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Aug 24, 2020

# Infosys Ltd.(INFY)

**$12.60** (As of 08/21/20)

Price Target (6-12 Months): **$13.00**

| | | |
|---|---|---|
| Long Term: 6-12 Months | **Zacks Recommendation:** (Since: 05/05/19) Prior Recommendation: Underperform | **Neutral** |
| Short Term: 1-3 Months | **Zacks Rank:** (1-5) | **3-Hold** |
| | Zacks Style Scores: | VGM:A |
| | Value: C \| Growth: A \| Momentum: A | |

## Summary

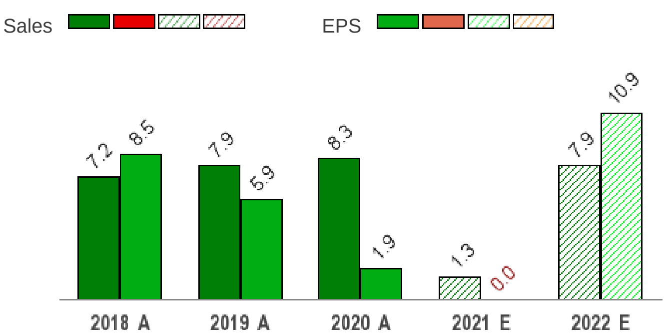
Infosys is benefiting from large deal wins and fast growing digital services. The company's sustained focus on Agile Digital and AI-driven Core services is a tailwind. Strong demand for its services in cloud, IoT, cyber security, data and analytics is a key driver. Higher investments by clients in digital transformation, AI and automation are an upside. However, Infosys is suffering from an unfavorable political climate in the United States and the increasing anti-outsourcing sentiment in certain countries. Higher subcontractor costs, and the company's compensation revision with a higher variable pay and incentives are weighing on margins. Further, Infosys' business is highly prone to the currency volatility between the India rupee and the US dollar. Shares of the company have underperformed the industry over the past year.

## Price, Consensus & Surprise


## Data Overview

| | |
|---|---|
| 52 Week High-Low | $13.03 - $6.76 |
| 20 Day Average Volume (sh) | 8,322,309 |
| Market Cap | $53.4 B |
| YTD Price Change | 22.1% |
| Beta | 0.83 |
| Dividend / Div Yld | $0.20 / 1.6% |
| Industry | Computers - IT Services |
| Zacks Industry Rank | Bottom 17% (209 out of 252) |
| Last EPS Surprise | 8.3% |
| Last Sales Surprise | 5.6% |
| EPS F1 Est- 4 week change | 1.5% |
| Expected Report Date | 10/09/2020 |
| Earnings ESP | 0.0% |
| P/E TTM | 22.9 |
| P/E F1 | 22.9 |
| PEG F1 | 2.4 |
| P/S TTM | 4.2 |

## Sales and EPS Growth Rates (Y/Y %)




## Sales Estimates (millions of $)

| | Q1 | Q2 | Q3 | Q4 | Annual* |
|---|---|---|---|---|---|
| 2022 | 3,363 E | 3,451 E | 3,530 E | 3,495 E | 13,972 E |
| 2021 | 3,121 A | 3,220 E | 3,288 E | 3,316 E | 12,951 E |
| 2020 | 3,131 A | 3,210 A | 3,243 A | 3,197 A | 12,780 A |

## EPS Estimates

| | Q1 | Q2 | Q3 | Q4 | Annual* |
|---|---|---|---|---|---|
| 2022 | $0.14 E | $0.15 E | $0.16 E | $0.16 E | $0.61 E |
| 2021 | $0.13 A | $0.14 E | $0.14 E | $0.14 E | $0.55 E |
| 2020 | $0.13 A | $0.13 A | $0.15 A | $0.14 A | $0.55 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 08/21/2020. The reports text is as of 08/24/2020.

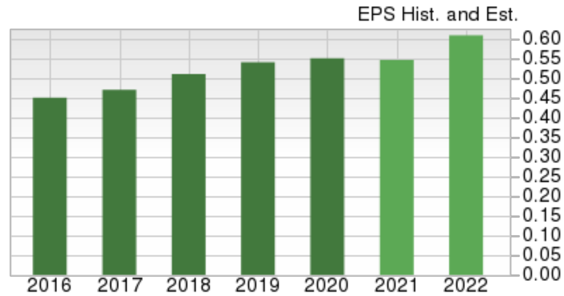
## Overview

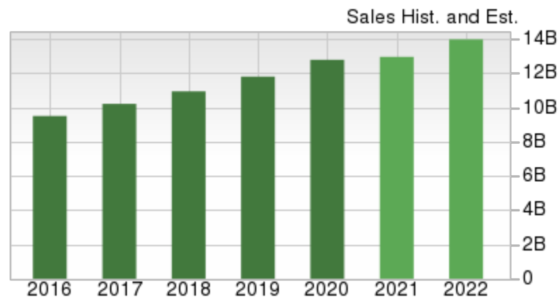
Headquartered in India, Infosys Technologies enables its clients to leverage its performance by utilizing its proprietary Global Delivery Model ('GDM').

Infosys operates across the following business segments — Financial Services (31% of total revenues), Retail (16%), Communication (13%), Energy, Utilities, resources & Services (13%), Manufacturing (10%), Hi Tech (8%), Life Sciences (6%) and Others (3%). Others include operating segments of businesses in India, Japan, China, Infosys Public Services and other enterprises in Public Services.

Infosys markets its services to large enterprises in North America, Europe and the Asia Pacific region. Some of the services offered by the company are:

Business Process Management (BPM) Services and IT Consulting – Infosys, through its subsidiary Progeon, Ltd., offers its customers the chance to outsource several process-intensive functions related to Customer Relationship Management, Finance and Accounting, and Administration and Sales Order Processing. Also, Infosys' consultants offer technical advice in developing and recommending appropriate IT architecture, hardware and software to deliver IT solutions designed to meet specific business needs of its clients.




Consulting, Package Implementation & Others – Infosys is able to create new customized software solutions for its clients, and can increase the functionality of existing software solutions. Also, the company helps its clients to reduce maintenance costs. Infosys also deploys a small group of on-site consultants for its clients, to help streamline and coordinate its support functions.

Products, Platforms and Others– Infosys helps its customers to convert existing IT Systems to newer technologies and platforms developed by third-party vendors. Also, the company specializes in enterprise resource planning packages developed by vendors such as SAP or Oracle, Business Intelligence packages from vendors such as Business Objects and Cognos, and enterprise application integration packages from vendors.

Infosys' revenues for fiscal 2020 grew 8.3% year-over-year to $12.78 billion.

## Reasons To Buy:

- Infosys is witnessing solid traction in its digital business that now comprises more than 31% of the top line. The high margin digital business is expected to offset the additional investments that the company is undertaking.

Infosys is growing from renewal of traditional services and rolling out of others in areas such as Cloud Ecosystem, Big Data and Analytics.

- Infosys has been diligently following the “Renew New” program, which lays the blueprint of its long-term growth. This strategy, which includes restructuring of customer-centric functions, streamlining of sales function, unification of delivery systems and redesigning of other fee and oral processes, is proving to be highly beneficial allowing the company to offset major challenges. Under the “Renew” initiative, Infosys helped clients renew traditional IT services and infrastructure.

- Of late, innovation has become the keyword of Infosys’ business strategy, fostered by pursuing two avenues, namely, empowering every employee with Zero Distance Program and improving next-generation services with AiKiDo offerings (the acronym for Artificial Intelligence, Knowledge-based IT and Design thinking). Infosys has also taken initiatives like ‘design thinking’ to enhance the training and knowledge base of its employees. Innovative actions like ‘Zero Bench’ program that was devised by the company to eliminate the notion of “bench” in the IT service industry is also proving to be a major asset, bolstering the company’s internal strength. Infosys continues to invest heavily in AI capabilities, including Mana. During 2017, it acquired a highly accomplished team of machine learning experts on Skytree, one of the early startups focused on machine learning. This apart, the company created a $500 million innovation fund in 2015 with an aim to invest in innovative entrepreneurial ventures in domains related to the company’s core business.

- Infosys has been strengthening its core competencies by pursuing strategic collaborations and acquisitions. The company’s alliance strategy is targeted at teaming up with leading technology providers, which allows it to cash in on the emerging technologies in a mutually beneficial and cost-competitive manner. Over the last few quarters, Infosys has collaborated with many bigwigs to fortify its portfolio and market share. In order to boost digital, cloud, legacy modernization and automation business, Infosys cemented strategic tie-ups with Google, Adobe, Microsoft, Amazon Web Services and salesforce.com. To drive engineering services, the company has partnered with General Electric to deliver solutions in the field of automation, digital trends and the Internet of Things.

- Infosys has a strong balance sheet with ample liquidity position and no debt obligations. Cash and equivalents were $3.4 billion as of Jun 30, 2020, slight improvement from $3.1 billion as of Mar 31, 2020. Moreover, in fiscal 2020, the company generated $2.6 billion of operating cash flows compared with $2.3 billion in fiscal 2019. During first-quarter fiscal 2021, the company generated operating cash flow of $783 million. It is to be noted that the company has been able to regularly increase its cash from operations since fiscal 2015. The increasing liquidity and cash flow trend reflect that the company is making investments in the right direction. Moreover, since it carries no long-term debt, the cash is available for pursuing strategic acquisitions, investment in growth initiatives and distribution to shareholders.

## Reasons To Sell:

Increasing anti-outsourcing sentiments in certain countries, including the United States and the United Kingdom, is likely to lead to the enactment of restrictive legislations.

- We believe the coronavirus outbreak will affect Infosys' near-term financial performance. The novel virus has hit the business community hard and therefore, majority of Infosys clients might adjust their planned IT services investments. Nonetheless, the impact is anticipated to be limited as investment in IT Services work streams remain essential and hence, the industry would be the softest hit in comparison to others.

- Infosys' focus on on-shore business model, with more local hiring, is likely to hurt the company's profitability. Infosys has been struggling to adapt itself to the changing political climate in the United States. Infosys fears that an increase in anti-outsourcing sentiments in certain countries, including the United States and the United Kingdom, is likely to lead to the enactment of restrictive legislations. This in turn could limit companies in those countries from outsourcing work and restrict ability to staff client projects in a timely manner.

- The company's business is highly prone to currency volatility between the Indian Rupee and the U.S. dollar as majority of its revenues are derived from the U.S. markets. The ongoing commotion related to the Brexit referendum is likely to create uncertainties in the near term, discouraging clients to take up new investments in financial services. The company witnessed pronounced currency volatility especially in the backdrop of Brexit and may continue to do so going forward. In addition, Infosys is expanding capacity in on-site development centers to mitigate any potential risks from visa regulation in the U.S. Steep currency fluctuations, high compensation costs as well as higher variable pays are likely to inflate these costs as well.

- Spending on technology products and services is subject to fluctuations, depending on many factors, including the economic environment in markets where clients operate. Rapid proliferation of customizable internet-based software has been hampering Infosys' traditional outsourcing business. Management believes that economic conditions in many of its markets remain quite challenging which can weigh on the company's profitability, going ahead. For instance, in many European countries, large government deficits, coupled with downgrading of government debt and credit ratings, have compounded the possibility of continued weakness that may affect Infosys adversely.

- Infosys operates in a highly competitive and rapidly changing market. The company foresees intensified competition from established IT peers as well as new competitors. In particular, the company expects increased competition from firms that are strengthening their offshore presence in India or other low-cost locations, as well as from firms in market segments that Infosys has recently entered. This apart, the company suffers weakness particularly in its sales and other delivery operations, which poses a direct threat to its profitability in the near term. Apart from this, many long-term client contracts of Infosys contain benchmarking provisions, which if used, could result in lower revenues and profitability under the contract, going forward. In addition, the company remains wary about the actions of activist shareholders, which it believes can adversely affect its ability to execute strategic priorities.

## Last Earnings Report

| Quarter Ending | 06/2020 |
|---|---|
| Report Date | **Jul 15, 2020** |
| Sales Surprise | **5.58%** |
| EPS Surprise | **8.33%** |
| Quarterly EPS | **0.13** |
| Annual EPS (TTM) | **0.55** |

Infosys Limited's first-quarter fiscal 2021 adjusted earnings of 13 cents per share came in a penny higher than the Zacks Consensus Estimate. Moreover, quarterly earnings came in line with the year-ago figure of 13 cents.

Though revenues of $3.12 billion edged down 0.3% year over year, the reported figure surpassed the Zacks Consensus Estimate of $2.96 billion. In terms of constant currency (CC), the metric was up 1.5%.

Rise in large deal wins and fast-growing digital services were key catalysts. Solid demand for its services in cloud, IoT, cyber security, SaaS, user experience, data and analytics is a major driver**.**

**Quarterly Details**

Digital Revenues (44.5% of total) climbed 24.2% year over year (25.5% at cc) to $1.39 billion, while Core Revenues (55.5%) declined 13.9% (down 11.8% at cc) to $1.73 billion.

Geographically, Europe and India revenues were up 1.5% and 23.3%, respectively. North America and Rest of the World declined 0.5% and 7.4%, respectively.

Segment wise, Hi Tech registered maximum growth of 13.4% at cc. Life Sciences, Financial Services, and Manufacturing rose 7.7%, 2.1% and 0.3%, respectively. However, Retail, Communication, and Energy, Utilities, Resources & Services recorded a decline of 7.4%, 0.7% and 0.2%, respectively.

In the fiscal first quarter, the company added 110 clients. It also signed multiple large deals of contract value (TCV) worth $1.74 billion.

Though headwinds in the financial services segment are still a concern, growing traction in the commercial and corporate bank, consumer, cost and payments, wealth management and custody plus mortgage portfolios of its business is an upside.

The company reported that its clients worth more than $100 million now add up to 25.

Gross profit climbed 4.1% year over year to $1.05 billion. Gross margin increased 140 basis points (bps) on a year-over-year basis to 33.6%.

The company's operating income grew 10.1% year over year to $708 million. Operating margin expanded 220 bps to 22.7%.

Infosys ended the fiscal first quarter with cash and cash equivalents of $3.4 billion, up from the fourth-quarter fiscal 2020 level of $3.1 billion.

## Recent News

On Aug 20, Infosys launched Cobalt - a set of services, solutions, and platforms that acts as a force multiplier for cloud-powered enterprise transformation.

On Aug 4, Infosys announced that it has been certified as Great Place to Work in the United States based upon employee responses to the Great Place to Work Trust Index Survey.

On Jul 27, Infosys disclosed that it has been selected by Consolidated Edison Company to digitally transform the latter's customer service capabilities over the next four years.

On Jul 14, Infosys announced partnering with Vanguard. The partnership will advance digital transformation of Vanguard's defined contribution recordkeeping business.

On May 19, Infosys announced partnering with the State of Rhode Island and launching a privacy-first contact tracing solution to help Rhode Islanders and state officials slow the spread of coronavirus throughout the state.

On May 13, Infosys announced expansion its strategic collaboration with NICE Actimize. The partnership will allow Infosys to offer its best-in-class delivery capabilities and resell NICE Actimize's end-to-end financial crime software solutions through either a cloud or on-premises environment to a growing customer base around the world.

On May 13, Infosys announced that GLOBALFOUNDRIES has selected it for the company's digital transformation program.

On Mar 13, Infosys announced that it has been ranked a Leader in NelsonHall's Cognitive and Self-Healing IT Infrastructure Management Services report 2020.

On Mar 12, Infosys announced that it has been selected by Siemens to deploy Wingspan, Infosys' Digital Learning and Talent Transformation Platform.

On Mar 2, Infosys and IBM formed a global alliance to help enterprises accelerate their digital transformation journey using the IBM public cloud.

On Feb 18, Infosys announced a long-term partnership with GE Appliance to help modernize the latter's IT infrastructure.

In Feb 11, Infosys announced that it is set to acquire Simplus, one of the fastest growing Salesforce Platinum Partners in the USA and Australia. Simplus deals in cloud consulting, implementation, data integration, change management and training services for Salesforce Quote-to-Cash applications. This acquisition strengthens Infosys' position as an end-to-end Salesforce enterprise cloud solutions and services provider.

On Jan 13, Infosys is selected by GEFCO, an automotive transport and logistics provider, as an IT partner to boost the latter's digital transformation efforts over the next five years. Infosys will help transforming GEFCO's next-generation business application management services. The company will also leverage its Live Enterprise Suite to aid the group to evolve into a Digital Native organization.

## Valuation

Shares of Infosys increased 22% in the year-to-date period and 13.3% over the trailing 12-month period. Stocks in the Zacks sub-industry and Computer & Technology sector gained 19.7% and 23.7%, respectively, YTD. Over the past year, the Zacks sub-industry and the sector increased 24.5% and 41%, respectively.

The S&P 500 Index has gained 5.4% YTD and 18.3% in the past year.

The stock is currently trading at 22.08 forward 12-month earnings, which compares to 30.78X for the Zacks sub-industry, 26.82X for the Zacks sector and 22.85X for the S&P 500 index.

Over the past five years, the stock has traded as high as 23.5X and as low as 11.7X with a 5-year median of 17.43X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $13 price target reflects 23.18X forward 12-month earnings.

The table below shows summary valuation data for INFY

**Valuation Multiples - INFY**

| | | Stock | Sub-Industry | Sector | S&P 500 |
|---|---|---|---|---|---|
| P/E F12M | Current | 22.08 | 30.78 | 26.82 | 22.85 |
| | 5-Year High | 23.50 | 32.37 | 26.82 | 22.85 |
| | 5-Year Low | 11.70 | 15.46 | 16.72 | 15.25 |
| | 5-Year Median | 17.43 | 22.32 | 19.61 | 17.58 |
| P/S F12M | Current | 4.02 | 5.84 | 4.17 | 3.71 |
| | 5-Year High | 4.46 | 10.11 | 4.17 | 3.71 |
| | 5-Year Low | 2.11 | 3.91 | 2.32 | 2.53 |
| | 5-Year Median | 3.38 | 6.98 | 3.14 | 3.05 |
| EV/SalesTTM | Current | 3.92 | 5.99 | 4.86 | 3.32 |
| | 5-Year High | 4.41 | 8.02 | 4.86 | 3.46 |
| | 5-Year Low | 2.10 | 3.60 | 2.59 | 2.14 |
| | 5-Year Median | 3.38 | 5.74 | 3.63 | 2.87 |

As of 08/21/2020

## Industry Analysis **Zacks Industry Rank:** Bottom 17% (209 out of 252)


## Top Peers

| Company (Ticker) | Rec | Rank |
|---|---|---|
| Accenture PLC **(ACN)** | Neutral | 3 |
| Cognizant Technology Solutions Corporation **(CTSH)** | Neutral | 3 |
| DXC Technology Company. **(DXC)** | Neutral | 5 |
| Genpact Limited **(G)** | Neutral | 3 |
| International Business Machines Corporation **(IBM)** | Neutral | 4 |
| Perficient, Inc. **(PRFT)** | Neutral | 2 |
| SAP SE **(SAP)** | Neutral | 2 |
| Wipro Limited **(WIT)** | Neutral | 2 |

## Industry Comparison Industry: Computers - It Services

| | INFY | X Industry | S&P 500 | ACN | CTSH | IBM |
|---|---|---|---|---|---|---|
| | | | | **Industry Peers** | | |
| **Zacks Recommendation (Long Term)** | Neutral | - | - | Neutral | Neutral | Neutral |
| **Zacks Rank (Short Term)** | 3 | - | - | 3 | 3 | 4 |
| **VGM Score** | A | - | - | B | A | A |
| Market Cap | 53.44 B | 3.07 B | 23.62 B | 151.23 B | 35.64 B | 109.68 B |
| # of Analysts | 7 | 5 | 14 | 11 | 9 | 6 |
| Dividend Yield | 1.63% | 0.00% | 1.65% | 1.35% | 1.34% | 5.29% |
| **Value Score** | C | - | - | C | B | A |
| Cash/Price | 0.06 | 0.07 | 0.07 | 0.04 | 0.13 | 0.13 |
| EV/EBITDA | 14.28 | 9.99 | 13.29 | 20.59 | 11.07 | 8.59 |
| PEG Ratio | 2.44 | 2.31 | 3.03 | 3.11 | 1.68 | 3.39 |
| Price/Book (P/B) | 6.07 | 4.62 | 3.11 | 9.17 | 3.25 | 5.30 |
| Price/Cash Flow (P/CF) | 19.52 | 12.84 | 12.69 | 26.65 | 13.05 | 6.23 |
| P/E (F1) | 23.18 | 32.96 | 21.51 | 31.13 | 18.47 | 11.12 |
| Price/Sales (P/S) | 4.18 | 2.50 | 2.43 | 3.39 | 2.13 | 1.45 |
| Earnings Yield | 4.37% | 2.22% | 4.46% | 3.21% | 5.42% | 8.99% |
| Debt/Equity | 0.00 | 0.24 | 0.76 | 0.17 | 0.29 | 2.68 |
| Cash Flow ($/share) | 0.65 | 1.13 | 6.93 | 8.91 | 5.04 | 19.75 |
| **Growth Score** | A | - | - | A | A | B |
| Hist. EPS Growth (3-5 yrs) | 5.14% | 17.84% | 10.44% | 11.11% | 9.68% | -3.28% |
| Proj. EPS Growth (F1/F0) | -0.78% | -3.34% | -5.53% | 3.67% | -10.83% | -13.54% |
| Curr. Cash Flow Growth | 4.82% | 13.18% | 5.20% | 8.06% | -2.96% | 2.09% |
| Hist. Cash Flow Growth (3-5 yrs) | 4.59% | 15.72% | 8.52% | 9.75% | 10.46% | -3.76% |
| Current Ratio | 2.25 | 1.50 | 1.33 | 1.37 | 2.66 | 1.04 |
| Debt/Capital | 0.00% | 31.36% | 44.50% | 14.36% | 22.70% | 72.83% |
| Net Margin | 18.35% | 3.26% | 10.13% | 11.11% | 9.67% | 10.44% |
| Return on Equity | 27.03% | 9.12% | 14.67% | 31.51% | 19.87% | 51.06% |
| Sales/Assets | 1.03 | 0.74 | 0.51 | 1.35 | 0.99 | 0.50 |
| Proj. Sales Growth (F1/F0) | 0.68% | 1.12% | -1.54% | 2.52% | -1.32% | -4.43% |
| **Momentum Score** | A | - | - | D | A | A |
| Daily Price Chg | -1.72% | -0.45% | -0.15% | 0.37% | -0.87% | 0.01% |
| 1 Week Price Chg | 0.95% | -0.00% | 1.09% | -0.57% | -0.82% | 0.25% |
| 4 Week Price Chg | 2.94% | 2.97% | 1.64% | 6.83% | 5.86% | -3.27% |
| 12 Week Price Chg | 37.11% | 16.37% | 6.72% | 17.76% | 22.38% | -1.10% |
| 52 Week Price Chg | 12.40% | 12.22% | 1.00% | 20.96% | 7.39% | -8.31% |
| 20 Day Average Volume | 8,322,309 | 469,553 | 1,873,576 | 1,439,550 | 2,696,406 | 3,621,047 |
| (F1) EPS Est 1 week change | 1.29% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| (F1) EPS Est 4 week change | 1.53% | 0.23% | 1.79% | 0.00% | 6.34% | 0.00% |
| (F1) EPS Est 12 week change | 9.14% | 1.58% | 3.35% | 0.74% | 3.42% | -1.88% |
| (Q1) EPS Est Mthly Chg | 0.00% | 0.00% | 0.42% | 0.00% | 8.53% | 0.00% |

## 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 | A |
| VGM Score | A |

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.

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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.