

Hain Celestial Group (HAIN)

\$32.72 (As of 08/11/20)

Price Target (6-12 Months): **\$34.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 07/01/20)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:B

Value: C

Growth: A

Momentum: B

Summary

Shares of Hain Celestial have outperformed the industry in the past six months. Much of the stock momentum was backed by robust third-quarter results and raised guidance for fiscal 2020. Both top and bottom lines beat the Zacks Consensus Estimate and improved year over year in fiscal third quarter, thanks to transformational efforts. The transformation strategy aims at simplifying portfolio, enhancing margins and improving cash flows. Robust transformation plan and increased food-at-home consumption owing to the pandemic led management to raise guidance for the fiscal, assuming minimal supply chain disruption. Also, its Project Terra, which is aimed at identifying global cost savings, bodes well. Impressively, it intends to reinvest savings in developing brands and products. Meanwhile, foreign currency and competitive risks are deterrents.

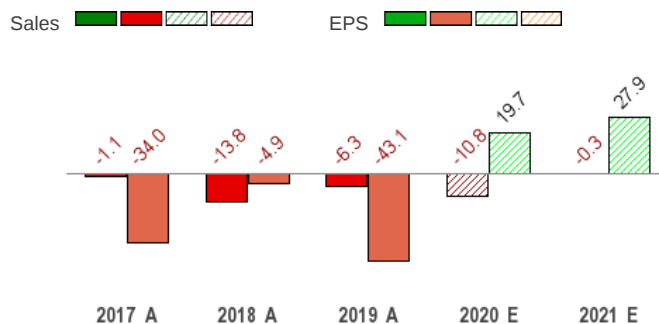
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$34.44 - \$17.94
20 Day Average Volume (sh)	436,535
Market Cap	\$3.3 B
YTD Price Change	26.1%
Beta	0.82
Dividend / Div Yld	\$0.00 / 0.0%
Industry	Food - Miscellaneous
Zacks Industry Rank	Top 46% (116 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	16.7%
Last Sales Surprise	3.3%
EPS F1 Est- 4 week change	0.0%
Expected Report Date	08/25/2020
Earnings ESP	0.0%
P/E TTM	44.2
P/E F1	32.4
PEG F1	16.2
P/S TTM	1.6

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	478 E	508 E	543 E	502 E	2,047 E
2020	482 A	507 A	553 A	511 E	2,053 E
2019	561 A	584 A	600 A	558 A	2,302 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.17 E	\$0.24 E	\$0.33 E	\$0.31 E	\$1.01 E
2020	\$0.08 A	\$0.17 A	\$0.28 A	\$0.27 E	\$0.79 E
2019	\$0.09 A	\$0.14 A	\$0.21 A	\$0.21 A	\$0.66 A

*Quarterly figures may not add up to annual.

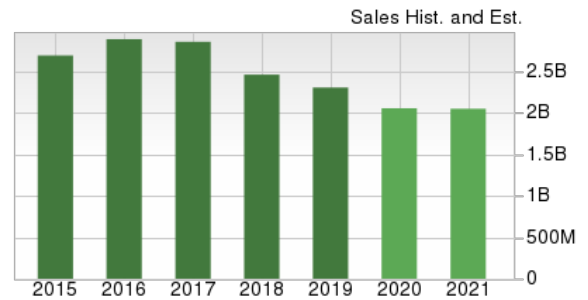
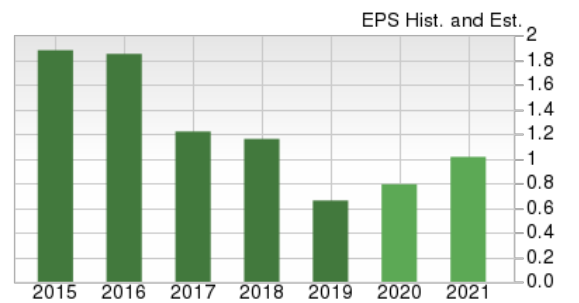
The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 08/11/2020. The reports text is as of 08/12/2020.

Overview

Incorporated in 1993 and headquartered in Lake Success, New York, The Hain Celestial Group, Inc. (HAIN) produces, distributes, markets, and sells various natural and organic foods as well as personal care products with operations in North America and Europe. The company offers popular better-for-you groceries (non-dairy beverages and frozen desserts, flour and baking mixes, cereals, condiments, cooking oils, infant and toddler food, etc.), snacks (potato and vegetable chips, organic tortilla style chips, whole grain chips and popcorn, etc.), and tea (include herb teas such as Lemon Zinger, Peppermint, Mandarin Orange Spice, Cinnamon Apple Spice, Red Zinger, etc.). Earlier, Hain Celestial reports its results in three segments United States, United Kingdom and Rest of World.

Following changes in the strategy that includes creating synergies among its businesses, Hain Celestial reassessed its segment reporting structure. Effective from Jul 1, the company's Canada and Hain Ventures operating units were moved from the Rest of World reporting segment to the United States reportable segment. The combined segment was renamed as "North America". Similarly, the Europe operating segment was combined with the United Kingdom reportable segment. Together, they are reported as the "International" segment.

The Hain Celestial Group is the largest manufacturer in the natural foods segment and has several leading brands. Some of the prominent brands are Earth's Best, Ella's Kitchen, Terra, Garden of Eatin', Sensible Portions, Health Valley, MaraNatha, DeBoles, Hain Pure Foods, Imagine, Almond Dream, Soy Dream and Other notable brands include The Greek Gods, Blueprint, Yves Veggie Cuisine, Better Bean, Europe's Best, Cully & Sully, New Covent Garden Soup Co., Yorkshire Provender, Johnson's Juice Co., Farmhouse Fare, Hartley's, Sun-Pat, Gale's, Robertson's, Frank Cooper's, Linda McCartney, Lima, Danival, Joya, Natumi, GG UniqueFiber, JASON, Avalon Organics, Alba Botanica, Live Clean and Queen Helene.



Reasons To Buy:

▲ **Robust Q3 Earnings & Upbeat View Aid Stock:** Shares of Hain Celestial have gained 21.7% in the past six months outperforming the industry's 1% decrease. Much of the stock's momentum is attributed to solid third-quarter fiscal 2020 performance and raised guidance for the fiscal year. Both the company's top and the bottom line beat the Zacks Consensus Estimate and improved year over year, thanks to robust transformational efforts. With this, the company delivered the third straight earnings beat and second consecutive positive sales surprise. Margins were also robust in the quarter. Solid quarterly performance coupled with a smooth transformation plan and increased food-at-home consumption owing to the coronavirus pandemic, management projects all profit metrics for fiscal to remain higher than the earlier-issued guidance ranges. It also assumes minimal supply chain disruption.

Hain Celestial is focused on strategic goals and continues to make marketing investments in key brands. It is on track with Project Terra, which is aimed at cutting costs and complexity.

For fiscal 2020, Hain Celestial now expects adjusted EBITDA growth of 15-21% to \$190-\$200 million compared with the earlier projection of 7-16% growth to \$177-\$192 million. Additionally, Hain Celestial now envisions adjusted earnings per share of 75-82 cents, which suggests growth of 25-37% from fiscal 2019. Previously, management projected earnings per share of 62-72 cents, which suggested growth of 3-20%.

▲ **Strategic Endeavors:** Hain Celestial is focused on its global strategic goals and continues to make marketing investments in key brands. Further, it is progressing well with its transformation strategy to deliver sustainable profits. The transformation strategy is aimed at simplifying portfolio, identifying additional areas of productivity savings, enhancing margins, reviving top-line growth and improving cash flow. We expect such efforts to help the company continue delivering robust margin performance. In the fiscal third quarter, adjusted gross margin expanded 282 basis points (bps) to 24.3%, thanks to productivity efforts that resulted in lower supply-chain expenses. While adjusted operating margin rose 120 bps to 5.8%, adjusted EBITDA margin expanded 199 bps to 11%.

Furthermore, Hain Celestial is on track to simplify its business in a bid to focus on areas with higher growth potential, such as core packaged-foods business. Effective May 1, 2020, it concluded the sale of the Rudi's Gluten Free Bakery TM and Rudi's Organic Bakery brands to an affiliate of the Promise Gluten Free. Earlier, management sold two loss making brands — SunSpire and Arrowhead Mills — for \$15 million and also divested Tilda to EBRO FOODS. Moreover, the company concluded the sale of its entire equity stake in Hain Pure Protein Corporation, which incorporates the FreeBird and Empire Kosher businesses. Since the onset of the transformation strategy, the company has divested loss-making brands of almost \$750 million in fiscal 2019.

▲ **Project Terra on Track:** In addition, the company is on track with Project Terra, which is aimed at cutting costs and complexity, alongside identifying global cost savings. Hain Celestial, which began a strategic review under Project Terra in fiscal 2016, expects to generate worldwide cost savings worth \$350 million through fiscal 2020 (comprises annual productivity) and remove complexity from business. To achieve these savings, the company intends to optimize plants, co-packers and procurement, along with rationalizing product portfolio. Moreover, it is on track to consolidate Canada and the United States into a single North American operating unit. This is likely to generate additional cost savings of \$5-\$8 million in the next few months. Additionally, Hain Celestial created Cultivate Ventures or "Cultivate", which is a unit focused on three main ideas – investing in the company's small yet high potential brands, making small acquisitions, and investing in products, concepts and technology, committed to health and wellness.

▲ **Acquisitions Playing a Key Role:** Acquisitions form key part of the company's strategy to build market share. Buyouts have not only expanded the company's geographical presence but have also provided opportunities to cross-sell products in the United States, Canadian and European markets. A healthy balance sheet enables it to target strategic acquisition opportunities, which is likely to result in incremental sales along with providing the company a strong foothold in the packaged food and grocery market. Notably, one of the Hain Celestial's wholly-owned subsidiaries acquired Clarks UK Ltd. (The Natural Sweeteners Company), the leading maple syrup brand, and a natural sweetener brand, in the U.K. Earlier, the company purchased leading packaged grocery brands – Hartley's, Gale's Robertson's, Frank Cooper's and Sun-Pat – from Premier Foods plc. The company also acquired Ella's Kitchen Group Limited that offers organic baby food products under approximately 80 brands.

▲ **SKU Rationalization Program:** Hain Celestial has undertaken a number of initiatives to improve performance and to put itself on the growth trajectory. The company's Stock Keeping Unit ("SKU") rationalization program has helped eliminate SKUs based on lower sales volume or weak margins, and identified 700 SKUs, which are already phased out of portfolio. The company initiated a more aggressive program called the 2018 Project Terra SKU rationalization. In fiscal 2019, the Company initiated a SKU rationalization, which included the elimination of approximately 350 low velocity SKUs. Moreover, the company has discontinued roughly 500 SKUs in order to expand margins and cash flows.

▲ **Debt Analysis:** Hain Celestial ended third-quarter fiscal 2020 with cash & cash equivalents of \$42 million as of Mar 31, which shows an increase of roughly 12.2% on a quarter-on-quarter basis. Notably, the company's cash position remains sufficient to meet current portion of long-term debt of about \$2 million. Although Hain Celestial's long-term debt (including operating lease liabilities) of \$438 million as of Mar 31, increased 7% sequentially, its times interest earned ratio of 1.3, portrays a sequential increase from 1.2. Again, the company's debt-to-capitalization ratio of 0.23 at the end of the third quarter is better than that of industry's 0.44.

Reasons To Sell:

- ▼ **Stock Looks Stretched:** Considering price-to-earnings (P/E) ratio, Hain Celestial looks overvalued when compared with the industry as well as the S&P 500. The stock has a trailing 12-month P/E ratio of 44.2, which is above its median level of 38.3 but below the high level of 46.5 scaled in the past year. On the contrary, the trailing 12-month P/E ratio for the industry and the S&P 500 is 18.4 and 23.8, respectively.
- ▼ **Foreign Currency Woes:** Hain Celestial has operations in the international markets, thus highly exposed to fluctuation in foreign exchange rates. Year-over-year currency fluctuations in the British pound, euro, and Canadian dollar, which when denominated in strong U.S. dollars, may negatively affect sales. In third-quarter fiscal 2020, foreign currency fluctuations hurt the company's International revenues by roughly \$5 million. Further, foreign currency woes impacted gross profit and EBITDA to the tune of \$1 million each in the quarter.
- ▼ **Stiff Competition:** Hain Celestial operates in a highly competitive food industry, wherein it faces competition from conventional packaged goods companies as well as natural and organic packaged foods companies. The company competes on grounds of lower cost advantage, pricing, packaging, product quality, taste, geographic reach and responsiveness to changing consumer needs among others. Further, significant consolidation in the grocery and foodservice industry and consumers evolving preferences has intensified competition of late.
- ▼ **Seasonal Risks:** Hain Celestial remains prone to seasonal fluctuations for some of its product lines. For instance, sales for tea, baking products, soup, and hot cereal and desserts are stronger in colder months, while sales for snacks, sunscreen and personal care products are grater in warmer months. Absence of the appropriate season for these products may result in lower sales and in turn weigh on the company's overall performance. Over the recent years, sales and earnings per share in the fiscal first quarter have generally been the lowest in four quarters.

Hain remains exposed to the foreign currency translation risks. Also, stiff competition remains a headwind.

Last Earnings Report

Hain Celestial Beats Q3 Earnings, Raises Guidance

Hain Celestial reported robust earnings and sales in third-quarter fiscal 2020. Both the top and the bottom line beat the Zacks Consensus Estimate and improved year over year, thanks to transformational efforts.

For the fiscal year, management now projects all profit metrics to remain higher than the earlier-issued guidance ranges. This is due to the ongoing execution of its transformation plan and increased food-at-home consumption with respect to the coronavirus pandemic. As a result, management raised adjusted EBITDA and adjusted earnings per share view for the current fiscal year, assuming minimal supply chain disruption.

Quarter Ending **03/2020**

Report Date	May 07, 2020
Sales Surprise	3.34%
EPS Surprise	16.67%
Quarterly EPS	0.28
Annual EPS (TTM)	0.74

Quarter in Detail

The company posted adjusted earnings of 28 cents a share that surpassed the Zacks Consensus Estimate of 24 cents and increased 47.4% year over year. This marked the company's third consecutive beat. Higher sales and margins fueled the bottom line.

Net sales were \$553.3 million, which outshined the Zacks Consensus Estimate of \$535 million. The metric also increased 1% on reported and 2% on constant-currency basis. The top line was backed by higher sales at the company's North America and the International segments. On adjusting for currency fluctuations, buyouts, divestitures and various other items like SKU rationalization, net sales edged up 6%.

Net sales at the North America segment increased 2% year over year to \$320.4 million. On adjusting for divestitures and SKU rationalization, net sales grew 9%. Segment adjusted operating income rose a solid 44% to \$38.1 million.

International net sales were flat year over year at \$232.9 million. On adjusting for foreign currency fluctuations, divestitures and SKU rationalization, net sales rose 2%. Segment adjusted operating income jumped 11% to \$23.2 million.

Margins

Adjusted gross margin expanded 282 basis points (bps) to 24.3%, thanks to its productivity efforts that resulted in lower supply-chain expenses. However, foreign currency fluctuations impacted gross profit to the tune of \$1 million in the quarter.

Adjusted operating income was \$45.7 million in the quarter, up 34.4% from \$34 million in the year-ago quarter. Adjusted operating margin rose 120 bps to 5.8%. Adjusted EBITDA grew 23.6% to \$60.7 million, while adjusted EBITDA margin expanded 199 bps to 11%. The expansion was fueled by higher gross margin and supply-chain efficiencies.

Other Financials

The company ended the quarter with cash and cash equivalents of \$41.5 million, long-term debt (excluding current portion) of \$363.5 million and total shareholders' equity of \$1,439 million. Cash provided by operating activities from continuing operations totaled \$46.9 million during the first nine months of fiscal 2020. The company's operating free cash flow from continuing operations was \$29.3 million for the same period. Capital expenditures were around \$18 million in the fiscal third quarter.

For fiscal 2020, cash flow from operations is now anticipated at \$110 million. Further, capital expenditures are expected to be roughly \$65 million.

In March, management bought back 2.4 million shares for \$57.4 million, excluding commissions. As of Mar 31, 2020, it had \$192.6 million remaining under its share repurchase authorization.

Other Developments & Guidance

Effective May 1, 2020, Hain Celestial concluded the sale of the Rudi's Gluten Free Bakery TM and Rudi's Organic Bakery brands to an affiliate of the Promise Gluten Free. However, details of the transaction remain under wraps.

Hain Celestial now expects adjusted EBITDA growth of 15-21% to \$190-\$200 million compared with the earlier projection of 7-16% growth to \$177-\$192 million. At constant currency, adjusted EBITDA is likely to improve 18-24% to \$195-\$205 million. Management had earlier guided adjusted EBITDA of \$179-\$194 million at constant currency.

Additionally, Hain Celestial now envisions adjusted earnings per share of 75-82 cents, which suggests growth of 25-37% from fiscal 2019. Previously, management projected earnings per share of 62-72 cents, which suggested growth of 3-20%. At constant currency, adjusted earnings per share are likely to improve 30-42% to 78-85 cents.

Recent News

Hain Celestial Divests Danival Brand – Jul 21, 2020

Hain Celestial transformational efforts bode well. With respect to the transformation strategy, the company recently announced divestiture of the Danival brand to Europe-based Wessanen N.V.'s subsidiary. However, details of the transaction remained under covers. The Danival brand, which formed part of Hain Celestial's Europe operating segment, consists of organic-cooked vegetables, sauces, fruit spreads, prepared meals and desserts. The latest divestiture further simplifies the company's brand portfolio.

Hain Celestial Divests Casbah & Europe's Best Brands – Mar 18, 2020

Hain Celestial recently concluded the sale of Casbah and Europe's Best brands to the U.S. Durum and Nature's Touch Frozen Foods, respectively. However, financial details of the deal remained under covers. Notably, these divestitures are in sync with the company's transformation efforts.

Valuation

Hain Celestial shares are up 26.1% in the year-to-date period and 48.1% over the trailing 12-month period. Stocks in the Zacks sub-industry and Zacks Consumer Staples sector are down 2.9% and 7.7%, respectively, in the year-to-date period. Over the past year, the Zacks sub-industry is up 4.6% but the sector is down 5.3%.

The S&P 500 index is up 4.2% in the year-to-date period and 15% in the past year.

The stock is currently trading at 31.57X forward 12-month earnings, which compares to 19.27X for the Zacks sub-industry, 19.98X for the Zacks sector and 22.8X for the S&P 500 index.

Over the past five years, the stock has traded as high as 39.52X and as low as 12.55X, with a 5-year median of 21.96X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$34 price target reflects 32.81X forward 12-month earnings.

The table below shows summary valuation data for HAIN

Valuation Multiples - HAIN					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	31.57	19.27	19.98	22.8
	5-Year High	39.52	22.9	22.37	22.8
	5-Year Low	12.55	14.82	16.63	15.25
	5-Year Median	21.96	18.57	19.58	17.58
P/S F12M	Current	1.63	1.71	9.46	3.67
	5-Year High	2.33	2.05	11.15	3.67
	5-Year Low	0.65	1.41	8.1	2.53
	5-Year Median	1.26	1.75	9.89	3.05
EV/EBITDA TTM	Current	23.61	14.52	37.22	12.66
	5-Year High	24.67	23.67	45.91	12.84
	5-Year Low	12.24	11.51	28	8.24
	5-Year Median	17.36	15.27	39.09	10.9

As of 08/11/2020

Industry Analysis Zacks Industry Rank: Top 46% (116 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
BG Foods, Inc. (BGS)	Neutral	2
Campbell Soup Company (CPB)	Neutral	2
Flowers Foods, Inc. (FLO)	Neutral	2
General Mills, Inc. (GIS)	Neutral	3
Lamb Weston Holdings Inc. (LW)	Neutral	4
Mondelez International, Inc. (MDLZ)	Neutral	3
United Natural Foods, Inc. (UNFI)	Neutral	2
Sysco Corporation (SYN)	Underperform	5

Industry Comparison Industry: Food - Miscellaneous				Industry Peers		
	HAIN	X Industry	S&P 500	BGS	CPB	LW
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	2	2	4
VGM Score	B	-	-	A	C	C
Market Cap	3.34 B	3.70 B	23.61 B	1.85 B	15.04 B	9.38 B
# of Analysts	5	3	14	3	7	4
Dividend Yield	0.00%	0.00%	1.69%	6.59%	2.81%	1.43%
Value Score	C	-	-	A	B	D
Cash/Price	0.01	0.08	0.07	0.10	0.08	0.15
EV/EBITDA	91.03	12.90	13.32	12.87	13.31	14.86
PEG Ratio	16.60	3.80	2.95	NA	2.10	8.56
Price/Book (P/B)	2.37	2.28	3.22	2.26	5.83	39.07
Price/Cash Flow (P/CF)	27.13	12.40	12.79	10.24	13.13	16.99
P/E (F1)	33.20	19.43	22.02	13.00	17.40	30.83
Price/Sales (P/S)	1.59	1.35	2.57	1.01	1.80	2.47
Earnings Yield	3.09%	4.86%	4.29%	7.71%	5.75%	3.24%
Debt/Equity	0.30	0.57	0.77	2.33	2.01	12.47
Cash Flow (\$/share)	1.21	2.81	6.94	2.81	3.79	3.78
Growth Score	A	-	-	A	C	B
Hist. EPS Growth (3-5 yrs)	-22.19%	5.50%	10.41%	-0.35%	-2.14%	11.76%
Proj. EPS Growth (F1/F0)	28.03%	5.18%	-6.51%	35.16%	-2.53%	-16.70%
Curr. Cash Flow Growth	-31.03%	4.03%	5.22%	-0.56%	-12.42%	-13.39%
Hist. Cash Flow Growth (3-5 yrs)	-9.49%	6.08%	8.55%	4.81%	0.50%	8.09%
Current Ratio	2.00	1.61	1.34	3.12	0.84	2.25
Debt/Capital	23.35%	37.17%	44.59%	69.95%	66.79%	92.58%
Net Margin	-4.63%	2.44%	10.13%	6.22%	18.34%	9.65%
Return on Equity	5.18%	9.79%	14.59%	15.65%	46.05%	183.08%
Sales/Assets	0.90	1.02	0.51	0.55	0.66	1.02
Proj. Sales Growth (F1/F0)	-0.30%	0.00%	-1.45%	16.17%	-4.97%	-2.29%
Momentum Score	B	-	-	D	F	F
Daily Price Chg	-1.42%	0.00%	-0.17%	-1.57%	-1.25%	-0.56%
1 Week Price Chg	-0.35%	1.88%	2.30%	2.21%	0.81%	4.44%
4 Week Price Chg	2.67%	4.41%	6.41%	12.32%	-1.07%	-2.93%
12 Week Price Chg	12.67%	10.67%	15.42%	24.99%	0.30%	14.95%
52 Week Price Chg	48.32%	0.85%	2.88%	52.35%	17.77%	-4.59%
20 Day Average Volume	436,535	166,965	2,007,486	1,193,291	1,707,339	1,206,209
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	-0.95%
(F1) EPS Est 4 week change	0.00%	0.00%	1.84%	0.76%	0.00%	-6.61%
(F1) EPS Est 12 week change	0.00%	2.56%	2.40%	3.10%	1.68%	-7.24%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.72%	-6.37%	0.00%	-23.17%

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	C
Growth Score	A
Momentum Score	B
VGM Score	B

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.