

Dunkin' Brands Group (DNKN)

\$62.29 (As of 04/28/20)

Price Target (6-12 Months): **\$65.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 11/22/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

4-Sell

Zacks Style Scores:

VGM:F

Value: F

Growth: C

Momentum: D

Summary

Shares of Dunkin' Brands have underperformed the industry in the past year. The dismal performance can be primarily attributed to the coronavirus outbreak in China. Moreover, intense competition from larger fast-casual companies, soft consumer spending environment, challenging international markets and a shift in ice cream consumption remain potent headwinds. Also, high costs of operations raise concern. Of late, earnings estimate for 2020 have moved down. However, strong brand recognition, various sales-building initiatives like product launches, focus on beverage portfolio, aggressive expansion along with enhanced digital offerings are likely to benefit the company going forward. Also, the company's unit-expansion efforts are noteworthy.

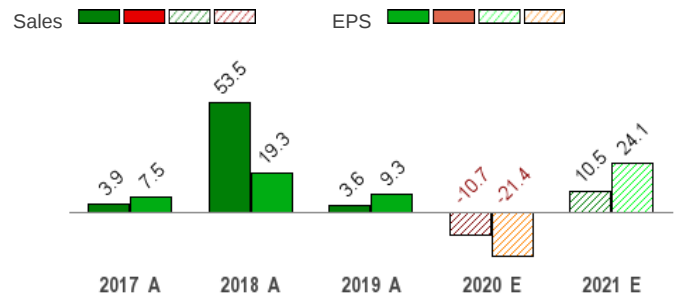
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$84.74 - \$38.51
20 Day Average Volume (sh)	1,480,324
Market Cap	\$5.1 B
YTD Price Change	-17.5%
Beta	0.80
Dividend / Div Yld	\$1.61 / 2.6%
Industry	Retail - Restaurants
Zacks Industry Rank	Bottom 36% (163 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	4.3%
Last Sales Surprise	0.3%
EPS F1 Est- 4 week change	-9.3%
Expected Report Date	04/30/2020
Earnings ESP	-2.4%
P/E TTM	19.7
P/E F1	25.0
PEG F1	2.3
P/S TTM	3.7

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	314 E	327 E	348 E	337 E	1,352 E
2020	309 E	266 E	318 E	321 E	1,223 E
2019	319 A	359 A	356 A	336 A	1,370 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.68 E	\$0.76 E	\$0.84 E	\$0.80 E	\$3.09 E
2020	\$0.62 E	\$0.47 E	\$0.69 E	\$0.69 E	\$2.49 E
2019	\$0.67 A	\$0.86 A	\$0.90 A	\$0.73 A	\$3.17 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 04/28/2020. The reports text is as of 04/29/2020.

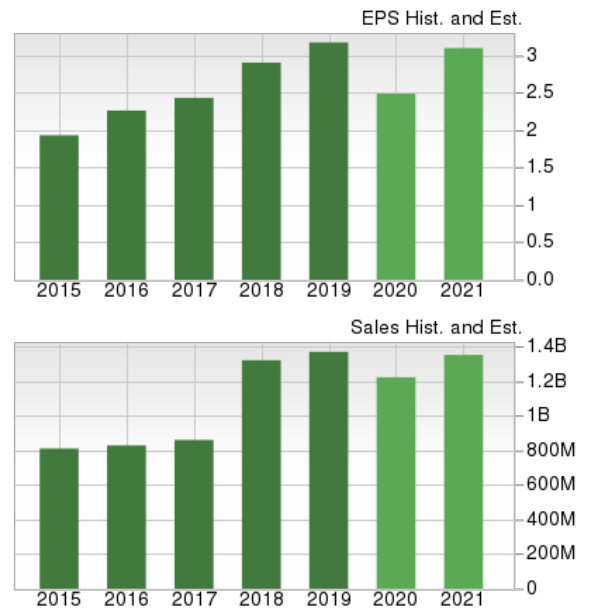
Overview

Headquartered in Canton, MA, Dunkin' Brands is a franchisor of quick-service restaurants under the Dunkin' Donuts and Baskin-Robbins brands.

Dunkin' Brands operates under four segments: Dunkin' U.S. (48.6% of total revenues in the fourth quarter of 2019), Dunkin' International (1.7%), Baskin-Robbins International (6.9%), Baskin-Robbins U.S. (2.8%), U.S. Advertising Funds (35.3%) and Other (4.7%).

The company generates revenues from five primary sources: (i) royalty income and fees associated with franchised restaurants; (ii) rental income from restaurant properties that are leased to franchisees; (iii) sales of ice cream products to franchisees in certain international markets; (iv) retail store revenues at the company-owned restaurants, and (v) other income including fees for licensing the Dunkin' Donuts brand for products sold in non-franchised outlets (such as retail packaged coffee), the licensing of the rights to manufacture Baskin-Robbins ice cream to a third party for ice cream and related products sold to U.S. franchisees, refranchising gains, transfer fees from franchisees, and online training fees.

Dunkin' Brands has a multi-year partnership with Keurig Green Mountain and J.M. Smucker to manufacture, market, distribute and sell Dunkin' K-Cup pods at retailers across the U.S. and Canada, as well as online. Keurig has the right to distribute Dunkin' K-Cup packs with five varieties of signature Dunkin' Brands coffee to specialty stores and office supply retailers. J.M. Smucker, on the other hand, distributes and sells Dunkin' K-Cup packs to grocery chains, mass merchandisers, club stores, drug stores, dollar stores and home improvement stores.



Reasons To Buy:

▲ **Robust Earnings Trend:** Dunkin' Brands has reported better-than-expected earnings in the trailing nine quarters. Moreover, the company has trailing four-quarter positive earnings surprise of 7.1%, on average. In the fourth quarter, the bottom line also improved 7.4% on a year-over-year basis on the back of increase in royalty income and reduced expenses, partially offset by lower franchise fees. For 2020, the company now expects adjusted earnings in the range of \$3.16-\$3.21 per share. Given its progress on the fundamentals, the company is likely to perform well in the quarters ahead.

Dunkin' Brands' focus on beverage portfolio, strong digital initiatives and aggressive expansion strategies coupled with efforts to boost sales bode well

▲ **Strong Brand Recognition & Expansion:** Dunkin' Brands ranks among the well-established global quick-service restaurant brands. As a result, it enjoys enormous customer trust and brand loyalty making it easier for the company to launch new product lines. The company's increased focus on menu innovation, especially on premium products to offer great beverages, is likely to drive growth. Markedly, the company started serving Beyond Breakfast Sausage from Nov 6, 2019, thereby becoming the first U.S. restaurant to offer the same nationwide. Notably, this premium food innovation along with premium-priced Cold Brew and espresso beverages brought in huge media buzz, supporting high consumer trial and repurchase rates. It also reached a new consumer base and drove incremental sales by offering on-trend choices to its customers.

Banking on its already established namesake, the company has undertaken the implementation of a six-part plan to fuel Dunkin' Brands' strategic growth in the United States and better position itself as a beverage-led On-the-Go brand. That plan includes building its coffee culture; faster and improved product innovation; targeted values and smart pricing; being a leader in digital innovation; improving the restaurant-like experience; and driving consumer packaged goods and new channels. In fact, the company simplified its branding in the third quarter of 2018 and changed the logo of Dunkin Donuts to Dunkin' that marks its commitment to the beverage-led strategy. In fourth-quarter 2019, the company enhanced its digital ecosystem by allowing customers to use mobile on-the-go ordering, previously exclusive only to DD Perks members. Moreover, given its growing popularity, the company is expanding its footprint in the emerging markets of Asia and the Middle East. The company also considers the untapped market of South Africa a great potential and has inked a franchise agreement to develop more than 250 Dunkin' restaurants and more than 70 Baskin-Robbins shops in here, over the coming years.

During the fourth quarter, the company opened 146 net new restaurants globally including 76 net new Dunkin' U.S. locations, 62 Baskin-Robbins International locations and 26 Dunkin' International locations, offset by net closures of 18 Baskin-Robbins U.S. locations. Moreover, the company also ended the year with more than 500 new and remodeled NextGen restaurants. Such expansion strategies should boost the company's top line. The company sees Netherlands, Germany and Spain on the top of its priority list as they are driving positive results.

▲ **Efforts to Boost Sales:** Dunkin' Brands continues to boost sales through regular product launches. With the demand for coffee expected to keep growing, Dunkin' is continuously adding new coffee beverages to the menu, both in the value and premium offering segment, like the Macchiato's line of products and the recent — Cold Brew coffee. In the fourth quarter of 2018, the company introduced an entirely new handcrafted espresso beverage in more than 9,000 Dunkin' U.S. restaurants. In the fourth quarter of 2019, espresso sales grew more than 40% year over year. Espresso beverages represent approximately 10% of its sales mix. In fact, Dunkin' U.S. comps also grew 2.8% in fourth-quarter 2019. The success was primarily attributed to the strategic investments that were made into its espresso and digital platforms in 2018.

Moving forward, espresso and other frozen beverages are expected to continue the momentum across the beverage portfolio. The company has already introduced ready-to-drink bottled iced coffee and Fruited Iced Teas, Dunkin' Energy Punch powered by Monster Energy and frozen coffee last year.

Meanwhile, in January 2019, the company added the Power Platform, which has been driving incremental sales. In April, Dunkin' Brands launched the Dunkin' Bowls, which comprises an egg white bowl containing 14 grams of protein and only 250 calories. Power breakfast sandwiches have also been driving the company's sales. The company highly focuses on building new restaurant designs. It designed a Next Generation restaurant involving technology that aims to provide a rich and faster restaurant experience, and deliver quality food and beverages. Dunkin' U.S. franchisees expect to open between 200 and 250 net new units of next-gen restaurants annually over the next 3 years.

▲ **Strong Digital Initiatives:** The digital wave has hit the U.S. fast-casual restaurant sector as an increasing number of restaurants are deploying technology to enhance guest experience and drive traffic. Dunkin' Brands is also not far behind in this race. The company is growing in terms of its use of digital technology through DD card, DD mobile app, DD Perks rewards program, On-the-Go ordering and delivery. During the last reported quarter, the company added guest ordering for mobile on-the-go app. These initiatives make Dunkin' more convenient and accessible to customers. It also introduced multi-tender payment flexibility for the DD Perks program, which will provide more choice and convenience for Dunkin's on-the-go guests.

Additionally, the company expects to see a larger percentage of Dunkin' restaurants to open with drive-thrus. This increased emphasis on drive-thrus is huge part of the company's strategy to be an On-the-Go brand and offer frictionless experience to guests. Furthering its delivery program, Dunkin' has also expanded its delivery service to Miami, in partnership with DoorDash, covering over 70% of Baskin-Robbins stores across the United States. Meanwhile, the company also partnered with Grubhub to create a Dunkin' delivery system with POS integration.

Reasons To Sell:

- ▼ **Coronavirus Likely to Hurt 2020 Results:** The recent outbreak of coronavirus in China has now become a global crisis. The Retail - Restaurants industry is currently grappling with the situation and Dunkin' Brands isn't immune to the trend. Although, the company's 2020 guidance does not include any impact of the coronavirus outbreak, uncertainties arising from the same are likely to affect results going forward.
- ▼ **Baskin-Robbins International Witnesses Dismal Performance:** Dismal sales at Baskin-Robbins International have been a major concern. In fourth-quarter 2019, Baskin-Robbins International revenues declined 4.9% due to a decline in sales of ice cream and other products, and low royalty income.
- ▼ **Competition with Larger Companies:** The company is facing competition from larger fast-casual companies which offer healthier menu options and are gaining popularity among consumers. Further, the company's coffee offerings face intense competition from one of the coffee giants — Starbucks — boasting a much larger scale of operations. Additionally, Dunkin' generates a chunk of revenues from the breakfast segment, which is gradually becoming more competitive. Companies like Jack in the Box and McDonald's are gaining traction with their breakfast platter, which is denting the company's top line.
- ▼ **Shift in Ice Cream Consumption:** The U.S. ice cream industry is shrinking gradually. In recent times, the trend of ice cream consumption at home has increased as several key brands are now available at grocery stores. Further, consumers are shifting more toward healthy frozen yogurt and fruit and vegetable-based flavors. Thus, declining sales at ice cream parlors would hurt Dunkin' Brand's revenues in the near term. Moreover, the company is experiencing lower than expected sale in ice cream products in its international segment too. The company's ice-cream sales continued to decline even in the fourth quarter.
- ▼ **High Costs of Operations:** The restaurant industry is plagued with high costs of operations, owing to increased labor costs and other administrative expenses. Dunkin' Brands have also been facing margin pressure, owing to higher costs of operations. In 2019, total operating costs and expenses increased 1.6% year over year.

Intense competition, a soft consumer spending environment, challenging international markets and a shift in ice cream consumption remain potent headwinds

Last Earnings Report

Dunkin' Brands Q4 Earnings & Revenues Beat Estimates

Dunkin' Brands Group reported fourth-quarter fiscal 2019 results, with earnings and revenues surpassing the Zacks Consensus Estimate. The top and the bottom line also grew year over year, buoyed by solid segmental growth and decline in G&A expenses.

However, the company provided weak fiscal 2020 guidance. Dunkin' Brands' projects \$60-million high-volume brewer investment that will reflect in the operating income growth, which is anticipated at the low end of the guidance.

Its adjusted earnings of 73 cents per share surpassed the consensus mark of 70 cents by 4.3%. The bottom line also improved 7.4% on a year-over-year basis, driven by increase in royalty income and reduced expense, partially offset by lower franchise fees.

Revenues were up 5.1% year over year to \$335.9 million, which beat the consensus mark of \$335 million by 0.3%. The top-line improvement can be attributed to a rise in system-wide sales at Dunkin' U.S. and rental income growth. The revenue growth was partially offset by a decline in franchise fees as well as sales of ice cream and other products.

Segmental Performance

Dunkin' U.S. reported revenues of \$163.4 million, up 7.3% from the prior-year quarter's figures. Comps also grew 2.8% in the quarter, marking it the highest quarterly comps growth in past six years. The upside backed by espresso and cold brew sales coupled with the successful launch of the Beyond Sausage Sandwich and sustained performance of its national value platforms.

Dunkin' International division reported revenues of \$5.7 million, up 4% from the prior-year quarter's level. Additionally, comps rose 6.9% compared with 1.1% gain in the year-ago quarter.

Baskin-Robbins U.S. revenues inched up 1.3% from the prior-year quarter's figure to \$9.2 million. Comps also rose 4.1% against 3.7% loss reported in the year-ago quarter.

Baskin-Robbins International division revenues amounted to \$23.1 million, down 4.9% year over year. However, comps rose 3.2% compared with 1.5% growth in the year-ago quarter.

Operating Performance

Adjusted operating income rose 8.1% from the year-ago quarter's level to \$110.5 million, mainly owing to rise in royalty as well as decline in general and administrative expenses. This was offset by decline in franchise fees. Adjusted operating income margin expanded 90 basis points (bps) to 32.9%.

Balance Sheet

Dunkin' Brands ended fourth-quarter fiscal 2019 with cash and cash equivalents of \$621.2 million compared with \$517.6 million at the end of 2018. Restricted cash totaled \$85.6 million, up from \$79 million as of Dec 29, 2018. Long-term debt was approximately \$3 billion.

In fiscal fourth quarter, the company returned \$36 million to shareholders, of which \$31.1 million was returned through dividends and \$4.9 million through repurchases of approximately 65,000 shares. As of Dec 28, 2019, it had 82,834,830 shares outstanding. Moreover, its board of directors announced a 7.3% increase in quarterly cash dividend of 40.25 cents per share, payable on Mar 18, to shareholders of record as of Mar 9, 2020. Also, it approved a new share repurchase program of up to \$250 million of common stock.

2019 Highlights

In 2019, total revenues amounted to \$1,370.2 million, up 3.7% year over year. Adjusted earnings per share for the year ended Dec 28, 2019 was reported at \$3.17, 9.3% up from \$2.90 as on Dec 29, 2018. Adjusted operating income margin improved 140 bps to 34.3% compared with 32.9% as on Dec 29, 2018.

2020 Guidance

Dunkin' Brands' expects to open 200-250 net new Dunkin' U.S. units, which will contribute more than \$140 million to its system-wide sales. The company expects low-single digit comps growth for Dunkin' U.S. as well as for Baskin-Robbins U.S. The company expects to close approximately 25 net units of Baskin-Robbins U.S. franchisees, owing to the strategic initiative to optimize its store base. It expects low to mid-single-digit revenue growth.

Fiscal 2020 operating and adjusted operating income growth is expected at mid-single digit. General and administrative expenses are likely to grow low-single digit. Full year effective tax rate is estimated at approximately 27% and net interest expense of nearly \$121 million. Also, it projects capital expenditures of roughly \$40 million. Adjusted earnings per share are expected in the range of \$3.16-\$3.21. Meanwhile, the company reiterates its previously announced long-term targets (through fiscal 2021).

Quarter Ending **12/2019**

Report Date	Feb 06, 2020
Sales Surprise	0.27%
EPS Surprise	4.29%
Quarterly EPS	0.73
Annual EPS (TTM)	3.16

Valuation

Dunkin' Brands shares have declined 17.6% in the year-to-date and 16.5% in the trailing 12-month period. Stocks in the Zacks sub-industry are down by 10.7%, while the Zacks Retail-Wholesale sector were up by 1.2% in the year-to-date period. Over the past year, the Zacks sub-industry was down by 7.1%, but sector was up by 6.2%.

The S&P 500 index is down 10.8% in the year-to-date period and 2.7% in the past year.

The stock is currently trading at 21.9X forward 12-months earnings, which compares to 32.85X for the Zacks sub-industry, 28.48X for the Zacks sector and 20.2X for the S&P 500 index.

Over the past five years, the stock has traded as high as 27.23X and as low as 12.12X, with a 5-year median of 22.63X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$65 price target reflects 22.88X forward 12-month earnings.

The table below shows summary valuation data for DNKN.

Valuation Multiples - DNKN					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	21.9	32.85	28.48	20.2
	5-Year High	27.23	32.85	28.28	20.2
	5-Year Low	12.12	20.49	19.06	15.19
	5-Year Median	22.63	23.09	23.16	17.45
P/S F12M	Current	3.88	3.61	1.02	3.22
	5-Year High	7.09	3.93	1.11	3.44
	5-Year Low	2.3	2.82	0.8	2.54
	5-Year Median	4.76	3.3	0.93	3.01
EV/EBITDA TTM	Current	15.13	15.35	15.54	10.52
	5-Year High	22.67	17.74	16.35	12.87
	5-Year Low	11.57	11.94	10.9	8.27
	5-Year Median	16.31	14.25	12.55	10.78

As of 04/28/2020

Industry Analysis Zacks Industry Rank: Bottom 36% (163 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
BJs Restaurants, Inc. (BJRI)	Neutral	3
Jack In The Box Inc. (JACK)	Neutral	4
Dave & Busters Entertainment, Inc. (PLAY)	Neutral	3
Papa Johns International, Inc. (PZZA)	Neutral	3
Red Robin Gourmet Burgers, Inc. (RRGB)	Neutral	3
Starbucks Corporation (SBUX)	Neutral	3
Carrols Restaurant Group, Inc. (TAST)	Neutral	4
The Wendys Company (WEN)	Neutral	3

Industry Comparison Industry: Retail - Restaurants				Industry Peers		
	DNKN	X Industry	S&P 500	PLAY	RRGB	TAST
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	4	-	-	3	3	4
VGM Score	F	-	-	B	D	D
Market Cap	5.11 B	275.67 M	20.14 B	424.94 M	191.66 M	173.63 M
# of Analysts	11	6	14	6	4	3
Dividend Yield	2.58%	0.00%	2.13%	4.60%	0.00%	0.00%
Value Score	F	-	-	B	B	B
Cash/Price	0.15	0.07	0.06	0.07	0.20	0.02
EV/EBITDA	15.74	11.29	12.15	8.04	10.46	23.89
PEG Ratio	2.42	3.53	2.43	NA	NA	NA
Price/Book (P/B)	NA	1.66	2.68	2.50	0.53	0.56
Price/Cash Flow (P/CF)	16.51	6.65	10.78	1.81	1.92	2.84
P/E (F1)	26.15	34.75	19.06	NA	NA	NA
Price/Sales (P/S)	3.73	0.62	2.12	0.31	0.15	0.12
Earnings Yield	4.00%	0.89%	5.11%	-31.01%	-27.63%	-22.82%
Debt/Equity	-5.76	0.99	0.72	10.93	1.86	4.09
Cash Flow (\$/share)	3.77	1.81	7.01	7.70	7.72	1.17
Growth Score	C	-	-	B	D	D
Hist. EPS Growth (3-5 yrs)	13.23%	7.89%	10.88%	25.07%	-21.29%	-26.49%
Proj. EPS Growth (F1/F0)	-21.59%	-78.26%	-6.33%	-246.54%	-761.69%	-111.11%
Curr. Cash Flow Growth	5.44%	5.29%	5.92%	-0.07%	-15.30%	-14.11%
Hist. Cash Flow Growth (3-5 yrs)	5.81%	6.59%	8.55%	16.47%	-0.74%	18.25%
Current Ratio	1.56	0.62	1.23	0.27	0.54	0.27
Debt/Capital	NA%	63.70%	43.90%	91.62%	65.09%	80.35%
Net Margin	17.66%	4.05%	11.13%	7.40%	-0.60%	-2.19%
Return on Equity	-41.48%	7.09%	16.47%	44.38%	2.21%	-5.68%
Sales/Assets	0.36	1.07	0.55	0.60	1.05	0.93
Proj. Sales Growth (F1/F0)	-10.71%	-11.25%	-1.35%	-39.38%	-24.47%	7.78%
Momentum Score	D	-	-	D	F	D
Daily Price Chg	2.42%	2.05%	1.10%	8.17%	16.85%	6.05%
1 Week Price Chg	-6.46%	-0.64%	-1.74%	0.88%	0.09%	-2.63%
4 Week Price Chg	17.31%	19.84%	11.80%	6.27%	74.18%	82.97%
12 Week Price Chg	-20.70%	-32.26%	-17.28%	-69.20%	-55.48%	-29.30%
52 Week Price Chg	-16.54%	-44.99%	-10.69%	-75.55%	-53.67%	-66.06%
20 Day Average Volume	1,480,324	267,094	2,660,864	5,447,043	780,670	943,453
(F1) EPS Est 1 week change	-7.01%	-1.83%	0.00%	-6.82%	-44.07%	0.00%
(F1) EPS Est 4 week change	-9.32%	-72.22%	-6.46%	-331.42%	-549.13%	-316.44%
(F1) EPS Est 12 week change	-24.68%	-83.20%	-12.81%	-242.03%	-729.22%	-679.49%
(Q1) EPS Est Mthly Chg	-36.15%	-115.13%	-10.84%	-191.23%	-8,340.00%	-521.43%

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	C
Momentum Score	D
VGM Score	F

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.