

Five Below, Inc. (FIVE)

\$118.66 (As of 01/29/20)

Price Target (6-12 Months): **\$126.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 03/21/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:F

Value: D

Growth: F

Momentum: F

Summary

Shares of Five Below have slid and underperformed the industry in the past three months. The stock came under pressure following the company's lower-than-expected holiday sales results. Six fewer shopping days between Thanksgiving and Christmas hurt comparable sales performance. Although net sales during the period grew 13.4%, comparable sales fell 2.6%. Based on the results, the company trimmed fourth quarter and fiscal 2019 view. Despite soft sales performance, management believes that it remains on track to meet gross margin expectations on the back of effective inventory management and cost containment efforts. Also, the company remains on track with its focus on merchandise assortment, enhancement of digital and e-commerce channels, pricing strategy, expanding store base, improving supply chain and delivering better WOW products.

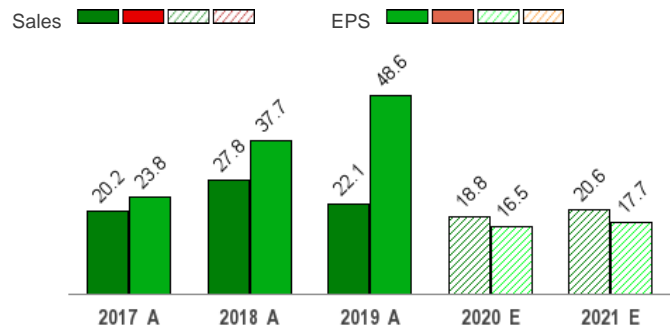
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$148.22 - \$95.52
20 Day Average Volume (sh)	2,091,082
Market Cap	\$6.6 B
YTD Price Change	-7.2%
Beta	0.50
Dividend / Div Yld	\$0.00 / 0.0%
Industry	Retail - Miscellaneous
Zacks Industry Rank	Bottom 24% (194 out of 255)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	5.9%
Last Sales Surprise	0.9%
EPS F1 Est- 4 week change	-1.6%
Expected Report Date	03/25/2020
Earnings ESP	0.0%
P/E TTM	45.5
P/E F1	38.3
PEG F1	1.5
P/S TTM	3.8

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	439 E	501 E	451 E	823 E	2,234 E
2020	365 A	417 A	377 A	694 E	1,853 E
2019	296 A	348 A	313 A	603 A	1,560 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.44 E	\$0.60 E	\$0.23 E	\$2.35 E	\$3.65 E
2020	\$0.35 A	\$0.50 A	\$0.18 A	\$1.94 E	\$3.10 E
2019	\$0.35 A	\$0.42 A	\$0.22 A	\$1.58 A	\$2.66 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 01/29/2020. The reports text is as of 01/30/2020.

Overview

Based in Pennsylvania, in January 2002, Five Below, Inc. is a specialty value chain retailer that provides a wide range of premium quality and trendy merchandise for \$5 or below. The company mainly targets teenagers or pre-teen shoppers for its products which include certain brands and licensed merchandise. Notably, these products belong to categories such as Style, Room, Sports, Tech, Create, Party, Candy and Now.

Style: Consists of novelty socks, sunglasses, jewelry, scarves, gloves, hair accessories, athletic tops and bottoms and "attitude" t-shirts.

Room: Consists of items such as glitter lamps, posters, frames, fleece blankets, plush items, pillows, candles, incense, lighting, novelty décor and related items.

Sports: Consists of sport balls, team sports merchandise and fitness accessories, including hand weights, jump ropes and gym balls. It also comprises games, including name brand board games, puzzles, collectibles and toys including remote control.

Tech: Consists of a selection of accessories for cell phones, tablets, audio and computers. The offering includes cases, chargers, headphones and other related items.

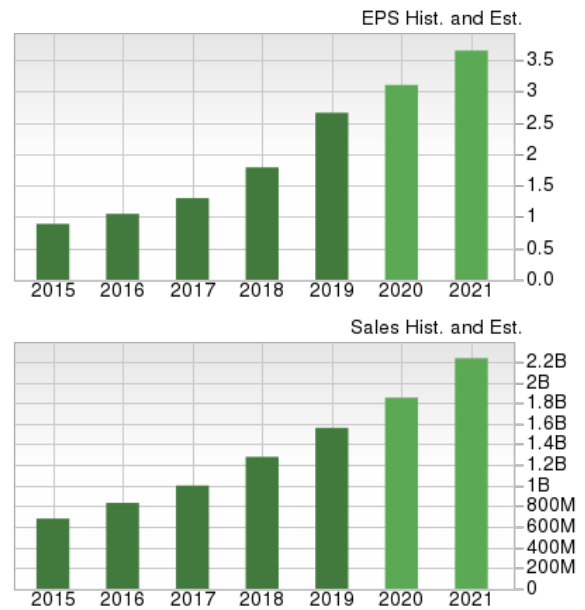
Create: Consists of craft activity kits, as well as arts and crafts supplies such as crayons, markers and stickers. It also includes items for school such as backpacks, fashion notebooks and journals, novelty pens and pencils and locker accessories.

Party: Consists of party goods, decorations, gag gifts and greeting cards, as well as every day and special occasion merchandise.

Candy: Consists of classic and novelty candy bars and movie-size box candy, seasonal-related candy as well as gum and snack food.

Now: Consists of seasonally-specific items used to celebrate and decorate for events such as Christmas, Easter, Halloween and St. Patrick's Day.

Ever since it opened its first store, Five Below has expanded its operations to Northeast, South and Midwest areas of the United States. Five Below launched its e-commerce site, [fivebelow.com](https://www.fivebelow.com) and began selling through same in August 2016. Five Below operates approximately 900 stores across 36 states.



Reasons To Buy:

- ▲ **Decent Q3 Performance:** Five Below continued with its decent performance in the third quarter of fiscal 2019 as well. This specialty value retailer's top and the bottom line surpassed the Zacks Consensus Estimate. Again, net sales continued to improve year over year. Results also exceeded management's expectations. Moreover, the company registered 12th successive quarter of comparable sales growth.

The company highlighted that it remains committed toward enhancing customer experience via refresh store format, remodel program and Ten Below test. The company is focusing on improving supply chain, delivering better WOW products and reimagined front-end. The reimagined front-end experience is now in roughly 160 stores and Ten Below concept is now in about 25 stores. Also, the company made an investment in a gaming company called Nerd Street Gamers.

Five Below remains focused on achieving efficient cost structure, solid average net sales per store, supply-chain initiatives and economies of scale.

- ▲ **Focus on Expanding Store Base:** Five Below remains committed toward expanding its store base, as well as enhancing the in-store experience to draw traffic and enhance customer base. The company believes that expanding scale helps it gain access to renowned shopping centers; capitalize on the emerging market trends and increase brand value. In fact, the company's solid store remodeling is a major reason behind its robust comps performance. Incidentally, Five Below opened 125 new stores during fiscal 2018.

During the third quarter of fiscal 2019, the company opened 61 new stores. This took the total count to 894 stores in 36 states, reflecting an increase of 20% from the year-ago period store count. Since the end of the third quarter, the company has opened six stores thereby attaining its planned target of opening 150 new stores for the fiscal year. Five Below remains on track to complete 50 remodels during fiscal 2019. The company also announced that it plans to open 180 new stores in 2020. It also intends to incorporate a Ten Below zone in most of the new and remodeled stores. The company expects to remodel approximately 300 stores in the next few years with greater percentage of remodels next year compared to current fiscal year. Further, the company envisions of having a network of more than 2,500 stores in the long run.

- ▲ **Solid Product Range & Comfortable Pricing to Fuel Growth:** Five Below's primary focus on teens and pre-teens, helps the company enhance customer base by attracting shoppers. Further, the company is known for its impressive range of merchandise, as the company remains committed toward making innovations and refreshing its product range per the evolving consumer trends. These factors combined with the company's pricing strategy of selling products for \$5 or below enable it to cater to demographic shoppers, alongside resonating with value-seeking customers.

We believe that Five Below's wide assortment of trend right merchandise, solid in-store and online experience along with favorable pricing strategy are likely to remain major growth drivers. Further, the company remains focused on achieving efficient cost structure, solid average net sales per store, supply-chain initiatives and economies of scale. Moreover, in order to strengthen digital capabilities, the company acquired e-commerce platform, fulfillment operation and certain other assets of Hollar.com.

Reasons To Sell:

▼ **Holiday Sales Lag Expectations:** Shares of Five Below have declined 5.1% during the past three months, and underperformed the industry that rose 5.5%. The stock got hurt following management's commentary that overall holiday sales results for the quarter-to-date period from Nov 3, 2019 through Jan 4, 2020 fell short of expectations. Further, six fewer shopping days between Thanksgiving and Christmas hurt comparable sales performance. We note that comparable sales declined 2.6% during the holiday period. Based on the quarter-to-date results, the company trimmed fourth quarter and fiscal 2019 view.

Five Below now envisions fiscal 2019 net sales in the range of \$1.845-\$1.848 billion with comparable sales expected to improve in the band of 0.5-0.7%. Management now projects earnings between \$3.07 and \$3.10 per share. The company had earlier forecast net sales in the band of \$1.877-\$1.892 billion and earnings between \$3.11 and \$3.19 per share. Management had projected comparable sales growth of 2.5%. For the final quarter, management anticipates net sales between \$685 million and \$688 million and comparable sales decrease of 2-2.5%. Five Below now guided earnings between \$1.93 and \$1.96 per share. The company's prior estimate showed net sales between \$717 million and \$732 million and earnings in the range of \$1.97-\$2.05 per share. The company had earlier forecast comparable sales increase of 2-3%.

We note that SG&A expenses rose owing to depreciation expenses associated with opening of new Southeast distribution center and adoption of the new lease accounting standard.

▼ **SG&A Expenses Continues to Increase:** SG&A expenses have been increasing for quite some time now. After increasing 31.7% and 20.6% in the first and second quarters of fiscal 2019, respectively, SG&A expenses rose 22.5% to \$106 million during the third quarter, while as a percentage of net sales the same deleveraged 40 basis points to 28.1% owing to depreciation expenses associated with the opening of new Southeast distribution center and adoption of the new lease accounting standard. Analysts believe that SG&A expenses are likely to increase in the near future due to store growth. Certainly, this will to an extent hurt the company's operating income, unless fully offset by substantial increase in net sales.

▼ **Q3 Operating Margin Shrunk:** After shrinking 160 and 10 basis points during the first and second quarters of fiscal 2019, respectively, operating margin contracted roughly 160 basis points to 3.4% during the third quarter. The company envisions operating margin to increase more than 100 basis points in the fourth quarter but deleverage slightly in fiscal 2019.

Last Earnings Report

Five Below Beats on Q3 Earnings, Updates FY19 View

Five Below, Inc. reported third-quarter fiscal 2019 results, wherein both the top and the bottom line surpassed the Zacks Consensus Estimate. Although net sales continued to improve year over year, earnings per share declined from the year-ago period. Nonetheless, results exceeded management's expectations.

This specialty value retailer sustained comparable sales momentum with rate of growth accelerating on a sequential basis. Impressive performance prompted management to lift the low end of fiscal 2019 sales and earnings view. However, the company's fourth-quarter projection, which is below the current Zacks Consensus Estimate. Nonetheless, management remains committed toward enhancing customer shopping experience via refresh store format, reimagined front-end, remodel program and new Ten Below Gift Shop section. The company is focusing on improving supply chain and delivering better WOW products.

Quarter Ending **10/2019**

Report Date	Dec 04, 2019
Sales Surprise	0.93%
EPS Surprise	5.88%
Quarterly EPS	0.18
Annual EPS (TTM)	2.61

Let's Delve Deeper

The quarterly earnings of 18 cents a share beat the Zacks Consensus Estimate by a penny and surpassed management's guided range of 14-17 cents. However, it came below the prior-year reported figure of 24 cents, which includes share-based accounting benefit of approximately 2 cents. Higher cost of goods sold and SG&A expenses might have hurt the bottom line. Meanwhile, net sales grew 20.7% to \$377.4 million from the year-ago quarter. The top line also outdid the Zacks Consensus Estimate of \$374 million, following a miss in the preceding two quarters.

Comparable sales rose 2.9% during the quarter under review following an increase of 1.4% in the preceding period and 4.8% in the year-ago quarter. The company registered 1% improvement in transactions and 1.9% increase in comp ticket. Comparable sales performance came above management's expectation of 2-3%.

Gross profit grew 16.3% year over year to \$118.7 million due to higher sales. However, gross margin contracted 120 basis points to 31.4% on account of net unmitigated tariff costs and the shift of other merchandise costs to the third quarter from the second. We note that SG&A expenses rose 22.5% to \$106 million, while as a percentage of net sales the same increased 40 basis points to 28.1% owing to depreciation expenses associated with opening of new Southeast distribution center and adoption of the new lease accounting standard.

Operating income came in at \$12.7 million, down 18.4%, while operating margin shrunk 160 basis points to 3.4%. The company envisions operating margin to increase more than 100 basis points in the fourth quarter but deleverage slightly in fiscal 2019.

Management expects fourth-quarter operating margin to expand on account of improved merchandise margin on toy product, slight leverage from the new distribution center, and the benefit of tariff mitigation efforts including cut in corporate expenses. These gains are likely to be offset in part by the depreciation of new Southeast distribution center and the new lease accounting standard.

Financials

Five Below ended the quarter with cash and cash equivalents of \$77.5 million and short-term investment securities of \$54.1 million. Notably, the company had no debt. Total shareholders' equity was \$645.4 million at the end of the reported quarter. During the quarter, the company bought back approximately 191,367 shares at a total cost of about \$20.3 million. Management expects to incur capital expenditure of approximately \$210 million in fiscal 2019.

Store Updates

During the quarter under review, the company opened 61 new stores. This took the total count to 894 stores in 36 states, reflecting an increase of 20% from the year-ago period store count. Since the end of the third quarter, the company has opened six stores thereby attaining its planned target of opening 150 new stores for the fiscal year. Five Below remains on track to complete 50 remodels during fiscal 2019. The company expects to remodel approximately 300 stores in the next few years with greater percentage of remodels next year compared to current fiscal year.

Outlook

Five Below now envisions fiscal 2019 net sales in the range of \$1.877-\$1.892 billion with comparable sales expected to improve 2.5%. We note that fiscal 2018 net sales came in at \$1,559.6 million, while comparable sales rose 3.9%. Management now projects earnings between \$3.11 and \$3.19 per share, which is up from \$2.66 reported in fiscal 2018, which includes share-based accounting benefit of approximately 9 cents. The company had earlier forecast net sales in the band of \$1.872-\$1.892 billion and earnings between \$3.08 and \$3.19 per share.

For the fourth quarter, management anticipates net sales between \$717 million and \$732 million and comparable sales growth of 2-3%. We note that fourth-quarter fiscal 2018 net sales came in at \$602.7 million, while comparable sales improved 4.4%. The company forecasts fourth-quarter earnings in the range of \$1.97-\$2.05, which is above the prior-year reported figure of \$1.59.

Recent News

Five Below Holiday Sales Lag Expectations – January 13, 2020

Five Below's overall holiday sales results for the quarter-to-date period from Nov 3, 2019 through Jan 4, 2020 fell short of expectations. Further, six fewer shopping days between Thanksgiving and Christmas hurt comparable sales performance. Net sales for the holiday period grew 13.4% to \$596.6 million from \$526.1 million reported in the comparable nine-week period from Nov 4, 2018 to Jan 5, 2019. We note that comparable sales declined 2.6% during the holiday period. Based on the quarter-to-date results, this Philadelphia, PA-based company trimmed fourth quarter and fiscal 2019 view.

Five Below now envisions fiscal 2019 net sales in the range of \$1.845-\$1.848 billion with comparable sales expected to improve in the band of 0.5-0.7%. Management now projects earnings between \$3.07 and \$3.10 per share. The company had earlier forecast net sales in the band of \$1.877-\$1.892 billion and earnings between \$3.11 and \$3.19 per share. Management had projected comparable sales growth of 2.5%.

For the final quarter, management anticipates net sales between \$685 million and \$688 million and comparable sales decrease of 2-2.5%. Five Below now guided earnings between \$1.93 and \$1.96 per share. The company's prior estimate showed net sales between \$717 million and \$732 million and earnings in the range of \$1.97-\$2.05 per share. The company had earlier forecast comparable sales increase of 2-3%.

Despite soft sales performance for the quarter-to-date period from Nov 3, 2019 through Jan 4, 2020, the company believes that it remains on track to meet gross margin expectations on the back of effective inventory management and cost containment efforts.

Five Below also announced that it plans to open 180 new stores in 2020. It also intends to incorporate a Ten Below zone in most of the new and remodeled stores. Moreover, in order to strengthen digital capabilities, the company acquired e-commerce platform, fulfillment operation and certain other assets of Hollar.com.

Valuation

Five Below shares are down 4.1% over the trailing 12-month period. Over the past year, the Zacks sub-industry is down 7.8% but the Zacks Retail-Wholesale sector is up 13.5%. The S&P 500 index is up 20.2% in the past year.

The stock is currently trading at 32.52X forward 12-month earnings, which compares to 14.24X for the Zacks sub-industry, 24.97X for the Zacks sector and 18.81X for the S&P 500 index.

Over the past five years, the stock has traded as high as 47.11X and as low as 21.71X, with a 5-year median of 30.63X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$126 price target reflects 34.47X forward 12-month earnings.

The table below shows summary valuation data for FIVE

Valuation Multiples - FIVE					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	32.52	14.24	24.97	18.81
	5-Year High	47.11	20.29	26.23	19.34
	5-Year Low	21.71	13.74	19.07	15.18
	5-Year Median	30.63	16.09	22.95	17.45
P/S F12M	Current	2.96	1.14	1.06	3.49
	5-Year High	4.34	1.35	1.11	3.49
	5-Year Low	1.55	0.95	0.8	2.54
	5-Year Median	2.29	1.15	0.91	3
EV/EBITDA TTM	Current	31.59	15.4	15.33	12.25
	5-Year High	38.97	18.54	15.39	12.86
	5-Year Low	13.9	11.73	10.37	8.48
	5-Year Median	19.38	15.22	12.38	10.68

As of 01/29/2020

Industry Analysis Zacks Industry Rank: Bottom 24% (194 out of 255)



Top Peers

DICKS Sporting Goods, Inc. (DKS)	Outperform
Zumiez Inc. (ZUMZ)	Outperform
Burlington Stores, Inc. (BURL)	Neutral
Foot Locker, Inc. (FL)	Neutral
Hibbett Sports, Inc. (HIBB)	Neutral
Shoe Carnival, Inc. (SCVL)	Neutral
Bed Bath & Beyond Inc. (BBBY)	Underperform
The Michaels Companies, Inc. (MIK)	Underperform

Industry Comparison Industry: Retail - Miscellaneous				Industry Peers		
	FIVE Neutral	X Industry	S&P 500	HIBB Neutral	MIK Underperform	ZUMZ Outperform
VGM Score	F	-	-	A	A	C
Market Cap	6.61 B	1.28 B	23.91 B	448.44 M	799.98 M	837.30 M
# of Analysts	7	4	13	2	5	6
Dividend Yield	0.00%	0.00%	1.77%	0.00%	0.00%	0.00%
Value Score	D	-	-	A	A	C
Cash/Price	0.02	0.09	0.04	0.17	0.13	0.22
EV/EBITDA	31.14	7.20	14.07	8.25	6.84	10.55
PEG Ratio	1.49	1.61	2.00	0.86	0.41	1.08
Price/Book (P/B)	10.23	1.27	3.27	1.36	NA	1.96
Price/Cash Flow (P/CF)	35.56	6.93	13.48	7.59	1.63	11.42
P/E (F1)	37.96	12.85	18.76	10.56	2.58	13.00
Price/Sales (P/S)	3.75	0.38	2.61	0.38	0.16	0.83
Earnings Yield	2.61%	7.50%	5.32%	9.47%	38.72%	7.70%
Debt/Equity	1.22	0.86	0.72	0.55	-2.47	0.67
Cash Flow (\$/share)	3.34	3.35	6.88	3.41	3.35	2.84
Growth Score	F	-	-	B	C	C
Hist. EPS Growth (3-5 yrs)	30.70%	11.48%	10.68%	-10.42%	11.36%	7.86%
Proj. EPS Growth (F1/F0)	16.65%	11.17%	7.73%	38.42%	-10.04%	39.48%
Curr. Cash Flow Growth	39.97%	10.02%	12.29%	8.16%	0.85%	32.85%
Hist. Cash Flow Growth (3-5 yrs)	30.11%	8.72%	8.78%	-5.96%	8.72%	0.50%
Current Ratio	1.57	1.41	1.23	1.63	1.19	2.20
Debt/Capital	55.02%	51.52%	43.16%	35.34%	NA	40.24%
Net Margin	8.74%	3.82%	11.59%	2.34%	5.30%	5.80%
Return on Equity	23.01%	11.33%	17.38%	12.75%	-22.75%	14.42%
Sales/Assets	1.17	1.54	0.54	1.65	1.54	1.28
Proj. Sales Growth (F1/F0)	18.81%	0.36%	4.05%	14.11%	-3.72%	5.38%
Momentum Score	F	-	-	C	A	F
Daily Price Chg	1.02%	0.05%	-0.21%	-1.56%	0.37%	0.19%
1 Week Price Chg	2.33%	-0.07%	-1.09%	-4.06%	-3.44%	-7.04%
4 Week Price Chg	-7.20%	-3.93%	-0.01%	-7.74%	-32.63%	-6.05%
12 Week Price Chg	-6.43%	1.63%	4.14%	2.41%	-43.23%	2.59%
52 Week Price Chg	-2.40%	-7.39%	17.24%	58.23%	-58.96%	28.36%
20 Day Average Volume	2,091,082	504,655	1,824,613	452,898	4,836,037	373,007
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	-1.59%	-0.40%	0.00%	0.00%	0.79%	2.53%
(F1) EPS Est 12 week change	-1.45%	-1.08%	-0.11%	11.87%	-11.18%	15.77%
(Q1) EPS Est Mthly Chg	-3.88%	-1.14%	0.00%	0.00%	1.62%	4.63%

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	D
Growth Score	F
Momentum Score	F
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.