

Integra LifeSciences (IART)

\$50.02 (As of 07/15/20)

Price Target (6-12 Months): **\$52.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 06/25/20)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

2-Buy

Zacks Style Scores:

VGM:D

Value: C

Growth: F

Momentum: D

Summary

Integra registered disappointing segmental performances in the first quarter due to coronavirus-led business disruptions. During the first two months of the quarter, sales were in line with the expectations. However, in March, as the pandemic took a graver form, demand for the company's surgical procedures declined significantly. The company expects business performance in April will bear the full effect of COVID-19. Accordingly, the second quarter will be the most challenging of the year. The company has withdrawn its full-year. On a positive note, organic revenues in the CSS segment were strong across all neurosurgery franchises. Within OTT, AmnioExcel and SurgiMend increased in double digits. Overall, Integra has underperformed the industry in the past six months.

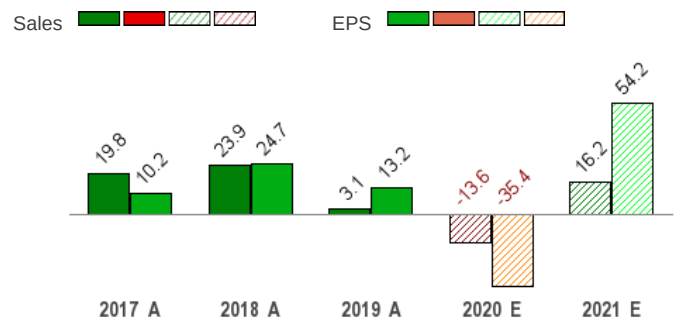
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$65.09 - \$34.21
20 Day Average Volume (sh)	521,081
Market Cap	\$4.2 B
YTD Price Change	-14.2%
Beta	1.09
Dividend / Div Yld	\$0.00 / 0.0%
Industry	Medical - Instruments
Zacks Industry Rank	Bottom 41% (149 out of 251)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-20.0%
Last Sales Surprise	0.5%
EPS F1 Est- 4 week change	0.6%
Expected Report Date	08/10/2020
Earnings ESP	20.7%
P/E TTM	19.5
P/E F1	28.3
PEG F1	2.2
P/S TTM	2.8

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	373 E	366 E	391 E	413 E	1,525 E
2020	354 A	255 E	325 E	392 E	1,312 E
2019	360 A	384 A	379 A	395 A	1,518 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.61 E	\$0.63 E	\$0.70 E	\$0.82 E	\$2.73 E
2020	\$0.48 A	\$0.08 E	\$0.50 E	\$0.76 E	\$1.77 E
2019	\$0.65 A	\$0.73 A	\$0.68 A	\$0.68 A	\$2.74 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 07/15/2020. The reports text is as of 07/16/2020.

Overview

Headquartered in Plainsboro NJ, Integra LifeSciences is one of the world leaders in regenerative medicine. The company develops, manufactures and markets cost-effective surgical implants and medical instruments. The company now manufactures and sells products in the following two global reportable business segments: **Codman Specialty Surgical (CSS)** and **Orthopedics and Tissue Technologies (OTT)**.

The **CSS** business (65.6% of revenues in 2019, organic growth of 5.6% in 2019), previously known as Specialty Surgical Solutions, offers global, market-leading technologies, brands and instrumentation. The acquisition of Codman Neurosurgery from Johnson & Johnson increased the global direct sales representation and international presence.

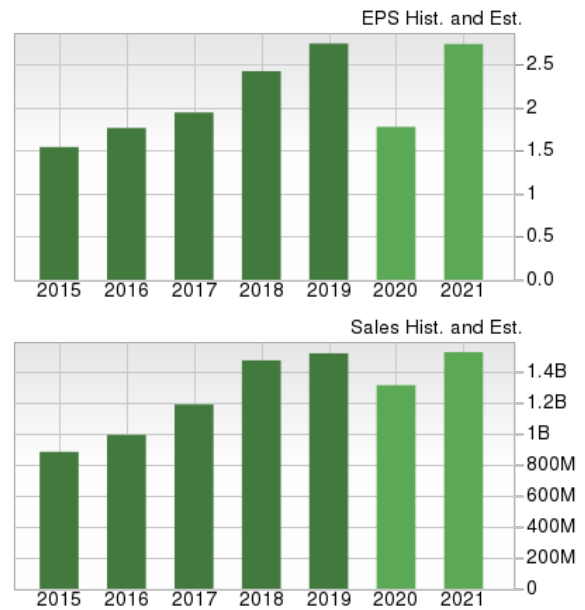
The global commercial network includes clinical specialists, a large direct global sales force and strategic partnerships and distributors that serve hospitals, integrated health networks, group purchasing organizations, clinicians, surgery centers and health care providers in North America, South America, Europe, Asia Pacific, Middle East and Africa.

In 2019, the segment registered 3.3% growth from 2018.

The **OTT** segment (34.4%, 1.6%) includes specialty metal implants for surgery of the upper and lower extremities, skin and wound repair products and bone grafts and nerve and tendon repair products.

The acquisition of Derma Sciences in 2017 provides the company with a relevant scale in outpatient wound care, doubling the sales force in the United States and broadening its business base with advanced products such as Medihoney, weight offloading and amniotic tissue. It also creates opportunities to further expand footprint in the plastic and reconstructive surgery segments.

In 2019 the segment registered 2.5% growth from 2018.



Reasons To Buy:

▲ **Sales Might Rebound From Q4 2020:** Integra noted that, its second quarter of 2020 will witness the hardest impact of the pandemic-led economic crisis. Although, the third quarter too will witness year-over-year sales decline, the company is hopeful about a reduction in the magnitude of business loss on the fact that, many procedures in which its products are employed cannot be deferred for more than 90 days. In this base case scenario, the company assumed the fourth quarter of 2020 to be roughly in line with the fourth quarter of 2019. It also expects to see strong growth opportunities in this period. The company is confident that once the environment returns to growth, the actions Integra is taking and the plans it has in place, will position it for outperformance over the long term.

A series of product introductions, particularly in Extremities franchise and strong overseas expansion are expected to add value going ahead.

▲ **CSS Organic Growth Continues:** Despite the slowdown, at the end of the first quarter, organic revenues from the Codman Specialty Surgical segment was strong across all neurosurgery franchises. The company reported high single-digit growth in both CSF Management and advanced energy and low single-digit growth in both dural access and repair, neuro monitoring.

International sales in CSS improved in high single digits during the first quarter, led by strength in Japan and advanced purchases in several indirect markets, including China, due to precautionary concerns over the global spread of COVID-19.

In 2019, the company acquired two early-stage technology platforms, which were anti-thrombus coding technology (to reduce catheter obstructions) and a technology platform for minimally invasive neuro surgery. These two technologies added to its portfolio, thus creating clinical opportunities for expansion into new larger and faster-growing markets, including intracerebral hemorrhage and minimally invasive neurosurgery. Currently, the company is investing in the two technologies, and aligning the development and clinical progress with its commercialization plans.

▲ **OTT Segment Holds Strong Potential:** In the reported quarter, within OTT, AmnioExcel and SurgiMend increased in double digits in the quarter, driven by the increase in supply coming from the capital investments the company initiated last year at its Boston and Memphis facilities. Integra's broader regenerative portfolio was on track for low double-digit growth through the first 2.5 months of the quarter until COVID-19-related procedure deferrals took place.

Currently, the company is focusing on capacity expansion at various facilities manufacturing regenerative products for reconstructive procedures. The company is positioning itself to meet the rising demand and regulatory requirements expected for the segment through manufacturing investments.

▲ **Solid Growth in International Business:** In spite of facing foreign exchange fluctuations across its international business, Integra successfully saw through certain key developments on the overseas front. International sales within Codman Specialty Surgical have been strong in recent times driven by growth in core neurosurgery business and strength in certain key markets such Europe, Canada, China, and Japan. Per Integra, the acquisition of Codman is effectively doubling the company's international business within this segment.

Integra is looking forward to investment opportunities in the Asian market in order to grow business much faster than the United States and also certain parts of its international businesses. In line with this, the company is preparing to launch several products in China and Japan.

▲ **Strong Solvency But Leveraged:** Integra exited the first quarter of 2020 with cash and cash equivalents of \$358 million compared with \$199 million in the fourth quarter of 2019. Meanwhile, total debt came up to \$1.69 billion in the first quarter, up from \$1.46 billion in the sequentially last reported quarter. This figure is much higher than the quarter-end cash and cash equivalent level indicating weak solvency. However, if we go by the company's near-term payable debt level, that is just \$13 million now, insignificant as compared to the current cash holdings, indicating strong solvency. At least, during the year of coronavirus mayhem, when majority of the corporate sector is imposed with production and supply halt, the company is holding sufficient cash for its short-term debt repayment. Debt comparison with the industry is, favorable as well, as industry's total debt of \$3.65 billion, stands much higher to the company's debt level.

The quarter's total debt-to-capital of 55.7% represented a sequential rise from 49.9% at the end of the fourth quarter. However, it stands at a moderately high level indicating a leveraged balance sheet. Further, this compares unfavorably with the total debt-to-capital of the industry which stands at a lower level of 37.6%.

The times interest earned for the company stands at 1.8%, which is sequentially low. This, too, compares unfavorably with the times interest earned for the industry which stands at a slightly higher level of 5.8%.

Reasons To Sell:

- ▼ **Share Price Performance:** Integra has underperformed the industry in the past six months. The stock has lost 15.4% against the industry's 3.3% gain. In the first quarter, Integra registered disappointing overall and segmental performances due to coronavirus-led business disruptions.

Integra LifeSciences strongly expects the ongoing impact from restrictions on surgical procedures and the U.S. Government's newly-implemented shelter-in-place policies to significantly dampen its second-quarter performance as well. However, management is currently unable to gauge the magnitude of total loss it has to bear due to the pandemic-led economic damages. Hence, it withdrew its guidance for the full-year 2020.

Uncertain natural calamities might force Integra to stop production in one or more of its manufacturing or research facilities. The stock faces stiff competition as well as foreign exchange fluctuation.

- ▼ **COVID-19-led Postponement of Surgical Procedures Dent Sales:** Integra management noted that during the first two months of the quarter, sales were in line with the expectations. However, in March, as the pandemic took a graver form, demand for the company's surgical procedures declined significantly. This was because healthcare providers started to reallocate resources to address the surging demand caused by the COVID-19 outbreak. According to Integra, there was a dramatic sales decline that occurred as soon as surgical procedures were postponed on a wide scale. For the company as a whole, run rate for the last two weeks of March were down about 28% compared to the year-ago period.

Added to the worries, the company expects business performance in April will bear the full effect of COVID-19. Accordingly, the second quarter will be the most challenging of the year. In the third quarter, Integra still projects year-over-year declines, although not at the same rate as in the second quarter as many procedures in which its products are employed cannot be deferred for more than 90 days.

- ▼ **Natural Calamities Might Hamper Business Process:** Many of Integra's manufacturing, development or research facilities are vulnerable to natural disasters or unwanted events, which depending on the extent of its severity, might force the company to cease development and manufacturing of some or all of its products. In particular, Integra's San Diego and Irvine, CA facilities are susceptible to earthquake damage, wildfire damage and power losses from electrical shortages as are other businesses in Southern California. Integra's Añasco, Puerto Rico plant, where it manufactures collagen, silicone and its private label products, is vulnerable to hurricane, storm, earthquake and wind damage. Further, Integra LifeSciences' Plainsboro, NJ facility is prone to hurricane damage. Although the company maintains property damage and business interruption insurance coverage for these facilities, management fears insurance might not cover for all losses in the event of such dire circumstances. Also, the company may not be able to renew or obtain such insurance in the future on acceptable terms with adequate coverage or at reasonable costs.

- ▼ **Competition:** Integra faces significant competition in the surgical implants and medical instruments market. The company needs to be innovative on the product front in order to keep up with the competition. Moreover, consolidation trends in the industry could lead to intense pricing pressure and further competition in this niche. The primary competitors in specialty surgical solutions are the Aesculap division of B. Braun Medical, Inc., Johnson & Johnson, Medtronic, Inc., Stryker Corporation, Becton, Dickinson and Company, and C.R. Bard, Inc. In addition, the company competes with many smaller specialized companies and larger companies that do not otherwise focus on specialty surgical solutions. Other major players in orthopedics and tissue technologies includes the DePuy/Synthes business of Johnson & Johnson, Stryker Corporation, Wright Medical Group, N.V., Smith & Nephew plc, MiMedx Group, Inc., Acelyty L.P. Inc., a subsidiary of Allergan PLC, and Zimmer Biomet Holdings, Inc.

- ▼ **Foreign Exchange Woes Stay:** Integra generates significant revenues outside the U.S., a portion of which are U.S. dollar-denominated transactions conducted with customers who generate revenue in currencies other than the U.S. dollar. As a result, currency fluctuations between the U.S. dollar and the currencies in which those customers do business may have an impact on the demand for the company's products in foreign countries. With the recent upward trend observed in the value of the U.S. dollar, further acceleration expected by analysts in this value will cause the company's revenues to face a tough situation overseas.
-

Last Earnings Report

Integra's Q1 Earnings Miss Estimates, Margins Down

Integra LifeSciences delivered adjusted earnings per share of 48 cents in the first quarter of 2020, down 26.2% from a year ago. The metric missed the Zacks Consensus Estimate by 20%.

The adjustment excludes the impact of certain non-recurring charges like structural optimization, acquisition and integration-related, COVID-19 and intangible asset amortization expenses, among others.

GAAP earnings per share for the first quarter was 11 cents, reflecting a plunge of 71.1% from the year-ago quarter.

Revenue Discussion

Total revenues in the reported quarter declined 1.5% year over year to \$354.3 million, which lagged the Zacks Consensus Estimate by 2.7%. Organically, revenues dropped 0.1% year over year.

The revenue decline can be attributed to lower surgical procedures related to COVID-19 during the second half of March. The revenue figure, however, was encouraging till the first half of March.

Segmental Details

Coming to product categories, revenues from the Codman Specialty Surgical (CSS) segment fell 1.3% to \$231.4 million (organic growth was 0.5%). However, the segment was boosted by strong international sales led by strength in Japan. Also, advanced purchases in several indirect markets like China, due to precautionary concerns over the pandemic, contributed to the top line.

Orthopedics and Tissue Technologies (OTT) revenues totaled \$122.9 million in the first quarter, down 1.5% year over year. Organically, the segment fell 1.2%. The strong demand for AmnioExcel and SurgiMend, which were driven by an uptick in supplies resulting from capital investments initiated last year at the Boston and Memphis facilities, contributed to the top line.

Margin Trend

In the reported quarter, gross profit totaled \$220.8 million. Gross margin contracted 183 basis points (bps) to 62.3% on a 4.3% fall in gross profit. Per the company, adjusted gross margin was 68.3%, contracting 10 bps.

Selling, general and administrative expenses contracted 5.1% to \$165.9 million in the quarter under review, while research and development expenses rose 13.6% to \$20.8 million.

Overall, adjusted operating profit was \$34.1 million, down 9.3% year over year. Adjusted operating margin saw an 83-bp contraction year over year to 9.6%.

Financial Position

Integra exited the first quarter of 2020 with cash and cash equivalents of \$357.7 million, up from \$198.9 million at the end of 2019.

At the end of the first quarter, net cash flow from operating activities was \$20.8 million compared with \$29.5 million in the year-ago quarter.

2020 Outlook Withdrawn

Given the current economic situation due to the pandemic, Integra is unable to assess the actual magnitude of the impact on its financial results. Hence, the company has announced the withdrawal of its 2020 guidance issued on Feb 19, 2020 as was confirmed by it on Apr 7 while releasing its preliminary results for the first quarter.

Quarter Ending **03/2020**

Report Date	May 07, 2020
Sales Surprise	0.46%
EPS Surprise	-20.00%
Quarterly EPS	0.48
Annual EPS (TTM)	2.57

Recent News

On **May 21, 2020**, Integra LifeSciences noted changes to its executive leadership team. Michael McBreen, the company's present the corporate vice president and president of the international business, has been promoted to executive vice president and president, Codman Specialty Surgical (CSS), effective June 8, 2020. Mr. McBreen replaces Dan Reuvers, who will be leaving Integra to become chief executive officer of Tactile Systems Technology, Inc.

On **May 15, 2020**, Integra LifeSciences announced favorable clinical and economic data on Integra Bilayer Wound Matrix (IBWM) in complex lower extremity reconstruction.

Valuation

Integra shares are down 14.2% in the year-to-date period and down 7.3% in the trailing 12-month periods. Stocks in the Zacks sub-industry are up 6.9% while the Zacks Medical sector rose 1.2% in the year-to-date period. Over the past year, the Zacks sub-industry is up 9.9% and sector is up 6.8%.

The S&P 500 index is up 0.4% in the year-to-date period and rose 8.8% in the past year.

The stock is currently trading at 21.8X Forward 12-months earnings, which compares to 42.3X for the Zacks sub-industry, 23.5X for the Zacks sector and 22.9X for the S&P 500 index.

Over the past five years, the stock has traded as high as 26.8X and as low as 11.8X, with a 5-year median 20.9X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$52 price target reflects 22.9X forward 12-months earnings.

The table below shows summary valuation data for IART.

Valuation Multiples - IART					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	21.83	42.33	23.49	22.91
	5-Year High	26.78	42.33	23.49	22.91
	5-Year Low	11.83	23.23	15.91	15.25
	5-Year Median	20.88	28.04	18.99	17.52
P/S F12M	Current	2.98	4.29	2.86	3.58
	5-Year High	3.86	4.29	3.74	3.58
	5-Year Low	1.96	2.49	2.22	2.53
	5-Year Median	2.90	2.98	2.90	3.02
P/B TTM	Current	3.16	4.23	4.41	4.42
	5-Year High	5.32	4.67	5.07	4.56
	5-Year Low	2.22	2.69	2.94	2.83
	5-Year Median	3.67	3.82	4.29	3.70

As of 07/15/2020

Industry Analysis Zacks Industry Rank: Bottom 41% (149 out of 251)



Top Peers

Company (Ticker)	Rec	Rank
OPKO Health, Inc. (OPK)	Outperform	2
ConforMIS, Inc. (CFMS)	Neutral	2
Cantel Medical Corp. (CMD)	Neutral	3
DexCom, Inc. (DXCM)	Neutral	3
Integer Holdings Corporation (ITGR)	Neutral	3
LivaNova PLC (LIVN)	Neutral	3
Medtronic PLC (MDT)	Neutral	4
RTI Surgical, Inc. (RTIX)	Neutral	4

Industry Comparison Industry: Medical - Instruments				Industry Peers		
	IART	X Industry	S&P 500	CFMS	MDT	RTIX
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	2	-	-	2	4	4
VGM Score	D	-	-	C	C	B
Market Cap	4.24 B	138.16 M	22.66 B	58.49 M	130.32 B	283.48 M
# of Analysts	5	2	14	3	14	1
Dividend Yield	0.00%	0.00%	1.83%	0.00%	2.39%	0.00%
Value Score	C	-	-	F	C	A
Cash/Price	0.09	0.09	0.07	0.36	0.09	NA
EV/EBITDA	24.30	-1.15	12.99	-3.46	18.10	NA
PEG Ratio	2.20	4.40	2.97	NA	3.68	NA
Price/Book (P/B)	3.15	3.66	3.12	6.15	2.56	1.31
Price/Cash Flow (P/CF)	12.19	22.15	12.14	NA	14.68	12.47
P/E (F1)	28.12	48.42	22.04	NA	28.49	NA
Price/Sales (P/S)	2.81	3.99	2.38	0.80	4.51	0.91
Earnings Yield	3.54%	-4.71%	4.32%	-62.20%	3.51%	-7.89%
Debt/Equity	1.25	0.08	0.76	3.84	0.43	NA
Cash Flow (\$/share)	4.10	-0.12	6.94	-0.35	6.62	0.30
Growth Score	F	-	-	B	B	B
Hist. EPS Growth (3-5 yrs)	14.39%	13.32%	10.85%	NA	5.13%	-18.88%
Proj. EPS Growth (F1/F0)	-35.26%	-4.68%	-9.64%	-15.91%	-25.69%	-87.50%
Curr. Cash Flow Growth	9.92%	5.35%	5.51%	-25.47%	-9.02%	18.36%
Hist. Cash Flow Growth (3-5 yrs)	19.16%	11.09%	8.55%	7.63%	7.68%	27.78%
Current Ratio	4.09	2.60	1.30	2.73	2.13	NA
Debt/Capital	55.55%	13.54%	44.46%	79.34%	30.21%	NA
Net Margin	1.76%	-14.56%	10.59%	-41.29%	16.56%	-70.56%
Return on Equity	15.98%	-14.83%	15.75%	-165.61%	12.17%	NA
Sales/Assets	0.45	0.57	0.54	1.07	0.32	NA
Proj. Sales Growth (F1/F0)	-13.54%	0.00%	-2.52%	-27.73%	-5.08%	0.00%
Momentum Score	D	-	-	C	D	D
Daily Price Chg	6.06%	1.87%	1.91%	3.58%	2.65%	12.09%
1 Week Price Chg	-4.60%	-0.67%	-0.41%	7.31%	-2.52%	-0.68%
4 Week Price Chg	2.91%	1.46%	1.88%	-8.82%	1.76%	23.38%
12 Week Price Chg	5.28%	13.97%	16.37%	20.34%	1.12%	88.12%
52 Week Price Chg	-7.27%	-11.65%	-4.22%	-74.35%	-3.73%	-8.65%
20 Day Average Volume	521,081	292,766	2,266,132	952,977	5,291,887	659,698
(F1) EPS Est 1 week change	0.58%	0.00%	0.00%	0.00%	-2.69%	0.00%
(F1) EPS Est 4 week change	0.58%	0.00%	0.00%	3.16%	-2.69%	0.00%
(F1) EPS Est 12 week change	-36.60%	-8.79%	-5.76%	-34.21%	-36.45%	-3,100.00%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	0.00%	0.00%	NA

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	F
Momentum Score	D
VGM Score	D

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.