

Kimberly-Clark(KMB)

\$152.04 (As of 07/29/20)

Price Target (6-12 Months): **\$160.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 08/20/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:A

Value: B

Growth: A

Momentum: B

Summary

Shares of Kimberly-Clark have outperformed the industry in the past three months. The stock got a boost when the company reported robust second-quarter 2020 results, with the top and the bottom line surpassing the Zacks Consensus Estimate. Also, earnings increased year over year. Organic sales rose 4% owing to higher demand amid coronavirus. Management anticipates revenues and earnings growth in 2020. Apart from these, the company is gaining from robust saving plans like Global Restructuring and FORCE programs. Additionally, Kimberly-Clark's focus on its K-C Strategy bodes well. However, soft volumes in the K-C Professional segment in the second quarter stemming from the coronavirus outbreak were a drag on the performance. Further, increased marketing, research and general expenses along with unfavorable currency translations are concerns.

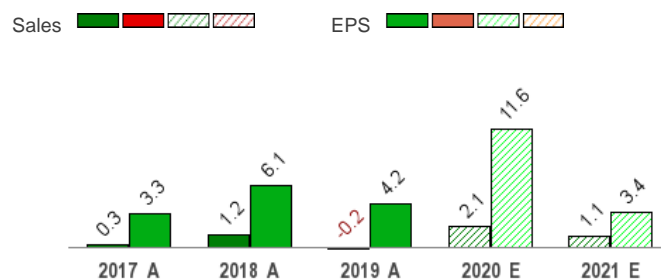
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$152.73 - \$110.66
20 Day Average Volume (sh)	1,452,431
Market Cap	\$51.8 B
YTD Price Change	10.5%
Beta	0.49
Dividend / Div Yld	\$4.28 / 2.8%
Industry	Consumer Products - Staples
Zacks Industry Rank	Top 22% (55 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	20.9%
Last Sales Surprise	2.2%
EPS F1 Est- 4 week change	1.1%
Expected Report Date	10/27/2020
Earnings ESP	0.0%
P/E TTM	19.3
P/E F1	19.8
PEG F1	3.8
P/S TTM	2.8

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	4,753 E	4,674 E	4,717 E	4,761 E	19,042 E
2020	5,009 A	4,612 A	4,600 E	4,610 E	18,838 E
2019	4,633 A	4,594 A	4,640 A	4,583 A	18,450 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$1.99 E	\$2.02 E	\$1.95 E	\$1.89 E	\$7.95 E
2020	\$2.13 A	\$2.20 A	\$1.74 E	\$1.63 E	\$7.69 E
2019	\$1.66 A	\$1.67 A	\$1.84 A	\$1.71 A	\$6.89 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 07/29/2020. The reports text is as of 07/30/2020.

Overview

Incorporated in Delaware in 1928, Kimberly-Clark Corporation is principally engaged in the manufacture and marketing of a wide range of consumer products around the world. The company sells its products to supermarkets; mass merchandisers; drugstores; warehouse clubs; variety and department stores; retail outlets; manufacturing, lodging, office building, food service, and health care establishments; and high volume public facilities.

Based on product grouping, the company conducts its operations in three business segments namely Personal Care, Consumer Tissue, and K-C Professional.

The **Personal Care** segment includes products like disposable diapers, training and youth pants, swimpants, baby wipes, feminine and incontinence care products, and other related products. Products in this segment are sold under the Huggies, Pull-Ups, Little Swimmers, GoodNites, DryNites, Kotex, U by Kotex, Intimus, Depend, Plenitud, Poise and other brand names. Sales from this segment constituted 49% of the top line in full-year 2019.

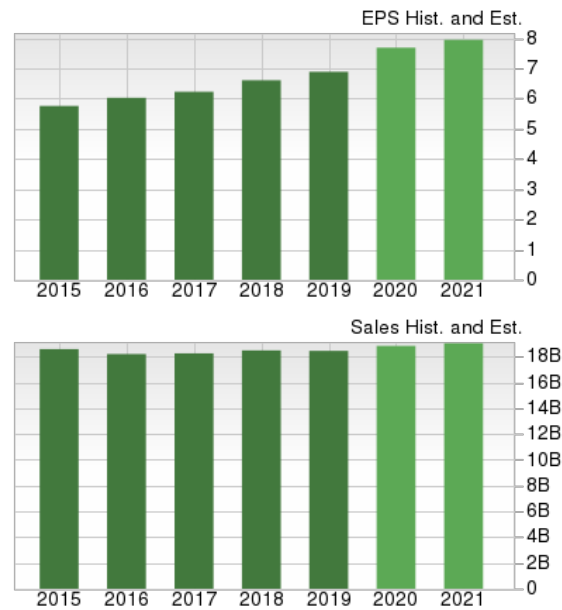
The **Consumer Tissue** segment includes facial and bathroom tissue, paper towels, napkins and related products, which are sold under the Kleenex, Scott, Cottonelle, Viva, Andrex, Scottex, Neve and other brand names. Sales from this segment constituted about 33% of the top line in full-year 2019.

The **K-C Professional** segment consists of apparel, wipers, soaps, sanitizers, tissue and towels. Key brands in this segment include Kleenex, Scott, WypAll, Kimtech and Jackson Safety. Sales from this segment formed 17.7% of the top line in full-year 2019.

The **Corporate and Other** segment contributed 0.3% of full-year 2019 sales.

The company's health care business was spun-off on Oct 31, 2014.

Notably, Kimberly-Clark's net sales to Walmart constituted around 14% of its consolidated sales in 2016, 2017 as well as 2018.



Reasons To Buy:

▲ **Impressive Q2 Performance, Bright Outlook:** Shares of Kimberly-Clark are up 12% in the past three months against the industry's decline of 3.4%. The stock got a boost following the company's robust second-quarter 2020 results, with the top and the bottom lines surpassing the Zacks Consensus Estimate. Also, earnings increased year over year. The top line improved slightly from the year-ago quarter's level. The quarterly performance reflected sales growth in the Consumer Tissue segment amid the coronavirus outbreak. Also, savings from restructuring plans contributed to the results.

Kimberly-Clark's organic sales rose 4% year over year, owing to higher consumer demand amid coronavirus outbreak during second-quarter, 2020.

Notably, adjusted earnings came in at \$2.20 per share, up 32% from the year-ago quarter's figure. Kimberly-Clark's sales came in at \$4,612 million, up from \$4,594 reported in the year-ago quarter. Volumes rose 2% year over year. Also, net selling prices and product mix inched up 1% each. Moreover, organic sales rose 4% year over year owing to higher demand amid the coronavirus outbreak.

Impressively, management forecasts 2020 net sales to grow in the range of 1-2%. Further, Kimberly-Clark projects organic sales improvement of 4-5% in the same period. Also, it envisions adjusted earnings per share of \$7.40-\$7.60 in 2020, which indicates an increase from \$6.89 reported in 2019.

▲ **2018 Global Restructuring & FORCE Programs Drive Savings:** Kimberly-Clark has been taking robust steps to lower costs. This is highlighted by the 2018 Global Restructuring Program as well as the FORCE Program. The 2018 Global Restructuring Program marks the company's biggest restructuring in a long time now. This plan is likely to enhance the company's underlying profitability by simplifying supply chain and manufacturing structures and thereby help it compete better and provide greater flexibility to undertake growth-oriented investments. Until the end of second-quarter 2020, Kimberly-Clark generated cumulative savings worth \$380 million from the 2018 Global Restructuring Program. Management remains on track to generate pre-tax savings of \$500-\$550 million from this program by the end of 2021, backed by production supply-chain efficiencies and reduction in workforce. Although some of these realizations could occur in 2022 due to uncertainties in regard to the coronavirus outbreak. As part of this initiative, the company plans to sell or exit some low-margin businesses that deliver about 1% of net sales.

Moreover, Kimberly-Clark is aggressively cutting costs and enhancing supply-chain productivity through its Focus on Reducing Costs Everywhere or FORCE Program. The program is generating solid cost savings for a while which are in turn driving its performance. During the second quarter, adjusted operating profit came in at \$1,012 million, up from \$789 million in the year-ago quarter. Results gained from higher organic sales and cost savings of \$120 million and \$55 million from the FORCE (Focused On Reducing Costs Everywhere) program and the 2018 Global Restructuring Program, respectively. In 2020, management expects to generate total cost savings of \$510-\$560 million. This includes expected savings of \$390-\$420 million from the FORCE program and \$120-\$140 million from the 2018 Global Restructuring Program.

▲ **3 Growth Pillars:** Kimberly-Clark remains committed toward its three key strategic growth pillars. These include focus on improving its core business in the developed markets; speed up growth of Personal Care segment in developing and emerging markets and enhance digital and e-commerce capacities. The company expects to meet these objectives through product development across different categories and leveraging capabilities in marketing and sales. The company has been progressing well with these objectives, which have been aiding portfolio and expanding global business.

▲ **K-C Strategy to Boost Growth:** Kimberly-Clark introduced a K-C Strategy 2022 in January 2019. The strategy is focused on generating balanced and sustainable growth to return value to shareholders in a tough environment. The program also concentrates on strengthening the company's brand portfolio, undertaking efficient capital allocation and executing robust cost discipline. In extension, the strategy is aimed toward successfully meeting the aforementioned goals pertaining to FORCE and Global Restructuring as well as the company's three main strategic pillars.

▲ **Debt Analysis:** Although Kimberly-Clark's long-term debt of \$7,223 million as on Jun 30, 2020 was up 16.3% sequentially, its debt-to-capitalization ratio improved to 0.94 from 0.98 reported at the end of the previous quarter. Further, the company's times-interest-earned ratio stands at 13.4 at the end of the second quarter, higher than the previous quarter's ratio of 11.2. The times-interest-earned ratio is very important for some companies, as it measures a company's ability to meet its debt obligations based on its current income. Apart from this, the company had current debt of \$850 million as of Jun 30, while its total cash and cash equivalents stood at \$1,448 million.

Reasons To Sell:

▼ **Softness in K-C Professional:** In second-quarter 2020, sales in the K-C Professional segment decreased 12% year over year. Volumes were down 16% due to coronavirus-led woes. Also, unfavorable currency rates hurt sales by 2%. Sales fell 3% in North America. Volumes in the region declined 9% owing to significant reduction in demand for washroom and safety products. Revenues in the developing and emerging markets fell 35%. Moreover, sales declined 12% in developed markets outside North America. Additionally, operating profit in the segment dropped 4%. The downside was caused by reduced volumes, increased other manufacturing expenses as well as unfavorable currency translations. Management expects these trends to persist all through 2020. Clearly, sluggishness in the K-C Professional segment is a threat to the company's performance.

Kimberly-Clark witnessed a 4% increase in marketing, research and general expenses in the second quarter of 2020. Also, weakness in K-C Professional is a woe.

▼ **Rising Costs:** Kimberly-Clark has been seeing a rise in marketing, research and general expenses for the last few quarters. In the second quarter of 2020, the metric rose 4% to \$844 million. Prior to this, marketing, research and general expenses rose 14% in the first quarter of 2020. We believe that persistence of such trends is a threat to the company's performance in the future.

▼ **Currency Headwinds:** The company remains exposed to unfavorable foreign currency translations as it has a considerable international presence. In the second quarter of 2020, unfavorable currency movements dented sales by 4%. Further, unfavorable currency translations negatively impacted adjusted operating profit in the said period. Management expects currency headwinds to impact net sales by 3% in 2020. Clearly, volatility in exchange rates is a threat to the company's performance.

▼ **Increased Competition in the Diapers Segment:** Kimberly-Clark's diaper segment faces significant competitive activity, which puts the company's market share at risk. The segment has been particularly challenged in South Korea, owing to lower birth rates. Further, price competition in China has been a concern for diaper sales.

Last Earnings Report

Kimberly-Clark Q2 Earnings & Sales Top Estimates

Kimberly-Clark reported second-quarter 2020 results, with the top and the bottom line surpassing the Zacks Consensus Estimate. Also, earnings increased year over year. The top line improved slightly from the year-ago quarter's level.

Quarter in Detail

Adjusted earnings came in at \$2.20 per share, which surpassed the Zacks Consensus Estimate of \$1.82 and increased 32% from the year-ago quarter's figure.

Kimberly-Clark's sales came in at \$4,612 million, which surpassed the Zacks Consensus Estimate of \$4,513 million. The top line increased from \$4,594 reported in the year-ago quarter. Unfavorable currency movements put pressure on sales by 4%. Organic sales rose 4% year over year. Volumes rose 2% year over year. Also, net selling prices and product mix inched up 1% each.

In North America, organic sales in consumer products increased 12% but were down 3% in K-C Professional segment. Internationally, organic sales increased 3% across developed markets but fell 3% in developing and emerging markets.

Adjusted operating profit came in at \$1,012 million, up from \$789 million in the year-ago quarter. Results gained from higher organic sales and cost savings of \$120 million and \$55 million from the FORCE (Focused On Reducing Costs Everywhere) program and the 2018 Global Restructuring Program, respectively. Further, lower input costs stemming from decline in pulp costs benefited results. However, unfavorable currency translations, increased advertising expenses and a rise in selling, general and administrative costs negatively impacted adjusted operating profit.

Segment Details

Personal Care Products: Sales of \$2,229 million declined 2% year over year. Both net selling prices and volumes improved slightly while product mix rose up 2% year over year. Also, unfavorable currency rates hurt sales by 5%. Further, sales increased 4% in North America but decreased 9% in developing and emerging markets. The metric fell 8% across developed markets outside North America.

Consumer Tissue: Segment sales of \$1,645 million rose 12% year over year. Net selling prices were up 1% while volumes increased 14% owing to higher demand amid coronavirus pandemic. However, product mix dropped 1%. Also, adverse currency movements hurt sales by 3%. Sales rose 22% in North America but decreased 9% in developing and emerging markets. The metric increased 8% in developed markets outside North America.

K-C Professional (KCP): Segment sales decreased 12% to \$724 million. Volumes were down 16% owing to coronavirus-led woes. Net selling prices were up 4% and product mix increased 3%. Also, currency woes hurt sales by 2%. Sales fell 3% in North America and 35% in developing and emerging markets. The metric declined 12% in developed markets outside North America.

Other Financial Updates

The company ended the quarter with cash and cash equivalents of \$1,448 million, long-term debt of \$7,223 million and stockholders' equity of \$495 million.

Further, Kimberly-Clark generated cash from operating activities of \$1,579 million during the quarter under review. Management incurred capital expenditures of \$284 million.

Kimberly-Clark repurchased 0.3 million shares for \$39 million in the quarter. Following this the company had temporarily suspended its share repurchase program effective Apr 24 amid the coronavirus outbreak. Nevertheless, management expects to restart the program from Jul 24.

2020 Outlook

Management forecasts 2020 net sales to grow 1-2% year over year. Further, Kimberly-Clark projects organic sales improvement of 4-5%. The company had earlier anticipated organic net sales growth of 2%. However, currency headwinds are likely to impact net sales by 3%, while business exits related to the 2018 Global Restructuring Program are also expected to slightly affect sales.

Management anticipates adjusted operating profit growth of 6-9% for the year. In 2020, management expects to generate total cost savings of \$510-\$560 million. This includes expected savings of \$390-\$420 million from the FORCE program and \$120-\$140 million from the 2018 Global Restructuring Program. Moreover, the company expects cost of key inputs to drop in the range of \$150-\$250 million. However, other manufacturing costs as well as advertising expenses are anticipated to rise in 2020. The company also expects interest expenses to fall in 2020.

Considering all factors, management envisions 2020 adjusted earnings per share of \$7.40-\$7.60, which indicates an increase from \$6.89 reported in 2019. Earlier, adjusted earnings were anticipated to come in at \$7.10-\$7.35 in 2020.

Quarter Ending 06/2020

Report Date	Jul 23, 2020
Sales Surprise	2.19%
EPS Surprise	20.88%
Quarterly EPS	2.20
Annual EPS (TTM)	7.88

Recent News

Kimberly Clark Declares Dividend – Apr 30, 2020

Kimberly Clark has declared quarterly dividend of \$1.07 per share. This will be payable on Jul 2, 2020 to shareholders of record as on Jun 5.

Kimberly-Clark Sees High Demand Amid Coronavirus Jitters – Apr 7, 2020

Kimberly-Clark issued a business update regarding the coronavirus outbreak. This provider of various essential hygiene products like toilet paper, tissues, wet wipes and paper towels among others across more than 150 countries is witnessing a spike in demand due to the panic-buying trends amid the coronavirus outbreak.

In this regard, the company is undertaking a number of measures to increase production of essential commodities. Also, Kimberly-Clark is reallocating inventory to provide consumers with greater access to its products amid the crisis. Notably, the company is assuring enhanced precautionary measures in its manufacturing units that continue to remain operational to support the production of essential commodities amid the coronavirus outbreak.

Also, the company along with its foundation has pledged more than \$8 million to various organizations with a view to support them in their fight against the consequences of the novel coronavirus outbreak.

Valuation

Kimberly Clark shares are up 12.2% in the year-to-date period and 15.5% over the trailing 12-month period. Stocks in the Zacks sub-industry are down 3.3% in the year-to-date period, while the Zacks Consumer Staples sector has declined 6.4%. Over the past year, the Zacks sub-industry is down 4.7%, while the sector declined 3.7%.

The S&P 500 index is up 1.1% in the year-to-date period and 10.5% in the past year.

The stock is currently trading at 19.32X forward 12-month earnings, which compares to 21.12X for the Zacks sub-industry, 20.23X for the Zacks sector and 22.44X for the S&P 500 index.

Over the past five years, the stock has traded as high as 22.12X and as low as 13.93X, with a 5-year median of 18.77X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$160 price target reflects 20.33X forward 12-month earnings.

The table below shows summary valuation data for KMB

Valuation Multiples - KMB					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	19.32	21.12	20.23	22.44
	5-Year High	22.12	22.83	22.37	22.44
	5-Year Low	13.93	13.74	16.63	15.25
	5-Year Median	18.77	17.98	19.58	17.52
P/S F12M	Current	2.75	0.8	9.57	3.54
	5-Year High	2.75	2.12	11.15	3.54
	5-Year Low	1.84	0.8	8.1	2.53
	5-Year Median	2.34	1.89	9.89	3.02
EV/EBITDA F12M	Current	12.42	12.22	32.76	13.21
	5-Year High	13.26	14.6	37.28	14.2
	5-Year Low	9.79	9.26	25.89	9.15
	5-Year Median	11.92	12.01	33.68	10.99

As of 07/29/2020

Industry Analysis Zacks Industry Rank: Top 22% (55 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
The Clorox Company (CLX)	Outperform	2
Ollies Bargain Outlet Holdings, Inc. (OLLI)	Outperform	1
Bed BathBeyond Inc. (BBBY)	Neutral	4
ChurchDwight Co., Inc. (CHD)	Neutral	3
ColgatePalmolive Company (CL)	Neutral	3
Energizer Holdings, Inc. (ENR)	Neutral	3
Newell Brands Inc. (NWL)	Neutral	3
WD40 Company (WDFC)	Neutral	3

Industry Comparison Industry: Consumer Products - Staples				Industry Peers		
	KMB	X Industry	S&P 500	NWL	OLLI	WDFC
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Outperform	Neutral
Zacks Rank (Short Term)	3	-	-	3	1	3
VGM Score	A	-	-	B	C	D
Market Cap	51.78 B	3.70 B	22.69 B	7.46 B	6.82 B	2.58 B
# of Analysts	6	5	14	7	7	2
Dividend Yield	2.82%	0.00%	1.8%	5.23%	0.00%	1.42%
Value Score	B	-	-	C	F	F
Cash/Price	0.03	0.05	0.07	0.07	0.02	0.03
EV/EBITDA	15.03	15.03	13.11	10.44	36.88	28.48
PEG Ratio	3.83	3.04	3.05	8.81	1.82	NA
Price/Book (P/B)	104.60	4.97	3.15	2.15	6.23	17.83
Price/Cash Flow (P/CF)	15.80	15.80	12.28	2.98	46.27	40.77
P/E (F1)	19.70	19.77	22.27	15.25	38.99	45.88
Price/Sales (P/S)	2.75	1.77	2.46	0.82	4.76	6.38
Earnings Yield	5.06%	4.65%	4.25%	6.53%	2.56%	2.18%
Debt/Equity	14.59	0.82	0.75	1.69	0.27	0.70
Cash Flow (\$/share)	9.62	1.82	6.94	5.91	2.31	4.63
Growth Score	A	-	-	B	B	C
Hist. EPS Growth (3-5 yrs)	5.37%	2.13%	10.85%	-5.50%	31.17%	5.23%
Proj. EPS Growth (F1/F0)	11.61%	5.31%	-7.70%	-32.10%	39.80%	2.24%
Curr. Cash Flow Growth	3.32%	5.95%	5.31%	-76.91%	8.58%	-3.66%
Hist. Cash Flow Growth (3-5 yrs)	2.19%	5.06%	8.55%	28.55%	30.96%	5.06%
Current Ratio	0.91	1.42	1.31	1.33	2.48	1.81
Debt/Capital	93.59%	62.82%	44.23%	62.82%	21.48%	41.04%
Net Margin	13.58%	1.26%	10.45%	-11.25%	9.48%	12.30%
Return on Equity	1,319.56%	13.96%	14.99%	16.26%	12.56%	33.97%
Sales/Assets	1.21	1.21	0.53	0.57	0.91	1.21
Proj. Sales Growth (F1/F0)	2.11%	2.91%	-1.97%	-0.24%	21.79%	-4.81%
Momentum Score	B	-	-	A	A	D
Daily Price Chg	0.84%	1.81%	1.52%	1.97%	1.43%	1.83%
1 Week Price Chg	2.06%	1.71%	0.37%	4.77%	9.98%	-6.86%
4 Week Price Chg	7.15%	7.26%	5.44%	11.53%	11.93%	-4.21%
12 Week Price Chg	12.81%	19.78%	15.38%	50.56%	60.82%	10.55%
52 Week Price Chg	12.08%	18.38%	-1.61%	24.03%	26.14%	3.86%
20 Day Average Volume	1,452,431	604,070	1,846,377	2,933,447	1,320,779	131,822
(F1) EPS Est 1 week change	0.26%	0.00%	0.00%	6.46%	0.00%	0.00%
(F1) EPS Est 4 week change	1.07%	0.03%	0.27%	9.67%	22.24%	-2.26%
(F1) EPS Est 12 week change	1.56%	0.00%	-0.85%	-15.51%	44.97%	-2.26%
(Q1) EPS Est Mthly Chg	-8.30%	0.00%	0.13%	14.01%	83.99%	-3.42%

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	B
Growth Score	A
Momentum Score	B
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.

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.