

Lennar Corporation(LEN)

\$58.43 (As of 05/19/20)

Price Target (6-12 Months): **\$61.00**

Long Term: 6-12 Months

Zacks Recommendation:
Neutral

(Since: 03/26/20)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM: C

Value: C

Growth: B

Momentum: C

Summary

Lennar's shares have outperformed its industry so far this year. The company has gained from higher demand for new homes, reflective of healthy housing market fundamentals arising from declining mortgage rates, slower appreciation of home prices and a decline in inventory levels. It is well positioned to grow further on continuous progress of cost and productivity initiatives, gains from acquisitions, ancillary business value creation, and continued de-leveraging. Focus on lighter land strategy to boost free cash flow will bolster the balance sheet and thereby drive returns. However, rising land and labor costs remain headwinds. Further, the economic slowdown resulting from shutdowns due to coronavirus has raised concerns. Earnings estimates moved downward over the past 60 days, reflecting analysts' concern.

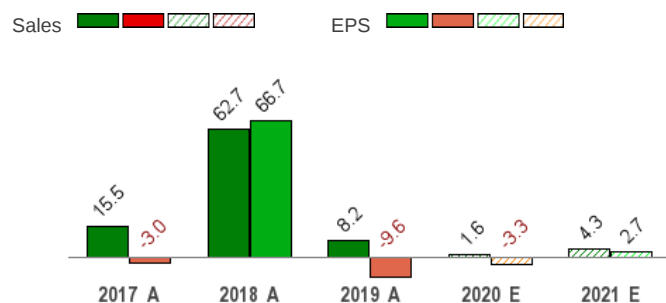
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$71.38 - \$25.42
20 Day Average Volume (sh)	3,367,375
Market Cap	\$18.2 B
YTD Price Change	4.7%
Beta	1.51
Dividend / Div Yld	\$0.50 / 0.9%
Industry	Building Products - Home Builders
Zacks Industry Rank	Bottom 5% (241 out of 254)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	53.0%
Last Sales Surprise	2.9%
EPS F1 Est- 4 week change	-3.6%
Expected Report Date	06/23/2020
Earnings ESP	-1.3%
P/E TTM	9.3
P/E F1	10.5
PEG F1	0.8
P/S TTM	0.8

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	4,348 E	5,407 E	5,759 E	7,145 E	23,585 E
2020	4,505 A	5,726 E	5,847 E	6,548 E	22,617 E
2019	3,868 A	5,563 A	5,857 A	6,972 A	22,260 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.78 E	\$1.30 E	\$1.45 E	\$1.95 E	\$5.70 E
2020	\$1.27 A	\$1.40 E	\$1.46 E	\$1.64 E	\$5.55 E
2019	\$0.74 A	\$1.30 A	\$1.59 A	\$2.13 A	\$5.74 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 05/19/2020. The reports text is as of 05/20/2020.

Overview

Founded in 1954 and based in Miami, FL, **Lennar Corporation** is engaged in homebuilding and financial services in the United States. The company's reportable segments consist of Homebuilding, Lennar Financial Services, Rialto and Lennar Multifamily.

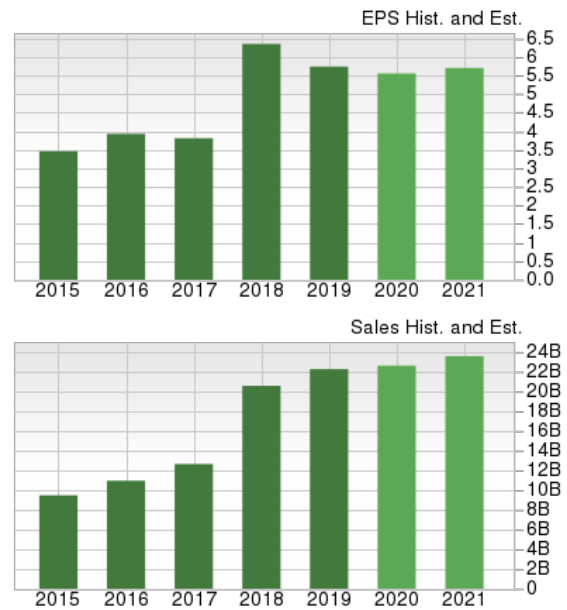
Despite the varied product portfolio, homebuilding remains Lennar's core business. **Homebuilding** operations (accounting for 93.4% of fiscal 2019 total revenues) include the sale and construction of single-family attached and detached homes as well as the purchase, development and sale of residential land directly and through unconsolidated entities. In February 2018, Lennar completed its previously announced merger with CalAtlantic, creating the nation's largest homebuilder based on revenues. The merger makes CalAtlantic a wholly-owned subsidiary of Lennar.

Lennar's reportable homebuilding segments consist of Homebuilding East, which covers Florida, Georgia, Maryland, New Jersey, North Carolina, South Carolina and Virginia; Homebuilding Central covers Arizona, Colorado and Texas; Homebuilding West covers California and Nevada; Homebuilding Other covers Illinois, Indiana, Minnesota, Oregon, Tennessee, Utah and Washington. However, Homebuilding Other is not considered a reportable segment.

The **Financial Services** business (3.7%) includes mortgage financing, title insurance and closing services to the company's homebuyers as well as others through Lennar's financial services subsidiaries — Universal American Mortgage Company and Eagle Home Mortgage.

Lennar Multi-Family (2.7%), created in fourth-quarter 2013, is involved in the development, construction and property management of multi-family rental apartments in premium markets of California through unconsolidated entities.

Lennar & Other (0.2%): This segment includes operations primarily from the company's share of carried interests in the Rialto fund investments, retained after the sale of Rialto's asset and investment management platform, along with equity in earnings/loss from the Rialto fund investments and strategic technology investments, including other income (expense).



Reasons To Buy:

▲ **Strong Performance:** Lennar, which has been continuously delivering strong performances since fiscal 2014, maintained growth momentum in first-quarter fiscal 2020 as well. A combination of lower interest rates and slower price appreciation has positively impacted affordability, thereby helping the company to generate higher revenues. During first-quarter fiscal 2020, its total revenues grew 16.5% year over year. Precisely, homebuilding operations registered 15.1% revenue growth, driven by higher number of homes delivered (up 17% year over year). Lennar's core homebuilding results remain consistent with slow and steady housing recovery.

Lennar is poised to gain from solid housing market fundamentals, strategic land investments and improving SG&A leverage

The company was successful in meeting the target of achieving lower SG&A percentage in fiscal 2016, 2017, 2018 and 2019. In first-quarter fiscal 2020, SG&A expenses — as a percentage of revenues from home sales — improved 30 basis points (bps) to 9.2%, courtesy of improved operating leverage as a result of an increase in home deliveries and continued benefits from technology initiatives. Lennar remains focused on continued improvement in the SG&A line from operating leverage and investments in technology. The company is focused on reducing operating costs, in order to drive the bottom line and cash flow.

▲ **Strategic Land Investments, Multiple Growth Platforms:** Lennar strategically focused on acquiring low-cost new home sites in well-positioned markets during the downturn, which placed it well to meet growing demand during the upturn, thus giving it a competitive edge over its peers facing land availability constraints.

In the second quarter of fiscal 2019, Lennar announced a strategic transaction with Level Homes, an Engquist Development in Raleigh, North Carolina. Through this transaction, it purchased 34 homes under construction and 29 developed homesites. Importantly, in view of asset-light land strategy, Lennar has a future right to purchase approximately 1,600 finished homesites across seven communities. These homesites will be delivered by Engquist over the next six years, marking the beginning of a new strategic relationship in the Carolinas. Lennar's acquisition of CalAtlantic Group Inc. in February 2018 made it one of the country's top three home builders in 24 of the top 30 U.S. markets.

Although Lennar's Homebuilding and Financial Services divisions are the primary drivers of near-term revenues and earnings, Multi-Family business provides diversification as well as complementary long-term growth opportunities. Lennar's Multi-Family rental business which began in 2011 is a leading blue-chip developer of apartment communities. These multi-family rental properties are expected to witness a huge demand as the need for such properties is growing. Rental rates are soaring and vacancies are at historic lows with demand rising but supply remaining limited. In 2015, Lennar formed the Lennar Multifamily Venture, a build to core equity fund designed for the development, construction and property management of class-A multifamily assets.

▲ **Dynamic Pricing Model & Asset Light Strategy:** The company is using its dynamic pricing model, which enables it to set price according to the evolving market conditions. Courtesy of this strategy, Lennar has been taking advantage of the strong demand trend, which is helping it to maximize cash flow and return on inventory. Lennar ended first-quarter fiscal 2020 with backlog of 17,632 homes and potential housing revenues of \$7.16 billion. The company is well positioned to deliver solid results in fiscal 2020, given strong backlog and current housing fundamentals. Based on its solid land position, operating strategy and dynamic pricing model, the company earlier expected to deliver 54,000-55,000 homes in fiscal 2020. However, owing to the current pandemic, the company had to suspend its guidance.

Meanwhile, Lennar has maintained its relentless focus on a land lighter strategy. The company continues to migrate toward a significantly smaller land-owned inventory, driving business and cash flow. Strong operating results and focus on asset base increased its cash flow in fiscal 2019 to \$1.6 billion.

▲ **Enough Liquidity:** In response to the unfavorable demand trends owing to the pandemic, the company has been focusing on protecting liquidity and closely managing cash flows. As a precautionary measure, it has withdrawn \$300 million from the revolving credit facility in February. Evidently, its debt to total capitalization increased to 33.6% (as of Feb 29, 2020) from 32.8% at fiscal 2019-end. Nonetheless, the company has sufficient cash balance and a stable liquidity profile to manage the debt level during this uncertainty. It had \$785 million of homebuilding cash on Feb 29, 2020, and \$2.1 billion of available borrowing under the revolving credit facility. Lennar has been reducing land spending to generate cash. At first quarter-end, its net debt to total capital was 31.4%, higher than 29.2% in the prior quarter but lower than 36.2% a year ago.

▲ **Active Management of Cash Flows:** Lennar has been actively managing cash flows via returning much of its free cash to investors through share repurchases and dividends. During fiscal 2019, it generated strong homebuilding cash flow of \$1.6 billion and repurchased 9.8 million shares for a total purchase price of \$492.9 million. Again in first-quarter fiscal 2020, it repurchased 4.4 million shares of common stock for \$288.4 million. The company expects to continue generating strong cash flow going forward, and utilize the cash to pay down debt and return capital to its shareholders while improving balance sheet, as it continues to improve shareholder return. On Jan 9, 2020, the company more than tripled (approximately 212.5%) quarterly dividend to 12.5 cents per share (50 cents annually) from 4 cents (16 cents annually).

Reasons To Sell:

- ▼ **Coronavirus Shutdowns Likely to Weigh on Near-Term Results:** The coronavirus pandemic has caused shutdown of production units, retail stores, and infrastructure activities. Although the company is still building homes and working remotely, shortage of building lots and fear of general economic slowdown in the future raise concerns.

The coronavirus outbreak, and higher land and labor costs are likely to weigh on the bottom line.

The company has reduced investment in land development to lower the number of home sites developed at one time. Also, it is limiting the amount of spec inventory production to meet starts with sales, in order to maximize the cash position. In view of the widespread shutdowns, Lennar has decided to suspend the guidance for now. In addition, the company has started witnessing slowdown in traffic, which will ultimately put pressure on sales.

- ▼ **Higher Labor, Land and Material Costs:** Higher land and labor costs are threatening margins as they limit homebuilders' pricing power. Labor shortages are leading to higher wages while land prices are inflating due to limited availability. This is somewhat denting homebuilders' margins.

Although the company's fiscal 2019 and first-quarter fiscal 2020 gross and operating margins have seen some improvement, the adverse effect of labor shortage in the construction industry is the strongest headwind faced by Lennar. Notably, labor cost represents 43% of Lennar's direct costs. Also, higher construction costs are a cause of concern. Moreover, the recent pandemic crisis is likely to weigh on the its margins going forward.

- ▼ **Supply Constraints:** Several years of production deficits during the housing downturn limited the supply of both rental and new homes in the country. At present, a shortage of buildable lots, skilled labor and available capital for smaller builders are limiting home production, thereby lowering the inventory of homes, both new and existing. Limited capital for land and land development has left entitled lands in short supply while growing demand drove land prices higher. The labor market has also tightened with limited availability of labor arresting the rapid growth in housing production. If the supply picture does not improve, prices could go up, thereby affecting affordability.

- ▼ **Federal Government Actions:** The housing industry is cyclical and affected by consumer confidence levels, prevailing economic conditions and interest rates. The federal government's actions related to economic stimulus, taxation and borrowing limits could affect consumer confidence and spending levels, which in turn could hurt both the economy and housing market.

Although strong economy along with labor market strength provide the basis for strong demand, its influence on the homebuilding industry is undeniable and uncertain.

Last Earnings Report

Lennar Q1 Earnings and Revenues Beat Estimates, Margins Up

Lennar Corporation reported better-than-expected results in first-quarter fiscal 2020 (ended Feb 29, 2020). This marks the fourth consecutive quarter of an earnings beat. The results mainly benefited from solid demand for new homes, depicting healthy housing market fundamentals.

However, Stuart Miller, Executive Chairman of Lennar stated, "With a near shutdown of large portions of our national economy, we are all stretching our minds to understand the parameters of the rapidly evolving landscape, while we contemplate what the future holds."

Nonetheless, he added that the company remains focused on managing the inflow, and especially the outflow, of cash to maintain a strong foundation. The company's liquidity and strong balance sheet will likely help it to absorb the shock the economy is dealing with at this time.

The company reported quarterly earnings of \$1.27 per share, handily surpassing the Zacks Consensus Estimate of 83 cents by 53%. Also, the reported figure jumped 71.6% from 74 cents reported in the year-ago quarter. The upside was mainly driven by higher deliveries and continued operating leverage, backed by technological efforts.

Revenues of \$4.51 billion topped the consensus estimate of \$4.38 billion by 2.9%. The reported figure also increased 16.5% year over year.

Segment Details

Homebuilding: Revenues at the segment totaled \$4.17 billion, up 15.1% from the prior-year quarter. The upside was backed by higher number of homes delivered. Within the Homebuilding umbrella, home sales contributed \$4.14 billion to total revenues, up 14.8% from a year ago, and land sales accounted for \$26.9 million, up 94.9%.

Home deliveries during the reported quarter increased 17% year over year to 10,321 units, buoyed by higher number of homes delivered across all regions served. The average sales price of homes delivered was \$401,000, reflecting a 2.2% year-over-year decline owing to continued shift to the entry-level market. New orders grew 18.3% from the year-ago quarter to 12,376 homes. Potential value of net orders also increased 20.4% year over year to \$5 billion.

Backlog at the end of the fiscal first quarter increased 2.2% from a year ago to 17,632. Potential housing revenues from backlog also improved 0.7% year over year to \$7.16 billion.

Homebuilding Margins

Gross margin on home sales was 20.5% in the quarter, up 40 basis points (bps). The upside can be attributed to its efforts toward reducing construction costs.

Selling, general and administrative or SG&A expenses, as a percentage of home sales, improved 30 bps to 9.2% on better operating leverage owing to higher deliveries. Operating margin on home sales also improved 80 bps year over year to 11.4% in the quarter.

Financial Services: The segment's revenues increased 38.6% year over year to \$198.7 million in the reported quarter. Operating earnings came in at \$58.2 million, up from \$21.8 million a year ago on a strong mortgage business.

Lennar Multi-Family: Revenues of \$132.6 million at the segment increased 36.2% from the prior-year quarter. However, the segment generated operating earnings of \$1.8 million in the quarter, down from \$6.8 million in the year-ago quarter.

Lennar Other: The segment's revenues totaled \$1.9 million, down 46.9% from \$3.6 million a year ago. Operating earnings were \$0.9 million during the quarter, down from \$3.1 million in the comparable period of 2019.

Financials

Lennar had homebuilding cash and cash equivalents of \$785 million as of Feb 29, 2020, down from \$1.2 billion as on Nov 30, 2019. Net homebuilding debt was \$7.33 billion as of Feb 29, 2020, compared with \$6.58 billion as on Nov 30, 2019. Net debt-to-capital ratio at the end of the fiscal first quarter was 31.4% compared with 29.2% at fiscal 2019-end.

During the fiscal first quarter, the company repurchased 4.4 million shares of common stock for \$288.4 million.

Fiscal 2020 Guidance Suspended

Lennar's fiscal first-quarter results exceeded the company's expected metrics and the company remains on track to lift its guidance for the year. It has also been focusing on reducing land spend and land holdings to boost cash flow and fortify balance sheet. However, in view of the widespread shutdowns in the wake of the coronavirus pandemic, Lennar has decided to suspend the guidance for now.

Quarter Ending 02/2020

Report Date	Mar 19, 2020
Sales Surprise	2.91%
EPS Surprise	53.01%
Quarterly EPS	1.27
Annual EPS (TTM)	6.29

Valuation

Lennar shares are up 4.7% in the year-to-date period and 11.7% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Construction sector are down 10.3% and 18.4% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry is up 1.6% but sector is down 4.5%.

The S&P 500 index is down 8.2% in the year-to-date period but up 3% in the past year.

The stock is currently trading at 10.39X forward 12-month earnings, which compares to 10.83X for the Zacks sub-industry, 17.52X for the Zacks sector and 21.51X for the S&P 500 index.

Over the past five years, the stock has traded as high as 15.65X and as low as 4.67X, with a 5-year median of 10.72X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$61 price target reflects 10.9X forward 12-month earnings.

The table below shows summary valuation data for LEN.

Valuation Multiples - LEN					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	10.39	10.83	17.52	21.51
	5-Year High	15.65	14.36	17.93	21.51
	5-Year Low	4.67	6.34	10.75	15.23
	5-Year Median	10.72	10.72	15.88	17.49
P/B TTM	Current	1.13	1.16	3.23	4.03
	5-Year High	2.16	2.29	6.73	4.56
	5-Year Low	0.57	0.66	1.7	2.83
	5-Year Median	1.46	1.52	3.27	3.65
P/S F12M	Current	0.79	0.87	1.66	3.34
	5-Year High	1.42	1.21	2.12	3.44
	5-Year Low	0.4	0.57	1.17	2.53
	5-Year Median	0.87	0.92	1.6	3.01

As of 05/19/2020

Industry Analysis Zacks Industry Rank: Bottom 5% (241 out of 254)



Top Peers

Company (Ticker)	Rec	Rank
D.R. Horton, Inc. (DHI)	Neutral	3
KB Home (KBH)	Neutral	4
MI Homes, Inc. (MHO)	Neutral	4
Meritage Homes Corporation (MTH)	Neutral	4
NVR, Inc. (NVR)	Neutral	3
PulteGroup, Inc. (PHM)	Neutral	4
Toll Brothers Inc. (TOL)	Neutral	4
Beazer Homes USA, Inc. (BZH)	Underperform	5

Industry Comparison Industry: Building Products - Home Builders				Industry Peers		
	LEN	X Industry	S&P 500	DHI	PHM	TOL
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	4	4
VGM Score	C	-	-	C	A	F
Market Cap	18.24 B	2.31 B	19.91 B	18.90 B	8.42 B	3.49 B
# of Analysts	7	5	14	17	7	7
Dividend Yield	0.86%	0.00%	2.14%	1.35%	1.53%	1.60%
Value Score	C	-	-	B	C	C
Cash/Price	0.05	0.23	0.07	0.17	0.25	0.16
EV/EBITDA	10.22	7.59	12.09	9.19	6.69	8.15
PEG Ratio	0.76	3.40	2.68	1.20	4.96	NA
Price/Book (P/B)	1.13	1.02	2.75	1.76	1.52	0.77
Price/Cash Flow (P/CF)	9.64	7.22	10.68	11.30	8.04	5.84
P/E (F1)	10.54	10.42	19.96	11.35	9.83	8.71
Price/Sales (P/S)	0.80	0.56	2.01	1.02	0.80	0.49
Earnings Yield	9.50%	9.59%	4.83%	8.81%	10.16%	11.47%
Debt/Equity	0.50	0.50	0.76	0.40	0.50	0.86
Cash Flow (\$/share)	6.06	3.90	7.01	4.60	3.90	4.72
Growth Score	B	-	-	D	A	F
Hist. EPS Growth (3-5 yrs)	15.42%	21.16%	10.87%	23.17%	32.78%	23.82%
Proj. EPS Growth (F1/F0)	-3.24%	-18.43%	-10.48%	6.79%	-8.47%	-21.48%
Curr. Cash Flow Growth	-6.27%	-3.09%	5.51%	3.66%	-2.58%	-11.99%
Hist. Cash Flow Growth (3-5 yrs)	22.34%	21.78%	8.55%	23.21%	15.54%	13.21%
Current Ratio	12.65	4.44	1.28	7.25	0.81	6.82
Debt/Capital	33.38%	33.26%	44.46%	28.63%	33.26%	46.17%
Net Margin	8.77%	7.23%	10.59%	10.26%	10.02%	7.44%
Return on Equity	12.76%	12.72%	16.27%	17.70%	19.53%	10.81%
Sales/Assets	0.78	0.98	0.55	1.15	0.99	0.68
Proj. Sales Growth (F1/F0)	1.61%	-2.82%	-2.49%	3.18%	-3.85%	-4.41%
Momentum Score	C	-	-	C	A	D
Daily Price Chg	3.23%	0.64%	-1.38%	0.13%	0.84%	-0.90%
1 Week Price Chg	-6.24%	-5.34%	-4.56%	-4.80%	-7.23%	-9.10%
4 Week Price Chg	45.53%	33.31%	6.08%	36.72%	29.82%	35.98%
12 Week Price Chg	-12.07%	-25.05%	-13.96%	-10.52%	-27.59%	-37.80%
52 Week Price Chg	11.74%	-5.40%	-7.85%	18.68%	-2.73%	-28.16%
20 Day Average Volume	3,367,375	442,100	2,586,392	4,507,525	4,462,551	2,288,049
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.40%	0.00%
(F1) EPS Est 4 week change	-3.64%	-11.66%	-4.62%	-0.73%	-17.43%	-9.92%
(F1) EPS Est 12 week change	-10.85%	-25.43%	-16.58%	-13.05%	-21.85%	-19.31%
(Q1) EPS Est Mthly Chg	-0.10%	-11.84%	-10.10%	-3.30%	-11.84%	-12.29%

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	B
Momentum Score	C
VGM Score	C

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.