

DICKS Sporting Goods (DKS)

\$30.84 (As of 05/21/20)

Price Target (6-12 Months): **\$26.00**

Long Term: 6-12 Months

Zacks Recommendation: Underperform

(Since: 05/11/20)

Prior Recommendation: Neutral

Short Term: 1-3 Months

Zacks Rank: (1-5)

4-Sell

Zacks Style Scores:

VGM:A

Value: A

Growth: A

Momentum: C

Summary

Shares of DICK'S Sporting declined and underperformed the industry year to date owing to the impacts of the coronavirus outbreak in the United States. This has led to indefinite store closures across all regions, which is likely to hurt performance. Citing the uncertainty related to the timing of the impacts, the company has withdrawn its guidance for fiscal 2020. Further, higher SG&A expenses remain a threat to margins. However, the company delivered robust results in fourth-quarter fiscal 2019, wherein earnings and sales surpassed the Zacks Consensus Estimate and grew year over year. This marked fourth straight quarter earnings and sales beat. Results gained from its focus on improving service, experience and marketing across all channels, despite a shorter holiday season and challenging weather that hurt cold weather categories.

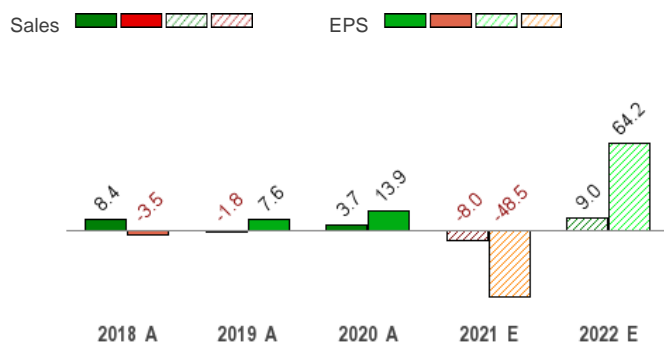
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$49.80 - \$13.46
20 Day Average Volume (sh)	2,963,402
Market Cap	\$2.7 B
YTD Price Change	-37.7%
Beta	1.53
Dividend / Div Yld	\$1.25 / 4.1%
Industry	Retail - Miscellaneous
Zacks Industry Rank	Bottom 24% (192 out of 254)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	8.2%
Last Sales Surprise	2.3%
EPS F1 Est- 4 week change	-7.6%
Expected Report Date	06/02/2020
Earnings ESP	-184.1%

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	1,801 E	2,193 E	1,980 E	2,663 E	8,771 E
2021	1,546 E	1,951 E	1,851 E	2,582 E	8,048 E
2020	1,921 A	2,259 A	1,962 A	2,609 A	8,751 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	\$0.51 E	\$1.20 E	\$0.44 E	\$1.23 E	\$3.12 E
2021	-\$0.09 E	\$0.71 E	\$0.25 E	\$1.11 E	\$1.90 E
2020	\$0.62 A	\$1.26 A	\$0.52 A	\$1.32 A	\$3.69 A

*Quarterly figures may not add up to annual.

P/E TTM	8.3
P/E F1	16.2
PEG F1	2.8
P/S TTM	0.3

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 05/21/2020. The reports text is as of 05/22/2020.

Overview

DICK'S Sporting Goods Inc. was founded in 1948 in New York under the labels Dick's Clothing and Sporting Goods, Inc. It was earlier reincorporated as a Delaware corporation and changed our name to Dick's Sporting Goods, Inc. in April 1999. The company's executive office is located in Coraopolis, Pennsylvania.

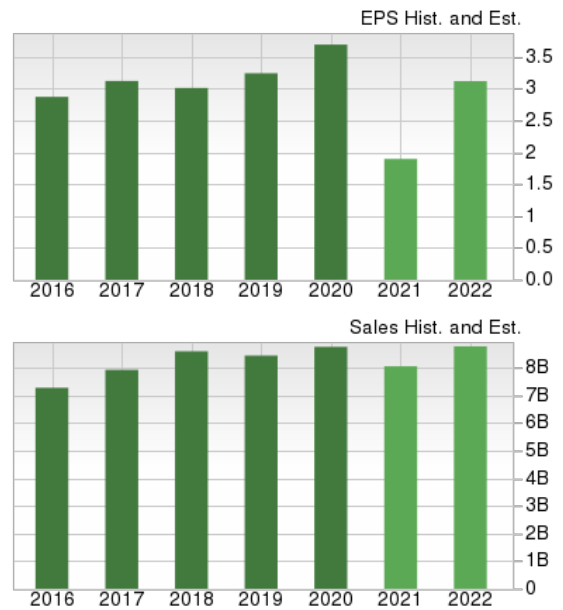
The company operates as a major omni-channel sporting goods retailer, offering athletic shoes, apparel, accessories and a broad selection of outdoor and athletic equipment for team sports, fitness, camping, fishing, tennis, golf, water sports, etc.

DICK'S Sporting offers these items through a blend of associates, in-store services and unique specialty shop-in-shops. DICK'S Sporting also owns operates Golf Galaxy and Field & Stream stores as well as Team Sports HQ. It also operates all-in-one youth sports digital platform, which offer scheduling, communications and live scorekeeping via the GameChanger mobile apps, free league management services, custom uniforms and fan wear.

The company also operates through its e-commerce websites and catalog operations. The company operates 4 kinds of stores – a) single-level DICK'S Sporting stores of approximately 50,000 square feet, b) two-level DICK'S Sporting store of approximately 80,000 square feet, c) DICK'S Sporting stores for smaller markets of about 35,000–40,000 square feet, and d) 13,000–18,000 square feet Golf Galaxy stores.

DICK'S Sporting stocks nationally recognized brands such as Callaway Golf, adidas, TaylorMade-adidas Golf, The North Face, Asics, Under Armour, Nike, Columbia and Remington.

As of Feb 1, 2020, DICK'S Sporting operated 726 DICK'S Sporting Goods stores across 47 states, 94 Golf Galaxy stores in 32 states, and 27 Field & Stream stores in 16 states.



Reasons To Sell:

▼ **Negative COVID-19 Impacts, Stock Underperforms:** Shares of DICK'S Sporting have slumped 37.7% year-to-date compared with the industry's 16.9% decline. Citing decline in traffic and demand following its earnings release on Mar 10, due to the spread of coronavirus across the United States, DICK'S Sporting temporarily closed all its stores for two weeks effective Mar 18, which is now extended indefinitely. The company notified that its e-commerce business, including contactless curbside pickup and ship from a store, will continue to provide services. Further, based on the uncertainty on the duration of the closures and the resulting negative impact of COVID-19 on its results, it has withdrawn its previously provided guidance for fiscal 2020. Further, the company announced other precautionary measures including cutting operating expenses and planned inventory receipts to partly offset the negative impacts of COVID-19 on its performance.

Negative impacts from coronavirus outbreak should mar fiscal 2020 results. The company has temporarily closed all stores across the United States and is working to lower costs to offset the impacts.

It also temporarily reduced the base salaries of its certain executive officers, all other members of its senior management team and other salaried teammates. Further, the company altered its capital allocation plan for fiscal 2020 by lowering its planned capital expenditures, suspending share buybacks and evaluating dividend program.

▼ **Elevated Costs a Threat to Margins:** Although DICK'S Sporting's margins expanded in fourth-quarter fiscal 2019, adjusted SG&A expenses, as a percentage of sales, increased 77 bps. This increase was primarily driven by higher incentive compensation expenses and higher marketing expenses related to the successful multi-channel holiday campaign. Further, gross margin growth in the fiscal fourth quarter was partly offset by costs related to the opening of two new dedicated e-commerce fulfillment centers. Persistence of these costs, along with the rising COVID-19 related uncertainties might hurt margins and overall profits.

▼ **Seasonality Affects Performance:** DICK'S Sporting's business is seasonal in nature and typically generates stronger sales during the fourth quarter, which is characterized by the holiday and winter sports selling seasons. As a result, the company is exposed to significant risks if the seasons fail to deliver the expected operating performance.

▼ **Competitive Pressure:** DICK'S Sporting faces intense competition from other sporting goods retailers on grounds of size, availability of financial, distribution and marketing resources, pricing strategies and retail sales methods. The company's inability to stay afloat amid such competition may result in loss of market share and adversely impact its business.

Risks

- **Robust Q4 Performance:** DICK'S Sporting delivered better-than-expected top and bottom lines in fourth-quarter fiscal 2019. This marked fourth straight quarter of positive earnings and sales surprise. Moreover, earnings and sales grew year over year. The company delivered strong sales results despite the shorter holiday season this year as well as challenging weather that hurt its cold weather categories. Further, its results gained from its focus on improving service, experience and marketing across all channels. Results gained from rise in same-store sales (comps) driven by higher average ticket and transactions coupled with growth in each of its three major categories, including hardlines, apparel and footwear. The company's top line reflected the impacts of a decline in hunting category sales due to the removal of the category from 125 stores in the fiscal fourth quarter. However, driven by its hunting space optimization efforts, DICK'S Sporting notes that the stores delivered positive same-store sales (comps) results even during the peak hunting season that falls in the fourth quarter.
 - **Exiting Hunt and Electronics Categories:** DICK'S Sporting's consistent efforts to dispose underperforming businesses to boost comps bodes well. It removed the electronics business in the fourth quarter of fiscal 2017. Further, it is on track with the removal of the hunting category from its stores and replacing this floor space with more compelling category and product assortments. This is aiding growth as well as better aligning the needs of each market. During fourth-quarter fiscal 2019, it removed hunting category from 125 stores. Through the fiscal fourth quarter, the company has removed the hunting business from 135 DICK'S Sporting stores. Though negative comps at hunting business continued to hurt the consolidated comps in the reported quarter, the metric rose 5% year over year. Taking its space optimization efforts a step forward, the company plans to remove the hunting department from nearly 440 additional DICK'S Sporting stores in the first half of fiscal 2020. This will leave the hunting business in only 12% of its stores.
 - **Initiatives – Omni-channel Growth:** DICK'S Sporting has been gaining from continued focus on developing every possible avenue to generate greater sales. As part of its long-term plan, the company plans to make significant investments in e-commerce, technology, store payroll, Team Sports and private brands. It also remains on track to build the best omni-channel experience for athletes by strengthening store network and expanding e-commerce presence. In fourth-quarter fiscal 2019, e-commerce sales grew 15% year over year. Moreover, e-commerce penetration improved to about 25% of net sales, up from 23% in the prior-year quarter. On store-front, the company witnessed continued strength delivering third consecutive quarter of positive brick-and-mortar store comps. During the quarter, it closed seven DICK'S Sporting Goods and one Golf Galaxy store in fourth-quarter fiscal 2019. The company expects to gain from its omni-channel investments like buy online pickup in store (BOPIS) and ship from store. The company notes that stores are increasingly contributing to e-commerce sales through the introduction of the aforementioned facilities, which is making the line between in-store and online sales seamless. In fiscal 2020, the company expects to enhance omni-channel experience through faster and more reliable deliveries and improved functionality of its website.
 - **Shareholder-Friendly Moves:** DICK'S Sporting's shareholder-friendly actions remain encouraging. During fourth-quarter fiscal 2019, the company bought back nearly 759,000 shares for \$36.1 million. This brings total share buybacks in fiscal 2019 to 11.1 shares for 402.2 million. Consequently, the company now has roughly \$31 million under its standing authorization, extending through 2021. On Jun 12, 2019, its board approved an additional five-year share-repurchase program of up to \$1 billion of its common stock. Further, management raised its quarterly cash dividend by 13.6% to 31.25 cents per share, payable Mar 27, 2019. In addition, the company continues to efficiently utilize cash flows to accomplish long-term growth target via omni-channel development and store openings.
-

Last Earnings Report

DICK'S Sporting Q4 Earnings & Sales Beat

DICK'S Sporting delivered robust fourth-quarter fiscal 2019 results, wherein earnings and sales surpassed the Zacks Consensus Estimate and grew year over year. The company delivered strong sales results despite the shorter holiday season this year as well as challenging weather that hurt its cold weather categories. Further, its results gained from its focus on improving service, experience and marketing across all channels.

The company's top line reflected the impacts of a decline in hunting category sales due to the removal of the category from 125 stores in the fiscal fourth quarter. However, driven by its hunting space optimization efforts, DICK'S Sporting notes that the stores delivered positive same-store sales (comps) results even during the peak hunting season that falls in the fourth quarter. So far, the company has removed the hunting business from 135 DICK'S Sporting stores.

Taking its space optimization efforts a step forward, the company plans to remove the hunting department from nearly 440 additional DICK'S Sporting stores in the first half of fiscal 2020. This will leave the hunting business in only 12% of its stores.

Q4 in Detail

In the fiscal fourth quarter, DICK'S Sporting reported earnings of \$1.32 per share, surpassing the Zacks Consensus Estimate of \$1.22. Additionally, the bottom line rose 23.4% from the year-ago quarter's number.

Net sales of \$2,608.7 million grew 4.7% year over year and surpassed the Zacks Consensus Estimate of \$2,549 million. Consolidated same-store sales rose 5.3%, driven by higher average ticket and transactions. Further, same-store sales were aided by growth in each of its three primary categories — hardlines, apparel and footwear. E-commerce sales grew 15% year over year, which was 25% of net sales in the reported quarter compared with 23% in the prior-year quarter.

Adjusted gross margin expanded 73 basis points (bps) to 28.6% in the quarter under review. This was due to a 14-bps rise in merchandise margins and 62-bps leverage on occupancy costs. However, this was partly negated by costs related to the opening of two new dedicated e-commerce fulfillment centers. Adjusted SG&A expenses, as a percentage of sales, increased 77 bps year over year to 22.93%, thanks to rise in incentive compensation expenses and higher marketing expenses related to the successful multi-channel holiday campaign.

Financial Aspects

DICK'S Sporting ended fiscal 2019 with cash and cash equivalents of \$69 million, nearly \$224 outstanding borrowings under its \$1.6-billion revolving credit facility and total stockholders' equity of \$1,731.6 million. Further, total inventory rose 21% year over year as of Feb 1, 2020, driven by investments to support key growth categories. In fiscal 2019, the company generated operating cash flow of \$404.6 million. Moreover, total capital expenditure amounted to \$217.5 million (on a gross basis) and \$179.5 million (on a net basis). The company expects inventory to increase in a high-single-digit rate by the end of the fiscal first quarter and then moderate at the end of the second and third quarters. Consequently, it expects inventory in fiscal 2020 to be in line with the fiscal 2019 level.

Dividend and Share Repurchases

During fourth-quarter fiscal 2019, the company bought back nearly 759,000 shares for \$36.1 million. This brings total share buybacks in fiscal 2019 to 11.1 shares for 402.2 million. Consequently, the company now has roughly \$31 million under its standing authorization, extending through 2021. On Jun 12, 2019, its board approved an additional five-year share-repurchase program of up to \$1 billion of its common stock. On Mar 6, management raised its quarterly cash dividend by 13.6% to 31.25 cents per share. The dividend is payable Mar 27, 2019, to its shareholders of record as of Mar 20.

Store Update

During the reported quarter, the company closed seven DICK'S Sporting Goods and one Golf Galaxy store. As of Feb 1, 2020, DICK'S Sporting operated 726 DICK'S Sporting Goods stores across 47 states, 94 Golf Galaxy stores in 32 states, and 27 Field & Stream stores in 16 states. In fiscal 2020, the company plans to open nine DICK'S Sporting and six Golf Galaxy stores. Meanwhile, it expects 17 relocations for the fiscal year.

Guidance

Management stated that its guidance for fiscal 2020 takes into account the encouraging momentum in its business and the aggravating coronavirus situation across the world. Considering that some supply-chain disruptions will start affecting operations in the fiscal second quarter, the low end of the company's guidance has been conservative. For fiscal 2020, DICK'S Sporting envisions earnings per share of \$3.60-\$4.00. Further, consolidated comps are projected to be flat to up 2%. Pre-tax margin is expected to be between a decline of 30 bps and a slight increase year over year. Meanwhile, the higher end of the gross margin guidance is nearly flat. Moreover, the company expects SG&A leverage for fiscal 2020. Effective tax rate is projected at 25.5%. Management expects capital expenditure of \$235-\$295 million (on a net basis).

Quarter Ending 01/2020

Report Date	Mar 10, 2020
Sales Surprise	2.33%
EPS Surprise	8.20%
Quarterly EPS	1.32
Annual EPS (TTM)	3.72

Recent News

DICK'S Sporting Closes Senior Notes Offering – Apr 22, 2020

DICK'S Sporting closed the issuance and sale of additional \$75 million aggregate principal amount of senior notes. This issuance was in sync with the exercising of option in full by initial purchases (on Apr 22) under the previously issued \$500 million Convertible Senior Notes.

The company had issued \$500 million Convertible Senior Notes on Apr 17, which are due in 2025. The company also granted the initial purchasers of the notes a 13-day option to purchase up to an additional \$75 million aggregate principal amount of the notes. Notably, the company's net proceeds from the issuance and sale of \$575 million notes were \$558 million.

DICK'S Sporting Takes More Action Amid Coronavirus – Mar 19, 2020

DICK'S Sporting announced additional precautionary measures in wake of the coronavirus crisis. The company is looking to cut operating expenses and planned inventory receipts to partly offset the negative impacts of COVID-19 on its performance. Moreover, it temporarily reduced the base salaries of its certain executive officers, all other members of its senior management team and other salaried teammates. Further, the company altered its capital allocation plan for fiscal 2020, including lowering its planned capital expenditures, suspending share buybacks and evaluating dividend program. However, the company plans to payout the quarterly dividend of 31.25 cents per share on Mar 27.

DICK'S Sporting Temporarily Closes Stores, Withdraws View – Mar 18, 2020

Citing decline in traffic and demand following its earnings release on Mar 10 due to the spread of coronavirus across the United States, DICK'S Sporting temporarily closed all its stores for two weeks effective Mar 18. The company notified that its e-commerce business, including contactless curbside pickup and ship from a store, will continue to provide services. Further, based on the uncertainty on the duration of the closures and the resulting negative impact of COVID-19 on its results, it has withdrawn its previously provided guidance for fiscal 2020.

Valuation

DICK'S Sporting shares are down 37.7% in the year-to-date period and nearly 16.1% over the trailing 12-month period. Stocks in the Zacks sub-industry are down 16.9% but the Zacks Retail-Wholesale sector is up 7.1% in the year-to-date period. Over the past year, the Zacks sub-industry is down 28.5% but the sector is up 20%.

The S&P 500 index is down 8.3% in the year-to-date period but up 4.4% in the past year.

The stock is currently trading at 13.58X forward 12-month earnings, which compares to 20.9X for the Zacks sub-industry, 31.16X for the Zacks sector and 21.54X for the S&P 500 index.

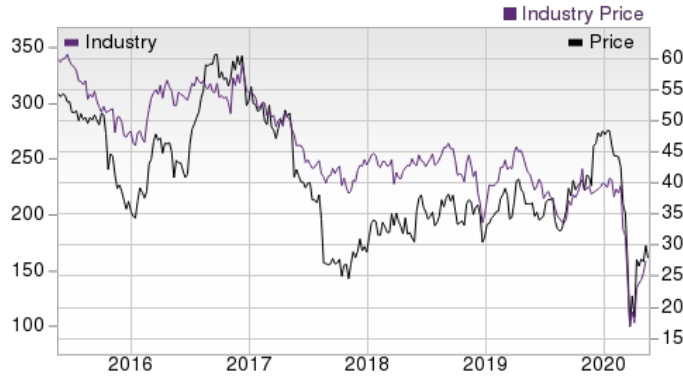
Over the past five years, the stock has traded as high as 18.68X and as low as 4.34X, with a 5-year median of 11.67X. Our Underperform recommendation indicates that the stock will perform worse than the market. Our \$26 price target reflects 11.45X forward 12-month earnings.

The table below shows summary valuation data for DKS

Valuation Multiples - DKS					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	13.58	20.9	31.16	21.54
	5-Year High	18.68	20.9	31.16	21.54
	5-Year Low	4.34	11.59	19.06	15.23
	5-Year Median	11.67	16.08	23.31	17.49
P/S F12M	Current	0.32	0.97	1.06	3.33
	5-Year High	0.84	1.37	1.11	3.44
	5-Year Low	0.16	0.74	0.8	2.53
	5-Year Median	0.44	1.14	0.93	3.01
EV/EBITDA TTM	Current	8.43	14.36	17.52	10.9
	5-Year High	11.46	17.92	17.63	12.86
	5-Year Low	3.61	9.83	10.91	8.26
	5-Year Median	6.78	15.09	12.58	10.79

As of 05/21/2020

Industry Analysis Zacks Industry Rank: Bottom 24% (192 out of 254)



Top Peers

Company (Ticker)	Rec	Rank
Deckers Outdoor Corporation (DECK)	Neutral	4
Hibbett Sports, Inc. (HIBB)	Neutral	3
Shoe Carnival, Inc. (SCVL)	Neutral	3
Walmart Inc. (WMT)	Neutral	3
Zumiez Inc. (ZUMZ)	Neutral	4
Five Below, Inc. (FIVE)	Underperform	4
Foot Locker, Inc. (FL)	Underperform	5
KAR Auction Services, Inc (KAR)	Underperform	3

Industry Comparison Industry: Retail - Miscellaneous				Industry Peers		
	DKS	X Industry	S&P 500	FIVE	FL	HIBB
Zacks Recommendation (Long Term)	Underperform	-	-	Underperform	Underperform	Neutral
Zacks Rank (Short Term)	4	-	-	4	5	3
VGM Score	A	-	-	B	A	B
Market Cap	2.68 B	1.03 B	20.19 B	5.42 B	3.05 B	311.74 M
# of Analysts	10	4	14	9	12	2
Dividend Yield	4.05%	0.00%	2.11%	0.00%	5.46%	0.00%
Value Score	A	-	-	D	A	A
Cash/Price	0.03	0.23	0.07	0.05	0.34	0.27
EV/EBITDA	7.61	8.12	12.15	21.69	5.81	6.48
PEG Ratio	2.83	1.98	2.71	2.19	1.50	1.80
Price/Book (P/B)	1.49	1.03	2.74	7.13	1.24	1.00
Price/Cash Flow (P/CF)	4.30	4.53	10.98	24.38	4.28	4.54
P/E (F1)	16.50	15.04	20.17	42.70	15.46	26.08
Price/Sales (P/S)	0.31	0.31	2.07	2.94	0.38	0.26
Earnings Yield	6.16%	6.22%	4.73%	2.34%	6.48%	3.86%
Debt/Equity	1.55	0.89	0.76	1.10	1.13	0.58
Cash Flow (\$/share)	7.18	3.12	6.96	3.99	6.86	4.16
Growth Score	A	-	-	A	B	B
Hist. EPS Growth (3-5 yrs)	4.17%	9.15%	10.87%	31.64%	3.39%	-9.27%
Proj. EPS Growth (F1/F0)	-48.62%	-34.54%	-10.31%	-26.96%	-61.53%	-68.88%
Curr. Cash Flow Growth	6.18%	6.68%	5.46%	19.42%	-1.10%	15.81%
Hist. Cash Flow Growth (3-5 yrs)	2.61%	2.72%	8.55%	27.57%	1.64%	-4.23%
Current Ratio	1.16	1.47	1.29	1.89	2.00	1.59
Debt/Capital	60.73%	57.44%	44.54%	52.44%	53.10%	36.90%
Net Margin	3.40%	3.40%	10.54%	9.48%	6.22%	2.27%
Return on Equity	18.72%	11.50%	16.27%	24.91%	21.49%	12.39%
Sales/Assets	1.27	1.41	0.54	1.05	1.19	1.53
Proj. Sales Growth (F1/F0)	-8.03%	-3.12%	-2.49%	-1.62%	-19.20%	0.00%
Momentum Score	C	-	-	B	F	D
Daily Price Chg	6.34%	1.08%	-0.76%	5.43%	3.53%	7.87%
1 Week Price Chg	-6.78%	-6.10%	-4.56%	-1.72%	-1.32%	-6.10%
4 Week Price Chg	17.58%	15.64%	5.52%	24.08%	33.09%	45.35%
12 Week Price Chg	-17.87%	-8.32%	-8.54%	-3.84%	-12.63%	-5.54%
52 Week Price Chg	-16.10%	-25.62%	-6.30%	-25.62%	-44.50%	-4.59%
20 Day Average Volume	2,963,402	649,475	2,645,192	1,013,883	2,452,242	370,296
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	-1.06%	-22.41%	0.00%
(F1) EPS Est 4 week change	-7.56%	-3.27%	-3.80%	-6.00%	-43.47%	-36.96%
(F1) EPS Est 12 week change	-50.16%	-39.69%	-16.57%	-37.03%	-63.87%	-73.15%
(Q1) EPS Est Mthly Chg	-5.02%	0.00%	-7.64%	1.89%	-243.43%	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	C
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.