dilute earnings.
- ▼ The latest forecast for worldwide IT spending by Gartner might dampen Salesforce's growth prospects. Worldwide IT spending is anticipated to be \$3.4 trillion in 2020, a decrease of 8% from 2019. The research firm expects worldwide spending on Enterprise Software to decline 6.9% year-over-year to \$458 billion in 2020. Gartner pointed out that companies are prioritizing technology spending that are mission-critical instead of on growth and transformation initiatives amid the ongoing coronavirus crisis and effects of the global economic recession.
- ▼ Salesforce faces stiff competition from Microsoft Corp. and Oracle in the cloud-based CRM market. Oracle has strengthened its cloud position through various strategic acquisitions. Microsoft has also added various key companies like LinkedIn to its portfolio to beef up its Dynamic CRM platform. Additionally, Microsoft offers special pricing for its Dynamics CRM Online service, which is helping it to snatch Salesforce's customers. Competition is expected to intensify further, as Microsoft Dynamics CRM software (code-named Titan) gains ground. Titan has been designed to offer direct competition to Salesforce's on-demand CRM software model. Moreover, IBM is strengthening its grip on the cloud computing software market with its web-based collaboration software for businesses, including contact management, instant messaging and file sharing programs. Further, the tie-up of Microsoft and Adobe, which aims to boost the sales and marketing capabilities of both companies, is a significant threat to the king of CRM.
- ▼ Salesforce's home market in the United States has hit a saturation point, causing slower growth of its cloud software. There is still a lot of room for Salesforce's growth in the international quarters. It still generates only about 30% of total revenues from international operations, which is lower than its rivals like Microsoft or Oracle composition of around 50%. Therefore, the company is investing heavily in global expansion, which is an overhang on its margins.
- ▼ We note that the Salesforce currently has a trailing 12 month P/E ratio of 336.2. This level compares unfavorably to some extent with what the industry saw over the last year. Hence, valuation looks significantly stretched from a P/E perspective.

Stiff competition, currency fluctuations and an increase in investments for international expansions and data centers could negatively impact near-term profitability.

## Last Earnings Report

Salesforce delivered better-than-expected results for second-quarter fiscal 2021. The company's fiscal second-quarter non-GAAP earnings soared 118% year over year to \$1.44 per share and beat the Zacks Consensus Estimate of 67 cents.

Salesforce's quarterly revenues of \$5.15 billion climbed 29%, year on year, surpassing the Zacks Consensus Estimate of \$4.9 billion. The top-line figure also improved 29% in constant currency (cc).

The enterprise cloud computing solutions provider has been benefiting from the robust demand environment as customers are undergoing a major digital transformation. The rapid adoption of its cloud-based solutions led to the better-than-expected performance during the fiscal second quarter.

**Quarter Ending** **07/2020**

Report Date	Aug 25, 2020
Sales Surprise	5.15%
EPS Surprise	114.93%
Quarterly EPS	1.44
Annual EPS (TTM)	3.55

### Quarter in Detail

Coming to the company's business segments, revenues at Subscription and Support increased about 29% from the year-earlier period to \$4.84 billion. Professional Services and Other revenues climbed 23% to \$311 million.

Sales Cloud revenues grew 13%, year over year, to \$1.3 billion. Revenues from Service Cloud, one of the company's largest and the fastest-growing businesses, also improved 20% to \$1.3 billion. Moreover, Marketing & Commerce Cloud revenues jumped 21% to \$700 million. Salesforce Platform and Other revenues surged 66% to \$1.5 billion.

Geographically, the company registered revenue growth of 28% in the Americas (70% of total revenues), 23% in the Asia Pacific (9%), and 37% in Europe and Middle East Asia or EMEA (21%) on a year-over-year basis.

Salesforce's gross profit came in at \$3.84 billion, up 26.7% from the prior-year quarter. Additionally, gross margin contracted 130 basis points (bps) to 74.5%.

Salesforce posted a non-GAAP operating income of \$1.04 billion, up 81.5% year on year. Operating margin expanded 590 bps to 20.2% on efficient cost management. Operating expenses flared up 23% year over year to \$3.66 billion.

Salesforce exited the fiscal second quarter with cash, cash equivalents and marketable securities of \$9.3 billion compared with the \$9.8 billion recorded at the end of previous quarter. The company generated an operating cash flow of \$429 million in the fiscal second quarter.

As of Jul 31, 2020, remaining performance obligation, which reflects future revenues under contract, were \$30.6 billion, up 21% on a year-over-year basis.

### Guidance

Buoyed by stronger-than-expected second-quarter results, Salesforce raised its revenue outlook for fiscal 2021 to \$20.7-\$20.8 billion from the \$20 billion projected earlier. The company now expects full-fiscal non-GAAP earnings per share to come in at \$3.72-\$3.74, up from the earlier expectation of \$2.93-\$2.95.

Operating cash flow is projected to be between 12% and 13%, up from the previous guided range of 10-11% on a year-over-year basis.

Coming to the fiscal third quarter, revenues are estimated between \$5.24 billion and \$5.25 billion, calling for 16% growth, year on year.

Furthermore, Salesforce anticipates non-GAAP earnings per share in the band of 73-74 cents for the fiscal third quarter.

## Recent News

On Aug 11, Salesforce announces Work.com for schools and grants \$20 million to help schools reopen safely and support student learning anywhere.

On Aug 10, Salesforce and CVS Health form a strategic partnership under which customers would get access to each company's COVID-19 return to work and campus solutions together.

On Aug 10, Salesforce announced the University of Kentucky will deploy Salesforce's Work.com to help it safely welcome back students, faculty, and staff to its campus on August 17.

On Jun 29, Salesforce and the Canadian Chamber of Commerce announced 62 businesses received the \$10,000 grant from the Canadian Business Resilience Network Small Business Relief Fund.

On Jun 25, Salesforce introduced Salesforce Anywhere, through which organizations can work, sell, service, market, collaborate, and access data from anywhere.

On Jun 23, Salesforce revealed that it has collaborated with Siemens to develop new workplace technology that will support organizations globally to safely reopen, and build smart and connected workplaces for the future.

On Jun 18, Salesforce launches Government Cloud Plus – a dedicated multi-tenant cloud infrastructure for U.S. federal, state, and local government customers, U.S. government contractors, and federally funded research and development centers.

On Jun 17, Salesforce revealed that Forrester Research has positioned Salesforce Commerce Cloud as a leader in The Forrester Wave™: B2C Commerce Suites Q2 2020 report, and also in The Forrester Wave™: B2B Commerce Suites Q2 2020 report.

On the same day, Salesforce also announced an expanded relationship with Pentagon Federal Credit Union, under which it will transform member platform and improve remote financial services amid the current pandemic.

On May 28, Salesforce and AT&T entered into a multi-year strategic agreement, under which the later will deploy Salesforce Customer 360 to create a single view of every customer across every touchpoint.

On May 22, Salesforce revealed that it has been named as #1 CRM provider for the seventh straight year by IDC in its latest Worldwide Semiannual Software Tracker.

On May 13, Salesforce announced the appointment of Gavin Patterson as the company's President and Chief Revenue Officer.

On Apr 24, Salesforce announced granting equity awards under its 2014 Inducement Equity Incentive Plan to new employees who joined the company in connection with the acquisition of Evergage.

On Mar 11, Salesforce announced an expanded relationship with Build-A-Bear Workshop, Inc., under which the later would leverage real-time data and analytics from Salesforce Customer 360 to deliver personalized, cross-channel guest experiences and drive its growth.

On Feb 25, Salesforce announced entering into an agreement to acquire Vlocity, Inc. for \$1.33 billion.

On Feb 25, Salesforce announced that the company's co-CEO Keith Block has resigned from his post.

## Valuation

Salesforce shares gained 67.4% in the year-to-date (YTD) period and 79.4% over the trailing 12-month period. Stocks in the Zacks sub-industry have gained 37.7%, while the Zacks Computer & Technology sector increased 28.6% YTD. Over the past year, the Zacks sub-industry and the sector have increased 54.5% and 46.6%, respectively.

The S&P 500 Index has gained 8.1% YTD and 20.9% in the past year.

The stock is currently trading at 11.11X forward 12-month sales, which compares to 8.16X for the Zacks sub-industry, 4.34X for the Zacks sector and 3.77X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 11.11X and as low as 4.43X with a 5-year median of 6.46X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$286 price target reflects 11.67X forward 12-month sales.

The table below shows summary valuation data for CRM

Valuation Multiples - CRM					
		Stock	Sub-Industry	Sector	S&P 500
P/S F 12M	Current	11.11	8.16	4.34	3.77
	5-Year High	11.11	8.16	4.34	3.77
	5-Year Low	4.43	3.88	2.32	2.53
	5-Year Median	6.46	5.63	3.14	3.05
EV/Sales TTM	Current	12.44	9.10	5.05	3.42
	5-Year High	12.44	9.10	5.05	3.46
	5-Year Low	5.00	3.26	2.59	2.15
	5-Year Median	7.85	5.85	3.64	2.88
EV/EBITDA TTM	Current	142.39	20.38	13.89	13.09
	5-Year High	142.39	20.38	13.89	13.09

---

	5-Year Low	26.45	7.66	7.59	8.25
	5-Year Median	47.63	12.54	10.94	10.92

As of 08/26/2020

---

## Industry Analysis Zacks Industry Rank: Top 25% (64 out of 252)



## Top Peers

Company (Ticker)	Rec	Rank
Adobe Systems Incorporated (ADBE)	Neutral	3
HubSpot, Inc. (HUBS)	Neutral	3
International Business Machines Corporation (IBM)	Neutral	4
Microsoft Corporation (MSFT)	Neutral	3
ServiceNow, Inc. (NOW)	Neutral	3
Oracle Corporation (ORCL)	Neutral	4
SAP SE (SAP)	Neutral	2
Atlassian Corporation PLC (TEAM)	Underperform	4

Industry Comparison Industry: Computer - Software				Industry Peers		
	CRM	X Industry	S&P 500	ADBE	MSFT	ORCL
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	2	-	-	3	3	4
VGM Score	D	-	-	C	B	C
Market Cap	245.36 B	1.75 B	23.69 B	253.50 B	1,673.59 B	176.42 B
# of Analysts	14	3	14	12	13	11
Dividend Yield	0.00%	0.00%	1.65%	0.00%	0.92%	1.67%
Value Score	F	-	-	D	D	B
Cash/Price	0.05	0.07	0.07	0.02	0.08	0.25
EV/EBITDA	64.74	17.85	13.37	61.79	23.45	11.90
PEG Ratio	4.23	2.57	3.04	3.38	2.52	1.30
Price/Book (P/B)	6.38	6.88	3.17	23.30	14.15	13.87
Price/Cash Flow (P/CF)	62.25	23.52	12.78	64.54	29.32	12.29
P/E (F1)	91.69	35.59	21.63	54.11	34.57	14.26
Price/Sales (P/S)	12.66	4.87	2.50	21.05	11.70	4.52
Earnings Yield	1.09%	2.63%	4.44%	1.85%	2.89%	7.01%
Debt/Equity	0.13	0.24	0.75	0.38	0.57	5.44
Cash Flow (\$/share)	4.37	1.17	6.94	8.19	7.54	4.68
Growth Score	B	-	-	B	A	C
Hist. EPS Growth (3-5 yrs)	110.92%	9.39%	10.41%	45.00%	19.44%	9.05%
Proj. EPS Growth (F1/F0)	-0.77%	10.00%	-4.92%	24.10%	11.07%	4.70%
Curr. Cash Flow Growth	36.39%	6.56%	5.22%	27.62%	17.66%	-2.42%
Hist. Cash Flow Growth (3-5 yrs)	40.05%	9.63%	8.50%	41.64%	10.19%	-0.39%
Current Ratio	1.15	1.51	1.34	1.29	2.52	3.03
Debt/Capital	11.67%	28.91%	44.18%	27.44%	36.24%	84.48%
Net Margin	12.21%	6.61%	10.25%	30.72%	30.96%	25.94%
Return on Equity	3.99%	10.54%	14.66%	35.53%	39.45%	72.76%
Sales/Assets	0.36	0.60	0.50	0.58	0.50	0.37
Proj. Sales Growth (F1/F0)	20.92%	2.07%	-1.45%	13.81%	8.57%	0.17%
Momentum Score	F	-	-	D	B	F
Daily Price Chg	26.05%	0.00%	-0.18%	9.10%	2.16%	2.50%
1 Week Price Chg	7.27%	0.61%	-1.45%	5.72%	1.97%	1.83%
4 Week Price Chg	40.65%	4.02%	2.10%	21.13%	8.38%	3.21%
12 Week Price Chg	55.62%	7.48%	3.61%	35.54%	19.31%	7.48%
52 Week Price Chg	79.36%	34.42%	3.61%	87.32%	63.14%	10.66%
20 Day Average Volume	8,971,668	132,381	1,883,291	2,504,954	32,802,540	9,590,682
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	-0.33%
(F1) EPS Est 4 week change	0.00%	0.00%	0.93%	0.00%	0.08%	-0.33%
(F1) EPS Est 12 week change	0.49%	2.64%	3.41%	0.57%	2.76%	-2.13%
(Q1) EPS Est Mthly Chg	-1.98%	0.00%	0.00%	0.00%	0.01%	-0.26%



---

## Zacks Stock Rating System

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

### Zacks Recommendation

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

### Zacks Rank

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

---

### Zacks Style Scores

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

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

Value Score	F
Growth Score	B
Momentum Score	F
VGM Score	D

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

---

### Disclosures

**This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock. The EPS and revenue forecasts are the Zacks Consensus estimates, unless indicated otherwise on the reports first page.** Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment. This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time. ZIR is not a broker-dealer. ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients. Zacks and its staff are not involved in investment banking activities for the stock issuer covered in this report.

ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.

No part of this report can be reprinted, republished or transmitted electronically without the prior written authorization of ZIR.