

Masimo Corporation(MASI)

\$229.03 (As of 06/22/20)

Price Target (6-12 Months): **\$240.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 05/03/20)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:C

Value: D

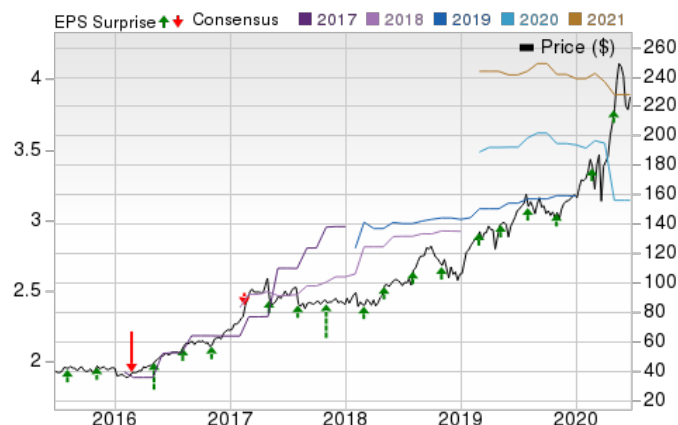
Growth: C

Momentum: B

Summary

Masimo continues to gain from its key Product segment, which witnessed solid growth in the last reported quarter. In fact, management foresees increased shipments for the quarters ahead. Expansion in gross and operating margin is a positive. The recent launch of Masimo SafetyNet, designed to help in the fight against the coronavirus pandemic, buoys optimism. The pandemic has driven demand for the company's products from both direct and OEM customers. Masimo's shares have outperformed the industry over the past year. The company exited the first quarter on a strong note, with earnings and revenues beating estimates. On the flip side, Masimo's Royalty and Other segment saw no contribution during the quarter. Further, the company faces fierce competition from MedTech bigwigs.

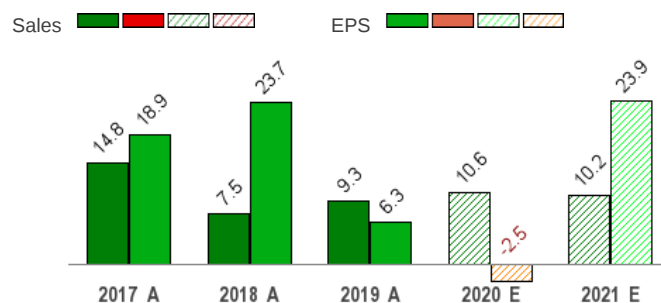
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$258.00 - \$139.36
20 Day Average Volume (sh)	844,830
Market Cap	\$12.4 B
YTD Price Change	44.9%
Beta	0.91
Dividend / Div Yld	\$0.00 / 0.0%
Industry	Medical - Instruments
Zacks Industry Rank	Bottom 45% (138 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	10.2%
Last Sales Surprise	NA
EPS F1 Est- 4 week change	0.0%
Expected Report Date	07/29/2020
Earnings ESP	0.0%
P/E TTM	67.4
P/E F1	72.9
PEG F1	4.5
P/S TTM	12.7

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	280 E	282 E	281 E	306 E	1,143 E
2020	270 A	289 E	209 E	269 E	1,037 E
2019	232 A	230 A	229 A	248 A	938 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.98 E	\$0.97 E	\$0.96 E	\$1.09 E	\$3.89 E
2020	\$0.97 A	\$0.78 E	\$0.51 E	\$0.90 E	\$3.14 E
2019	\$0.79 A	\$0.76 A	\$0.76 A	\$0.91 A	\$3.22 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 06/22/2020. The reports text is as of 06/23/2020.

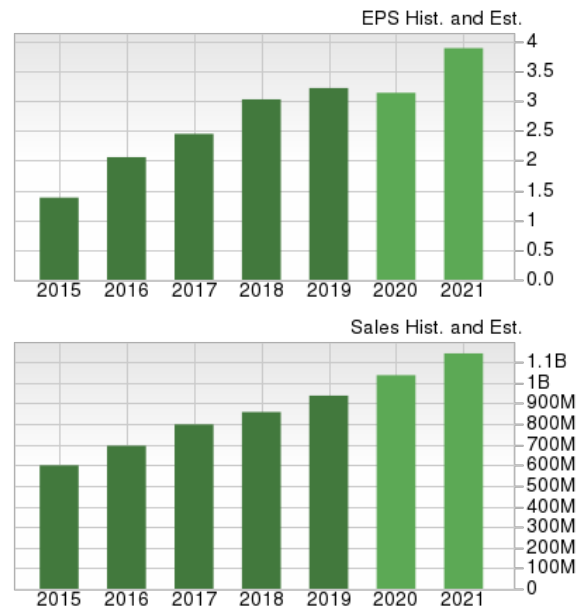
Overview

Irvine, CA-based Masimo Corporation (MASI) develops, manufactures and markets a family of non-invasive monitoring systems. The Company has two segments: Product Revenues, Royalty & Other revenues.

Within Product revenues, the company's flagship– Signal Extraction Technology (SET) Pulse Oximetry – is used to monitor blood oxygen saturation levels and protect against hypoxemia and hyperoxemia. The device also measures pulse rate. Apart from blood monitoring, the company has also ventured into non-invasive blood constituent, brain and breathe monitoring. The company's rainbow Pulse CO-Oximetry measures blood constituents that include total hemoglobin (SpHb), oxygen content (SpOC), carboxyhemoglobin (SpCO), methemoglobin (SpMet) and SET measurements of oxygen saturation (SpO2), pulse rate (PR), perfusion index (PI), and pleth variability index (PVI).

Rainbow Acoustic Monitoring measures respiration rate (RRa) non-invasively and on a continuous basis. SedLine monitors brain functioning of patients under anesthesia or sedation. The company also provides Capnography and Multigas Monitoring original equipment manufacturers (OEM) solutions.

Apart from these, the company also provides circuit boards to OEMs Carefusion, Mindray, Philips and others. OEMs generally use these circuit boards in their own multi-parameter products.



2019 Results at a Glance

Masimo's full-year revenues totaled \$937.8 million, up 9.3%.

Product revenues were \$936.4 million (99.8%), while Royalty and Other revenues totaled \$1.4 million (0.2%).



Reasons To Buy:

▲ **Share Price:** Masimo's shares have outperformed the industry over the past year. The shares have gained 58.3%, compared with the industry's 4.7% gain. Broad product spectrum, positive tidings in the regulatory front and considerable focus on innovation provide cushion to the company's stock. The company continues to gain from its key Product segment, which witnessed solid growth in the quarter on a surge in non-invasive technology shipments. The recent launch of the Masimo SafetyNet, designed to help in the fight against the coronavirus pandemic, buoys optimism.

▲ **Positive Feedbacks:** Masimo has been riding high on a series of regulatory approvals. Notably, in March, the company received FDA clearance for the monitoring of adult and pediatric patients with Rad-97, Radical-7 and Radius-7 Pulse CO-Oximeters. Moreover, in the fourth quarter, the company announced submission of its Masimo SafetyNet for FDA clearance.

In fact, in recent times, Masimo received FDA approval for its new tetherless SET oximetry sensor and the Radius PPG. In June, the FDA cleared Masimo's O3 cerebral oximetry monitor. Also, the company received a CE mark for neonatal use of its continuous hemoglobin monitoring technology, marking the company's first SpHb technology.

In March, the company obtained FDA clearance for the continuous RRP (respiration rate from the photoplethysmograph) monitoring of adult and pediatric patients with Rad-97, Radical-7 and Radius-7 Pulse CO-Oximeters. With this go-ahead, both continuous and spot-check RRP are now commercially available in the United States.

▲ **Patient-Monitoring in Focus:** Masimo offers mobile as well as standalone units, allowing a patient to be monitored from the ambulance to the emergency room to the general floor, and through to discharge. The company's new Root patient monitoring and connectivity platform integrates rainbow and SET technologies. Masimo Patient SafetyNet System is a remote monitoring (wireless) system which helps clinicians effectively monitor patient clinical data, especially on general floors of a hospital.

In March, the company and University Hospitals collaborated to implement MasimoSafetyNet to help clinicians monitor patients remotely. This is likely to ramp up demand for its patient monitoring systems, thereby facilitating remote monitoring at patients' homes.

In non-invasive patient monitoring, the company's Patient SafetyNet, Rainbow acoustic monitoring, SedLine brain function monitoring, Capnography and gas monitoring deserve a mention. Masimo's flagship Rad-97 Pulse CO-Oximeter with integrated NomoLine capnography obtained CE mark. This will make the device available in and outside the United States.

In recent past, Masimo and Mdloris Medical Systems recently unveiled the CE marking of the Mdloris Analgesia Nociception Index (ANI) module for the Masimo Root Patient Monitoring and Connectivity Hub. This marks the first commercially available result of Masimo Open Connect (MOC) third-party partnership between Masimo and Mdloris. It is to be noted here that ANI on Masimo Root has not received 510(k) clearance and is not available for sale in the United States. However, it has been cleared for sale in the European Union (EU).

Recently the company announced Pathway, which is a feature for the Root Patient Monitoring and Connectivity Platform. Pathway is likely to aid clinicians in simplifying decision making associated with newborn resuscitation.

▲ **SET Pulse Oximeter Driving Growth:** Masimo's flagship Signal Extraction Technology (SET) pulse oximetry or SET pulse oximeter solution successfully eliminates the limitations of conventional pulse oximeters. Masimo's rainbow SET technology is gaining traction owing to rapid product development. The device has been clinically proven to reliably detect critical congenital heart disease (CCHD) in newborns.

In recent past, the company announced that it is continuing to realize sales growth for its SET pulse oximetry product that exceeds the market growth rate due to the proven performance of Measure-through Motion and Low Perfusion SET pulse oximetry.

In fact, the company received FDA approval for its RD SET sensors with Masimo Measure-through Motion and Low Perfusion SET pulse oximetry in recent times.

Management confirmed that, Community Health System, one of the company's significant new customers, has upgraded to SET pulse oximetry. The advantages of Masimo's Measure-through Motion and Low Perfusion technology are complemented by the highly differentiated technology embedded in its rainbow products such as SpHb, PVi, and ORI.

With the recent Imprivata deal, Masimo will not only add to its SET Pulse Oximeter Technology but also bolster patient monitoring, which in turn will drive growth.

▲ **Cost Effectiveness – the Key Strategy:** One of the major benefits of Masimo's non-invasive SET pulse oximetry and rainbow SET is cost effectiveness. Usage of SET pulse oximetry has been proven cost effective compared to traditional solutions. This can be largely attributed to the fact that continuous monitoring lowers ICU transfer rate, which reduces hospitalization costs.

As per a study conducted by consulting firm Capgemini, an average 500-bed hospital would save \$468,000 lives annually by implementing SpHb and other rainbow measurements. Meanwhile, we believe that the product's cost effectiveness will continue to drive its demand, which will boost Masimo's top-line growth going forward.

▲ **Product Launches:** In addition to addressing critical care units, Masimo is launching new products that target general floor of hospitals and consumer market. The company launched MightySat fingertip pulse oximeter designed for personal use at the Consumer Electronics Show (CES) in Las Vegas.

Earlier, Masimo launched products, including UniView. In addition, the company recently introduced Root with Vital Signs Check, a product that enables hospitals to automate data collection. This reflects steady progress in advancing Masimo's hospital automation solutions for

Masimo's non-invasive SET pulse oximeter is the key growth catalysts. New product launches and growing installed base of its existing devices are going to help Masimo gain greater market traction.

customers. Masimo announced the launch of Doctella, a home-based patient engagement and remote care automation platform. Also, Masimo announced the U.S. launch of Iris Device Management System, designed to streamline management of Masimo devices used throughout a hospital system.

In April, the company extended its reach into care for respiratory patients through the acquisition of TNI Medical, a company in Germany producing high flow nasal cannula oxygen therapy.

In January, Masimo acquired connectivity assets from NantHealth. Per management, the acquisition provides Masimo with products that complement its portfolio apart from expanding its customer base.

In April 2020, the company announced the full market release of MasimoSafetyNet, which is an economically scalable cloud-based patient management solution, created to enable clinicians to provide care for patients in hospital settings and non-traditional settings remotely. This innovative solution is now available globally and is likely to aid clinicians and health workers in fighting the COVID-19 pandemic. This is likely to boost Masimo's patient monitoring product spectrum.

▲ **Collaborations:** In March 2020, the company inked a deal with Imprivata with respect to the integration of Imprivata Medical Device Access into Masimo's Hospital Automation solutions that feature the Root Patient Monitoring and Connectivity Platform, and Iris Gateway. On the back of this newly-launched technology, hospitals are likely to benefit from a more powerful patient monitoring and hospital automation solution created to boost clinical workflows and efficacy in a number of ways.

In recent times, Masimo won a significant new business with the Turkish Ministry of Health to include more than 1,000 monitors with Masimo technology. Also, St Luke's Hospital University Health Network in Pennsylvania announced that its regional network of 10 hospitals and 320 affiliated sites is expanding their use of a range of Masimo hospital automation technologies after impressive outcome results at a pilot site. Given the success of the pilot program in the orthopedic ward, St Luke's extended its use of Patient SafetyNet to an additional 48 beds across two additional units on their Bethlehem campus.

In April, the company announced its collaboration with Samsung Electronics America to make the Masimo SafetyNet Patient App available on select Samsung smartphones. The app will be pre-installed and configured on these phones. The collaboration is likely to enable faster and wider distribution of Masimo SafetyNet to COVID-19 patients, particularly the older patients who are less likely to own smartphones or have the ease to configure the app on their own.

In December 2019, Masimo announced the expansion of its partnership with Dräger, where the latter will integrate Masimo's technologies to help clinicians assess brain function, oxygenation and ventilation status. Dräger is a leading company in the fields of medical and safety technology. The company had partnered with Masimo way back in 1999. Earlier, Dräger had integrated Masimo's noninvasive, continuous rainbow SET technologies, including total hemoglobin in its patient monitors.

▲ **Strong Liquidity Position:** The company exited the first quarter of 2020 with cash and cash equivalents amounting to \$656 million, down from \$688 million in the third quarter of 2019. Meanwhile, the company's total debt came up to \$221 million in the first quarter, compared with \$228 million in the fourth quarter, much lower than the quarter's cash and cash equivalent level indicating strong solvency. Moreover, it appears that the company's strong cash position is sufficient enough to meet its debt obligations. This reflects a healthy financial structure and indicates a high-leveraged balance sheet. In addition, we may also note that, the company has no current-year debt on its balance sheet. This is good news during the time when the coronavirus mayhem has forced the corporate sector halt their production and supply.

Reasons To Sell:

- ▼ **Segmental Softness:** In the first quarter, Masimo's Royalty and Other segment saw no contribution during the quarter.
- ▼ **Foreign Exchange Woes:** A strengthening U.S. dollar negatively impacts the overseas revenues of MedTech companies. Hence, Masimo apprehends a \$4-million impact on its 2020 product revenues, courtesy of unfavorable currency movements.
- ▼ **Cutthroat Competition in Niche Space:** Masimo faces strong competition from larger players such as Covidien in the pulse oximetry market. Moreover, the company also faces significant competition from OEM distributors as well as large medical devices companies.
- ▼ **Overdependence on Third Parties:** Masimo relies on third-party providers like OEMs for a part of its business. As a result of the third-party reliance, the company's performance could be affected by the loss of its OEM partners.
- ▼ **Customer Concentration:** Masimo faces customer concentration risk. Thus, loss of any of the company's customers would adversely impact the company's top line going forward.

A sluggish hospital capital spending environment remains an overhang. Intensifying competition from peers, over-dependence on third-party providers and customer concentration risks are major concerns.

Last Earnings Report

Masimo Q1 Earnings Beat Estimates, Margins Expand

Masimo Corporation reported first-quarter 2020 adjusted earnings per share of 97 cents, which surpassed the Zacks Consensus Estimate of 88 cents. Earnings improved 22.8% from the year-ago quarter.

The company's total revenues (including Royalty) improved 16.4% year over year to \$269.6 million.

Quarter Ending 03/2020

Report Date	Apr 28, 2020
Sales Surprise	NA
EPS Surprise	10.23%
Quarterly EPS	0.97
Annual EPS (TTM)	3.40

Segmental Analysis

Product Revenues

Product revenues in the first quarter totaled \$269.6 million, up 16.9% from the year-ago quarter and 17.5% at constant currency (cc). Per management, shipments of non-invasive technology boards and monitors increased 13.2% to 72,100 in the quarter.

Margin Analysis

In the quarter under review, gross profit totaled \$185.6 million, up 22.4% year over year. Gross margin was 68.8%, up 339 basis points (bps). Adjusted operating income in the quarter totaled \$68.5 million, up 22.3% from a year ago. Adjusted operating margin expanded 123 bps to 25.4% in the quarter.

Research and development expenses totaled \$27.2 million, up 27.2%.
SG&A expenses in the quarter grossed \$89.9 million, up 21.1%.

2020 Guidance

Given the uncertainties surrounding the COVID-19 pandemic and its potential negative as well as positive impacts on its business, the company is not offering guidance for 2020.

Recent News

On **Apr 17**, Masimo announced its collaboration with Samsung Electronics America to make the Masimo SafetyNet Patient App available on select Samsung smartphones. The app will be pre-installed and pre-configured on these phones. The collaboration is likely to enable faster and wider distribution of Masimo SafetyNet to COVID-19 patients, particularly the older patients who are less likely to own smartphones or have the ease to configure the app on their own.

On **Mar 10**, Masimo announced a partnership with Imprivata, a digital healthcare company to integrate Imprivata Medical Device Access – a streamlined, secure authentication to medical devices for clinical users.

On **Mar 2**, Masimo announced the FDA clearance for the monitoring of adult and pediatric patients with Rad-97, Radical-7, and Radius-7 Pulse CO-Oximeters.

Valuation

Masimo's shares are up 44.9% and 58.3% in the year-to-date period and the trailing 12-month periods, respectively. Stocks in the Zacks sub-industry are up 4.1% in the year-to-date period while that in the Zacks Medical sector are down 1.1%. Over the past year, the Zacks sub-industry up 4.7% while sector is down 0.3%.

The S&P 500 index is down 3.8% in the year-to-date period while up 5.2% in the past year.

The stock is currently trading at 65.5X Forward 12-months earnings, which compares to 41.5X for the Zacks sub-industry, 22.9X for the Zacks sector and 22.2X for the S&P 500 index.

Over the past five years, the stock has traded as high as 73.5X and as low as 20.7X, with a 5-year median of 33.9X.

Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$240 price target reflects 68.8X forward 12-months earnings.

The table below shows summary valuation data for MASI.

Valuation Multiples - MASI					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	65.48	41.5	22.86	22.22
	5-Year High	73.45	41.5	23.14	22.22
	5-Year Low	20.7	23.42	15.93	15.23
	5-Year Median	33.91	28.25	19.03	17.49
P/S F12M	Current	11.4	4.21	2.78	3.47
	5-Year High	12.61	4.21	3.74	3.47
	5-Year Low	2.63	2.53	2.21	2.53
	5-Year Median	5.8	2.99	2.91	3.02
P/B TTM	Current	9.89	4.04	4.29	4.23
	5-Year High	10.81	4.69	5.06	4.56
	5-Year Low	5.62	2.71	2.93	2.83
	5-Year Median	7.32	3.83	4.28	3.67

As of 06/22/2020

Industry Analysis Zacks Industry Rank: Bottom 45% (138 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
Quidel Corporation (QDEL)	Outperform	1
Baxter International Inc. (BAX)	Neutral	4
Becton, Dickinson and Company (BDX)	Neutral	3
DexCom, Inc. (DXCM)	Neutral	3
Honeywell International Inc. (HON)	Neutral	3
Medtronic PLC (MDT)	Neutral	4
Stryker Corporation (SYK)	Neutral	3
Teleflex Incorporated (TFX)	Neutral	3

Industry Comparison Industry: Medical - Instruments				Industry Peers		
	MASI	X Industry	S&P 500	BDX	HON	MDT
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	4
VGM Score	C	-	-	C	C	C
Market Cap	12.39 B	140.13 M	21.83 B	63.78 B	101.73 B	125.18 B
# of Analysts	2	2	14	12	10	14
Dividend Yield	0.00%	0.00%	1.93%	1.34%	2.48%	2.31%
Value Score	D	-	-	B	C	C
Cash/Price	0.05	0.08	0.07	0.04	0.09	0.09
EV/EBITDA	45.56	-1.57	12.63	19.21	11.60	17.45
PEG Ratio	4.59	4.09	2.90	3.11	2.81	3.44
Price/Book (P/B)	9.89	3.37	3.01	3.04	5.69	2.46
Price/Cash Flow (P/CF)	58.90	20.77	11.47	11.32	14.65	14.10
P/E (F1)	73.68	46.80	21.30	22.58	20.92	26.63
Price/Sales (P/S)	12.70	3.82	2.29	3.66	2.80	4.33
Earnings Yield	1.37%	-5.19%	4.42%	4.43%	4.78%	3.76%
Debt/Equity	0.00	0.09	0.77	0.80	0.65	0.43
Cash Flow (\$/share)	3.89	-0.13	7.01	20.77	9.89	6.62
Growth Score	C	-	-	C	C	B
Hist. EPS Growth (3-5 yrs)	22.66%	12.40%	10.84%	11.71%	8.38%	5.13%
Proj. EPS Growth (F1/F0)	-2.48%	-3.91%	-10.80%	-10.80%	-15.11%	-23.64%
Curr. Cash Flow Growth	8.77%	5.66%	5.46%	14.64%	-1.43%	-9.02%
Hist. Cash Flow Growth (3-5 yrs)	19.44%	11.48%	8.55%	24.86%	5.69%	7.68%
Current Ratio	6.23	2.58	1.29	0.98	1.30	2.13
Debt/Capital	0.00%	14.29%	45.14%	44.51%	39.26%	30.21%
Net Margin	21.66%	-15.86%	10.53%	6.10%	17.38%	16.56%
Return on Equity	17.05%	-14.83%	16.06%	15.75%	33.60%	12.17%
Sales/Assets	0.72	0.58	0.55	0.33	0.62	0.32
Proj. Sales Growth (F1/F0)	10.57%	0.00%	-2.66%	-2.17%	-13.30%	-5.08%
Momentum Score	B	-	-	F	C	D
Daily Price Chg	1.33%	0.00%	0.09%	-1.01%	-0.30%	-0.62%
1 Week Price Chg	3.97%	1.20%	0.92%	2.91%	0.60%	0.75%
4 Week Price Chg	-7.16%	2.41%	5.61%	-1.70%	4.14%	-1.47%
12 Week Price Chg	27.41%	21.00%	16.49%	5.53%	10.01%	1.39%
52 Week Price Chg	58.29%	-13.59%	-6.63%	-5.92%	-16.99%	-5.88%
20 Day Average Volume	844,830	273,399	2,841,862	2,150,086	3,631,163	6,803,055
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	-0.18%	0.00%	0.00%
(F1) EPS Est 4 week change	0.00%	0.00%	0.00%	-0.53%	0.00%	-9.45%
(F1) EPS Est 12 week change	-11.80%	-19.69%	-13.25%	-12.44%	-15.82%	-41.83%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	-1.12%	0.00%	-35.09%

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	D
Growth Score	C
Momentum Score	B
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.