

Edwards Lifesciences (EW)

\$202.87 (As of 03/10/20)

Price Target (6-12 Months): **\$213.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 12/23/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

2-Buy

Zacks Style Scores:

VGM:C

Value: D

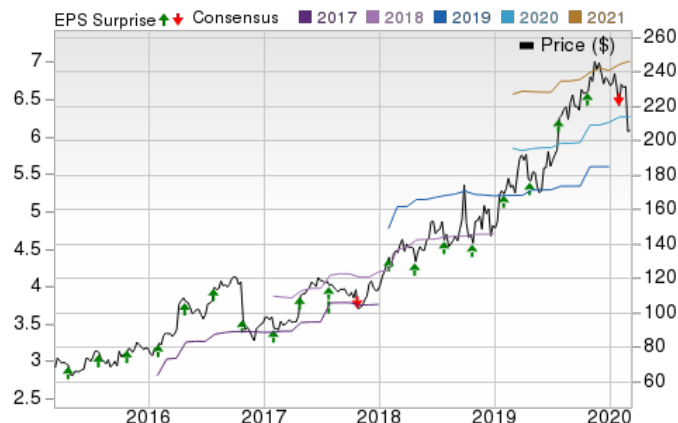
Growth: A

Momentum: D

Summary

Edwards Lifesciences' TAVR procedures increased on strong therapy adoption across all geographies. We are also upbeat about strong sales growth within the Critical Care segment, driven by robust demand for the HemoSphere advance monitoring platform and continued adoption of Smart Recovery. The company continued benefiting from its CASMED acquisition. Moreover, a lifted 2020 EPS guidance raises investors' optimism on the stock. The company witnessed a better-than-expected revenue result in the fourth quarter of 2019. In the past year, shares of Edwards Lifesciences have outperformed the industry. Meanwhile, lower-than-expected earnings and dismal performances within Surgical Structural Heart and TMTT segments raise concern. Also, escalating costs put pressure on the margins in the fourth quarter.

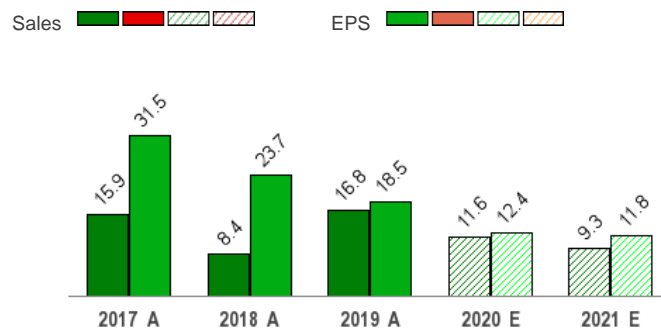
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$247.64 - \$165.69
20 Day Average Volume (sh)	1,610,706
Market Cap	\$42.4 B
YTD Price Change	-13.0%
Beta	0.80
Dividend / Div Yld	\$0.00 / 0.0%
Industry	Medical - Instruments
Zacks Industry Rank	Top 26% (67 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-1.4%
Last Sales Surprise	1.7%
EPS F1 Est- 4 week change	0.0%
Expected Report Date	04/28/2020
Earnings ESP	1.2%
P/E TTM	36.4
P/E F1	32.4
PEG F1	2.2
P/S TTM	9.8

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	1,263 E	1,310 E	1,288 E	1,407 E	5,304 E
2020	1,174 E	1,213 E	1,187 E	1,266 E	4,851 E
2019	993 A	1,087 A	1,094 A	1,174 A	4,348 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$1.68 E	\$1.71 E	\$1.70 E	\$1.82 E	\$7.00 E
2020	\$1.54 E	\$1.58 E	\$1.51 E	\$1.63 E	\$6.26 E
2019	\$1.32 A	\$1.38 A	\$1.41 A	\$1.46 A	\$5.57 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 03/10/2020. The reports text is as of 03/11/2020.

Overview

Edwards Lifesciences Corporation, headquartered in Irvine, CA, deals in products and technologies aimed at treating advanced cardiovascular diseases, especially structural heart disease in critically ill patients. The company is the world's leading manufacturer of tissue heart valves and repair products used to replace or repair a patient's diseased or defective heart valve. Edwards is also a leading player in hemodynamic monitoring systems used to measure a patient's cardiovascular function in the hospital setting.

The company currently reports its revenues in 3 product groups – Surgical Heart Valve Therapy Group (which combines Surgical Heart Valves and Cardiac Surgery systems), Transcatheter Heart Valves, and Critical Care Group (includes Critical Care and Vascular).

Surgical Heart Valve Therapy Group (19.3% of total revenues in 2019; underlying growth rate was 1.5% from 2018)

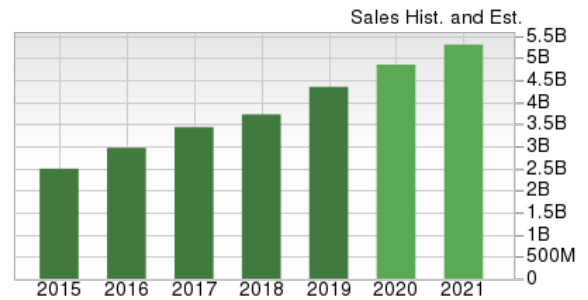
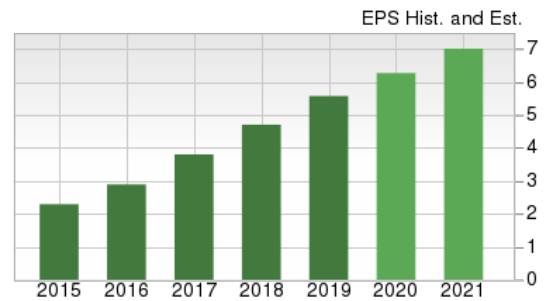
This segment primarily comprises tissue heart valves and heart valve repair products for the surgical repair or replacement of a patient's heart valve. The portfolio also includes a diverse line of products used during minimally invasive surgical procedures, and cannulae, embolic protection devices and other products used during cardiopulmonary bypass.

Transcatheter Heart Valves (THV) (62.9%; up 21.2%)

This segment includes technologies designed to treat heart valve diseases using catheter-based approaches as opposed to open surgical techniques.

Critical Care Product Group (17%; up 8.8%)

Critical Care portfolio includes pulmonary artery catheters, disposable pressure transducers and advanced monitoring systems. The portfolio also includes a line of balloon catheter-based products, surgical clips and inserts.



Reasons To Buy:

- ▲ **Share Price Performance:** In the past year, shares of Edwards Lifesciences have outperformed its industry. The stock has gained 15.6% against the 5.6% fall of the industry. The company reported strong year-over-year revenue growth in fourth-quarter 2019, primarily banking on strong transcatheter valve sales in the domestic and overseas markets. The strong global growth of TAVR procedures, driven by solid therapy adoption across all geographies, particularly in the United States, has buoyed optimism on the stock. The company also registered strong sales within its Critical Care division, buoyed by strong HemoSphere sales, primarily in the United States and Europe. Through the fourth quarter, the company continued witnessing steady adoption of INSPIRIS RESILIA tissue valves in all regions, driven by increased demand among younger and more active patients.

The HemoSphere all-in-one monitoring platform (with FloTrac System and Acumen Hypotension Predictive Index) is gaining momentum on strong rollout following the full-market launch earlier in 2019. The company is upbeat about getting strong synergy benefit from its CASMED acquisition (completed in April). The acquisition is fortifying Edwards Lifesciences' position in smart monitoring technologies within the critical care platform. Within Transcatheter Mitral and Tricuspid Therapies (TMTT), following the CE Mark, PASCAL is currently witnessing strong rollout in Europe.

Over and above, lifted 2020 EPS guidance raises investors' optimism on the stock.

- ▲ **CASMED Performance Impressive:** North America currently holds a large share in the global brain tissue oxygen monitoring systems market and is backed by rising demands for neurosurgery, advanced healthcare facilities and the dominance of major players (per a report by Market Research Hub). The brain tissue oxygen monitoring systems market is also expected to witness improved performances in the Asia Pacific and the Middle East and Africa regions. Given bountiful opportunities in the niche market, the acquisition of CAS Medical Systems (CASMED) seems a strategic fit.

The acquisition has started generating revenues for the company's Critical Care arm, being a key growth driver through the fourth quarter. CASMED's FORE-SIGHT non-invasive cerebral oxygenation technology (which was integrated with Edwards Lifesciences HemoSphere advanced hemodynamic monitoring platform) recently received FDA approval. This is expected to expand Edwards Lifesciences' reach in the smart monitoring technology market.

- ▲ **Surgical Heart Valve Therapy, A Promising Business:** Lately, Edwards Lifesciences is registering strong topline growth within its Surgical Structural Heart business led by increased adoption of premium high-value technologies and international strength. Despite fourth-quarter headwinds, the INSPIRIS RESILIA aortic valve continued witnessing growth across all geographies, with notable usage in more active patients.

The acquisition of Harpoon Medical resulted in the integration of its flagship beating-heart repair procedure for mitral valve patients (HARPOON system) to Edwards Lifesciences' Surgical Heart Valve Therapy portfolio for treating structural heart disease. Harpoon Medical works on beating-heart repair for degenerative mitral regurgitation (DMR). The company now anticipates the Harpoon system to be commercially available in Europe in late 2019, following the European regulatory approval. This development seems highly strategic considering the growing pool of patients of cardiovascular diseases.

- ▲ **Long-term Growth Strategy Buoy Optimism:** In THV, Edwards Lifesciences expects to maintain its leadership position in the global transcatheter aortic valve replacement (TAVR) market through increased focus on expanding patient access by actively leveraging current valve platforms for additional indications. This includes developing next-generation valve platforms, and maintaining trusted relationships with clinicians, payers and regulators.

With patients and clinicians increasingly preferring TAVR and based on the substantial body of compelling clinical evidence along with strong adoption of its THV devices, management remains optimistic about the long-term growth opportunity its transcatheter therapies offer in the global market. Edwards Lifesciences also remain committed to aggressively invest in structural heart disease and critical care technologies.

Edwards Lifesciences also expects the global TAVR opportunity to exceed \$7 billion by 2024. Also, management projects Transcatheter Mitral and Tricuspid Therapies (TMTT) opportunity estimated to reach roughly \$3 billion by 2024.

- ▲ **TAVR Growth Continues:** In the fourth quarter, sales in the TAVR product group grew 30% from the prior-year figure, both on reported and underlying basis. In the United States, total TAVR procedures surged around 40% year over year. Outside the United States, total TAVR procedures grew in the high-teens on a year-over-year basis.

In the United States, total TAVR procedures grew stronger than expected, at approximately 40%. Growth in the fourth quarter continued to be led by increase in TAVR treatments, following the strong PARTNER 3 evidence that paved the way to the recent FDA indication expansion for the company's SAPIEN 3 and SAPIEN 3 Ultra systems.

Fourth-quarter growth was broad-based across more than 700 centers in the United States. Outside the United States, Edwards Lifesciences became the first company to attain CE Mark in Europe for the treatment of patients affected with severe aortic stenosis, who are at a low risk for open heart surgery. Lastly, the commercial rollout of SAPIEN 3 Ultra is well on track in the United States and Europe.

The company is also optimistic about its initial positive results of EVOQUE and SAPIEN M3 transseptal therapies. Backed by consistent strength in the TAVR uptake globally, Edwards Lifesciences expects underlying sales growth of 12-15% for 2020.

- ▲ **TMTT Portfolio Strong:** The company made significant progress in its TMTT portfolio to include important solutions under its purview to serve the untapped mitral and tricuspid patient pool. Edwards Lifesciences recently received the FDA clearance for the CLASP II TR Pivotal Trial to study the PASCAL system in patients with symptomatic severe tricuspid regurgitation. The EVOQUE tricuspid replacement valve system recently attained FDA clearance for an early feasibility study and a Breakthrough Device designation. The company continues to

We believe the huge untapped potential in emerging markets will act as a positive catalyst for Edwards Lifesciences. The company is consolidating its foothold across all its operating businesses through strong pipeline development.

enroll patients in the Clasp IID pivotal trial study of mitral valve repair with PASCAL in degenerative mitral disease and is well underway to complete enrollment by the end of 2020. Moreover, the company is currently enrolling Clasp IIF pivotal trial for patients with functional mitral disease. In mitral replacement, the company continues to benefit from the use of SAPIEN M3 and EVOQUE systems and expects enrollment in its M3 pivotal trial to begin in the second quarter of 2020. Management is optimistic that their global TMTT business will grow to approximately \$3 billion by 2024.

▲ **CMS' Final Verdict on TAVR in Favor of Edwards:** Edwards Lifesciences is highly optimistic about the CMS' final update on national coverage determination (NCD) related to TAVR programs. Per the final update, TAVR is covered for the treatment of symptomatic aortic valve stenosis when furnished according to an FDA-approved indication and when certain conditions are met. According to Edwards Lifesciences, majority of the core element of the updated NCD provides better reflection of modern-day treatment of patients with severe Aortic stenosis (AS). Per the company, this will widen the access of TAVR procedure.

▲ **Critical Care Business Strong:** Within the segment, Edwards Lifesciences demonstrated strong top-line growth, backed by balanced segmental contributions. This upside was driven by robust demand for the HemoSphere advance monitoring platform and continued adoption of Smart Recovery.

With the recent FDA clearance to use FORE-SIGHT (a cerebral oximetry technology from the CASMED acquisition on HemoSphere), there will be improved recovery tools and predictive analytics capabilities. This will further act as growth driver for Edwards Lifesciences through the rest of 2019. Accordingly, the company expects underlying sales growth of 6-9% for 2020.

▲ **Upside Potential in Emerging Economies:** In Japan, the company has been witnessing strong TAVR adoption, boosted by SAPIEN 3. This has been contributing strongly to the company's emerging market growth. Based on this development, it is currently in the process of qualifying new centers.

Reasons To Sell:

- ▼ **Dull Surgical Structural Heart and TMTT Sales:** Surgical Structural Heart sales in the fourth quarter declined 1% from the year-ago quarter on a reported basis and 3% on an underlying basis. Per management, this downside was the result of lower surgical aortic valve procedures in the United States on increased TAVR adoption. TMTT sales were adversely impacted by the voluntary PASCAL system field corrective action completed in the fourth quarter.
- ▼ **Litigation Charges May Slow Down Growth:** Abbott has recently filed multiple lawsuits against Edwards Lifesciences related to PASCAL's launch in both the United States and Europe. Recently, the U.S. District Court in Delaware heard Abbott's motion for a preliminary injunction. Although the company is leaving no stone unturned to gain a favorable verdict, any deviation from that end can delay the product launch.
- ▼ **Foreign Exchange Headwinds:** We remain worried about the significant challenges Edwards Lifesciences had to face owing to unfavorable foreign currency impact that has been adversely affecting the company's gross margin over the past few quarters. Per management, significant currency fluctuations could have a material effect on revenues, cost of sales and operational results.
- ▼ **Competitive Landscape:** The medical devices industry is highly competitive with the presence of several competent players. In Heart Valve Therapy, Edwards Lifesciences primarily competes with Medtronic and Sorin Group whereas players such as ICU Medical, Pulsion Medical Systems AG, LiDCO Group and Becton, Dickinson offer competition in the other segments. With CoreValve (especially on the transfemoral side), Medtronic and Boston Scientific are tough competitors for Edwards Lifesciences in the Transcatheter Aortic Valve Replacement (TAVR) market. Notably, competitive product launches in high-end markets have dragged Edwards Lifesciences' sales in the past although the company had not witnessed any impact from competitive U.S. products in the third quarter of 2017. However, management anticipates consistent competition to impact Edwards Lifesciences in the TAVR market.
- ▼ **Reimbursement Cut to Increase Expenses:** The U.S. government's law related to the health care system includes provisions that, among other things, reduce or limit Medicare reimbursement, require all individuals to have health insurance (with limited exceptions) and impose increased taxes. This in turn puts pressure on companies' cost structure in the medical sector. Meanwhile, as other portions of the 2010 health care law remain subject to continued implementation, the long-term impact on Edwards Lifesciences is uncertain. However, this law or any future legislation, including deficit reduction legislation, has every potential to adversely affect Edwards Lifesciences' financial position.

Expected increase in the competition of Edwards Lifesciences' THV and the adverse foreign currency impact anticipated for 2017 pose concerns for the company.

Last Earnings Report

Edwards Lifesciences Q4 Earnings Lag, Sales Top Estimates

Edwards Lifesciences Corporation's fourth-quarter 2019 adjusted earnings per share were \$1.46, missing the Zacks Consensus Estimate by 1.4%. Moreover, the figure improved 24.8% year over year.

The company's earnings per share (on a reported basis) was \$1.32 in the quarter, marking a massive surge from the year-ago figure of 3 cents.

For 2019, adjusted earnings was \$5.57, up 18.5% from the year-ago number. The figure missed the Zacks Consensus Estimate by 0.5%.

Quarter Ending **12/2019**

Report Date	Jan 30, 2020
Sales Surprise	1.71%
EPS Surprise	-1.35%
Quarterly EPS	1.46
Annual EPS (TTM)	5.57

Sales Details

Fourth-quarter net sales improved 20% year over year to \$1.17 billion and surpassed the Zacks Consensus Estimate by 1.7%. Additionally, underlying sales increased 19%.

Revenues were primarily driven by significant growth in Transcatheter Aortic Valve Replacement (TAVR) sales and strong performance of the Critical Care product line.

For the year, net sales were \$4.35 billion, up 16.9% from the year-ago figure. The figure beat the Zacks Consensus Estimate by 0.5%.

Segmental Details

In the fourth quarter, sales in the TAVR product group amounted to \$763 million, up 30% from the prior-year figure, both on reported and underlying basis.

In the United States, total TAVR procedures rose around 40% year over year. Outside the United States, total TAVR procedures grew in the high-teens on a year-over-year basis.

Surgical Structural Heart's sales in the quarter totaled \$205 million, down 1% from the year-ago quarter on a reported basis and down 3% on an underlying basis. Per management, the downside resulted from lower surgical aortic valve procedures in the United States as TAVR adoption increased.

Critical Care sales totaled \$199 million in the fourth quarter, up 12% from the year-ago quarter on a reported basis and up 8% on an underlying basis. The upside was driven by robust demand for the HemoSphere advance monitoring platform and continued adoption of Smart Recovery.

Transcatheter Mitral and Tricuspid Therapies (TMTT) sales totaled \$7 million, adversely impacted by the voluntary PASCAL system field corrective action completed in the fourth quarter.

Margins

In the fourth quarter, gross margin contracted 37 bps to 75.6%. Favorable impacts from foreign exchange rates and product mix were offset by spending in support of the new European device regulations and manufacturing variances.

SG&A expenses rose 20.5% year over year to \$347 million, driven by increased field clinical personnel to support TAVR cases in the United States and TMTT cases in Europe.

R&D expenditures escalated 18.9% year over year to \$194 million due to significant investments in transcatheter structural heart programs. Adjusted operating margin in the quarter contracted 31 bps to 29.5 %.

Cash Position

Edwards Lifesciences exited 2019 with cash and cash equivalents, and short-term investments of \$1.5 billion compared with \$0.86 billion at the end of 2018. Long-term debt at the end of 2019 was \$594.4 million compared with \$593.8 million at the end of 2018.

At the end of 2019, net cash provided from operating activities was \$1.18 billion compared with \$0.93 billion a year ago. Capital expenditure rose to \$254.4 million from \$238.7 million a year ago.

Guidance Impressive

For 2020, Edwards Lifesciences updated its 2020 guidance. The company now projects 2020 adjusted earnings of \$6.15-\$6.40, higher than \$6.05-\$6.30 mentioned earlier. The Zacks Consensus Estimate is pegged at \$6.14, indicating a decline from the company's guided range.

Edwards Lifesciences projects 2020 total revenues of \$4.6-\$5.0 billion compared with \$4.5-\$5.0 billion mentioned earlier. The Zacks Consensus Estimate of \$4.80 billion falls within the company's guidance.

For first-quarter 2020, the company forecasts total sales between \$1.15 billion and \$1.2 billion. The Zacks Consensus Estimate for the same stands at \$1.14 billion, which lies below Edwards Lifesciences' envisioned range. Adjusted earnings is anticipated between \$1.49 and \$1.59. The Zacks Consensus Estimate for the same is pegged at \$1.47, below the company's guided range.

Valuation

Ewards Lifesciences shares are down 13% in the year-to-date period and up 15.6% in the trailing 12-month periods. Stocks in the Zacks sub-industry are down 8.9% while the Zacks Medical sector fell 9.5% in the year-to-date period. Over the past year, the Zacks sub-industry is down 5.6% and sector is down 7.4%.

The S&P 500 index is down 14.4% in the year-to-date period and fell 0.5% in the past year.

The stock is currently trading at 31.7X Forward 12-months earnings, which compares to 29.1X for the Zacks sub-industry, 18.7X for the Zacks sector and 15.8X for the S&P 500 index.

Over the past five years, the stock has traded as high as 41.7X and as low as 24.3X, with a 5-year median 31.4X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$213 price target reflects 33.3X forward 12-months earnings.

The table below shows summary valuation data for EW.

Valuation Multiples - EW					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	31.67	29.06	18.72	15.75
	5-Year High	41.67	33.84	21.08	19.34
	5-Year Low	24.32	23.20	15.82	15.18
	5-Year Median	31.44	27.58	18.74	17.42
P/S F12M	Current	8.62	3.27	2.53	2.91
	5-Year High	11.28	3.63	3.84	3.44
	5-Year Low	5.24	2.16	2.46	2.54
	5-Year Median	7.13	2.55	2.96	3.00
P/B TTM	Current	10.20	2.70	4.13	3.69
	5-Year High	13.46	4.20	5.05	4.56
	5-Year Low	6.02	2.54	3.44	2.85
	5-Year Median	8.98	3.29	4.32	3.63

As of 03/10/2020

Industry Analysis Zacks Industry Rank: Top 26% (67 out of 253)



Top Peers

Abbott Laboratories (ABT)	Neutral
Boston Scientific Corporation (BSX)	Neutral
ICU Medical, Inc. (ICUI)	Neutral
Intuitive Surgical, Inc. (ISRG)	Neutral
Masimo Corporation (MASI)	Neutral
Medtronic PLC (MDT)	Neutral
ABIOMED, Inc. (ABMD)	Underperform
Becton, Dickinson and Company (BDX)	Underperform

Industry Comparison Industry: Medical - Instruments				Industry Peers		
	EW Neutral	X Industry	S&P 500	BSX Neutral	MASI Neutral	MDT Neutral
VGM Score	C	-	-	D	C	B
Market Cap	42.42 B	89.02 M	20.21 B	49.12 B	9.73 B	129.14 B
# of Analysts	11	2	13	11	2	14
Dividend Yield	0.00%	0.00%	2.18%	0.00%	0.00%	2.24%
Value Score	D	-	-	D	D	C
Cash/Price	0.04	0.09	0.05	0.00	0.07	0.09
EV/EBITDA	32.56	-0.29	12.36	25.26	35.09	15.29
PEG Ratio	2.19	2.38	1.78	1.98	2.23	2.32
Price/Book (P/B)	10.20	3.64	2.77	3.53	8.33	2.49
Price/Cash Flow (P/CF)	33.26	20.52	11.04	14.64	46.91	13.26
P/E (F1)	32.41	29.47	16.09	19.96	51.24	17.10
Price/Sales (P/S)	9.76	3.15	2.17	4.58	10.37	4.16
Earnings Yield	3.09%	-0.42%	6.20%	5.00%	1.95%	5.85%
Debt/Equity	0.16	0.09	0.70	0.62	0.00	0.48
Cash Flow (\$/share)	6.10	-0.06	7.01	2.40	3.89	7.27
Growth Score	A	-	-	C	B	C
Hist. EPS Growth (3-5 yrs)	25.40%	13.45%	10.85%	14.77%	23.53%	6.24%
Proj. EPS Growth (F1/F0)	12.47%	17.33%	6.14%	11.56%	10.56%	7.95%
Curr. Cash Flow Growth	17.61%	6.99%	6.09%	12.08%	8.77%	6.26%
Hist. Cash Flow Growth (3-5 yrs)	23.20%	10.99%	8.52%	10.33%	19.44%	15.58%
Current Ratio	3.31	2.78	1.24	0.97	5.78	2.75
Debt/Capital	13.61%	15.34%	42.57%	38.24%	0.00%	32.25%
Net Margin	24.08%	-15.10%	11.69%	43.78%	20.92%	17.11%
Return on Equity	31.73%	-23.03%	16.74%	21.15%	17.03%	14.76%
Sales/Assets	0.74	0.58	0.54	0.41	0.73	0.34
Proj. Sales Growth (F1/F0)	11.12%	9.07%	3.71%	11.18%	10.37%	2.57%
Momentum Score	D	-	-	C	D	C
Daily Price Chg	6.18%	0.00%	4.87%	3.20%	5.24%	4.29%
1 Week Price Chg	0.49%	-0.29%	-0.67%	0.56%	10.21%	-1.60%
4 Week Price Chg	-12.23%	-12.87%	-15.65%	-17.36%	0.85%	-18.99%
12 Week Price Chg	-14.73%	-6.30%	-13.60%	-21.39%	15.01%	-15.73%
52 Week Price Chg	15.64%	-26.25%	-2.27%	-12.62%	38.36%	4.24%
20 Day Average Volume	1,610,706	156,140	2,778,843	10,846,190	479,468	6,934,939
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	-0.09%	0.00%
(F1) EPS Est 4 week change	0.00%	0.00%	-0.16%	-0.15%	1.42%	0.63%
(F1) EPS Est 12 week change	1.22%	0.00%	-0.57%	-1.67%	0.47%	0.63%
(Q1) EPS Est Mthly Chg	0.12%	0.00%	-0.49%	0.34%	0.57%	-1.18%

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	D
Growth Score	A
Momentum Score	D
VGM Score	C

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.