

Newmont Corporation(NEM)

\$56.92 (As of 06/19/20)

Price Target (6-12 Months): **\$60.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 05/31/20)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

2-Buy

Zacks Style Scores:

VGM:B

Value: C

Growth: B

Momentum: D

Summary

Newmont is making a notable progress with its growth projects. It is likely to gain from a number of projects including the Tanami expansion, Subika Underground and Ahafo mill expansion. Moreover, the merger with Goldcorp is expected to be value-accretive to its cash flow and generate significant synergies. Higher gold prices are also expected to continue boosting earnings amid market volatility and economic uncertainties. Newmont is also progressing well on its efficiency improvement programs and remains committed to boost shareholders' value. However, it faces headwinds from higher production costs. Expected decline in gold production in the second quarter and 2020 is also likely to hurt the company's margins. It also faces challenges in the copper market. Lower demand in China and stretched valuation are other concerns.

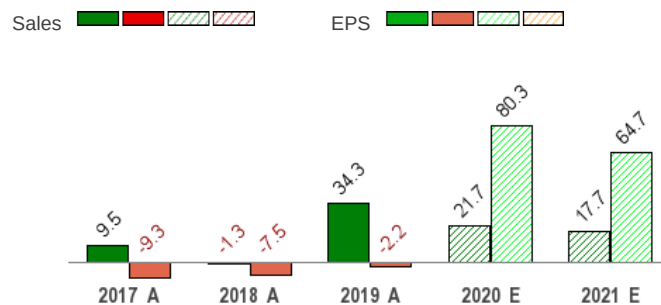
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$69.13 - \$33.00
20 Day Average Volume (sh)	10,743,214
Market Cap	\$45.7 B
YTD Price Change	31.0%
Beta	0.38
Dividend / Div Yld	\$1.00 / 1.8%
Industry	Mining - Miscellaneous
Zacks Industry Rank	Top 11% (28 out of 252)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-7.0%
Last Sales Surprise	-3.8%
EPS F1 Est- 4 week change	-1.2%
Expected Report Date	07/23/2020
Earnings ESP	15.1%

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	3,407 E	3,530 E	3,644 E	3,644 E	13,946 E
2020	2,581 A	2,385 E	3,626 E	3,726 E	11,850 E
2019	1,803 A	2,257 A	2,713 A	2,967 A	9,740 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.86 E	\$0.91 E	\$0.95 E	\$0.95 E	\$3.92 E
2020	\$0.40 A	\$0.34 E	\$0.88 E	\$0.97 E	\$2.38 E
2019	\$0.33 A	\$0.12 A	\$0.36 A	\$0.50 A	\$1.32 A

*Quarterly figures may not add up to annual.

P/E TTM	41.3
P/E F1	23.9
PEG F1	NA
P/S TTM	4.3

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 06/19/2020. The reports text is as of 06/22/2020.

Overview

Colorado-based Newmont Corporation is one of the world's largest producers of gold with several active mines in Nevada, Peru, Australia and Ghana. As of Dec 31, 2019, Newmont had gold reserves of 100.2 million ounces. Its attributable gold production for 2019 was 6.3 million ounces, up 23% year over year.

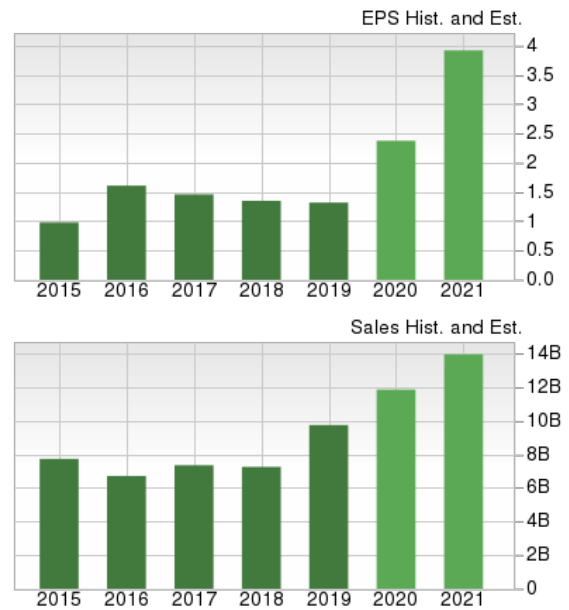
Newmont's operating segments are North America, South America, Australia and Africa.

The North America segment (23% of 2019 gold production) is represented by operations at Nevada. In Nevada, its operations include the Carlin, Twin Creeks and Phoenix mines. The South America segment (22%) is represented by operations in Yanacocha, Peru. The Asia Pacific segment (32%) now consists of the operations in Australia. In Australia, Newmont fully owns and operates the Tanami mine. The Super Pit mine in Kalgoorlie are jointly owned with Barrick Gold. It also owns 100% of the Boddington mine. The Africa segment (23%) operations are represented by the fully-owned Ahafo and Akyem mines in Ghana.

The company closed the sale of its 48.5% ownership interest in PT Newmont Nusa Tenggara (PTNNT), which operates the Batu Hijau copper and gold mine in Indonesia, to PT Amman Mineral Internasional (PTAMI) on Nov 2, 2016. The asset's name is now changed to PT Amman Mineral Nusa Tenggara (PTAMNT).

The company, in February 2014, completed the sale of its Midas underground operation and mill complex to Klondex Mines Ltd. The company, in March 2014, also sold its 5.4% equity interest in Paladin Energy Ltd. through a block sale deal with UBS Australia. Moreover, the company, in July 2014, completed the sale of its Jundee underground gold mine in Australia to Northern Star Resources for roughly \$91 million. The company also completed the sale of its 44% stake in the Penmont joint venture in Mexico in October 2014 to Fresnillo plc for \$477 million.

In January 2019, Newmont entered into a definitive deal with Goldcorp to acquire all of the outstanding common shares of the latter in a stock-for-stock transaction. The transaction was successfully closed on Apr 18, 2019. The deal provides the company an investment-grade balance sheet and financial flexibility to pursue promising projects.



Reasons To Buy:

- ▲ Newmont's shares have gained 48.1% in the past year, outperforming the industry's decline of 10.3%. Newmont continues to invest in growth projects in a calculated manner. The company is pursuing a number of projects including Tanami Expansion in Australia, and Subika Underground and Ahafo mill expansion in Africa. Subika Underground is expected to yield an average annual gold production of 150,000-200,000 ounces per annum for the first five years starting 2019 and has an initial mine life of roughly 11 years. Also, the company's production is likely to be boosted by higher grade production from the Subika Underground project, which reached commercial production in November 2018. It is also pursuing a second expansion at Tanami and advancing greenfields exploration prospects in Western Australia, the Northern Territory and New South Wales. The Tanami Power Project is also fully permitted. It will lower Tanami power costs and carbon emissions by roughly 20% starting 2019. The project was successfully completed in March 2019. The company expects the Tanami power project to deliver net cash savings per ounce of \$34 from 2019 to 2023 and generate an IRR of more than 50%. The Ahafo expansion projects represents additional upside. The expansion was also brought on line in third-quarter 2019, with a budget of around \$175 million. It is likely to boost mill capacity to nearly 10 million tons per year. The Africa witnessed 1.1 million ounces of attributable gold production in 2019 at an all-in sustaining cost of less than \$800 per ounce. This was driven by the successfully completion of the Ahafo's expansion projects. It will also add annual gold production of 75,000-100,000 ounces per year from 2020 to 2024.
- ▲ Newmont is well placed benefit from its merger with Goldcorp. The transaction is immediately value-accretive to its cash flow and net asset value per share. It is projected to generate an annual expected benefit of around \$165 million per year. Moreover, annual pre-tax synergies and full potential benefits are expected to be \$265 million, representing value creation potential of more than \$2.5 billion. In 2019, the company generated \$3.7 billion in adjusted EBITDA and realized substantial value from the Goldcorp acquisition that exceeded targets. In 2020, the company expects to achieve \$340 million in cash flow improvements, which represents more than 90% of its commitment for value delivering \$365 million from this transaction. It is also on track to realize \$500 million of cash flow improvements in 2021.
- ▲ Gold has been the bright spot in the first quarter of 2020 as mounting fears over the coronavirus pandemic made it the most attractive safe-haven asset. A slump in crude oil prices, a low interest rate environment and geopolitical tensions also triggered demand for gold. Concerns over supply crunch arising from suspensions of operations by miners per government mandates also contributed to the gain in gold prices. Gold prices, in March 2020, surged past the \$1,700 an ounce level for the first time in seven years on the virus crisis and a sharp decline in oil prices triggered by Saudi Arabia's price war with Russia. Meanwhile, Newmont's averaged realized price of gold also rose 20% year over year in the last reported quarter and boosted margins. Higher gold prices are expected to continue to drive earnings in 2020 amid market volatility and economic uncertainties.
- ▲ Newmont is making notable progress with efficiency improvement programs. Improved operational efficiency is allowing the company to generate positive free cash flow. The company ended 2019 with consolidated cash worth \$2.2 billion. Moreover, the company's consolidated cash flow from continuing operations surged 57% year over year to \$2.9 billion in 2019, partly due to higher realized gold prices and inclusion of sales from the Goldcorp assets. Also, the company ended the first quarter with \$3.7 billion of consolidated cash. It is also committed to boost shareholders' value. It has unveiled plans to increase its quarterly dividend by 79%. The company has returned \$1.4 billion to shareholders through share repurchases and dividends in 2019, including \$500 million in share buybacks and \$900 million in dividends.
- ▲ The company's efforts to lower debt level is encouraging. Its long-term debt was \$6,030 million at the end of first-quarter 2020, down from \$6,138 million in the prior quarter. Further, its time-interest-earned ratio of 13.9 at the end of the first quarter rose from 13.3 in the prior quarter. Its total debt-to-total capital also stood at 22.6% as of Mar 31, 2020, lower than its industry's 23.4%. As such, the company appears to have a lower default risk.

Newmont is making notable progress with its growth projects. The merger with Goldcorp will also generate significant synergies.

Reasons To Sell:

- ▼ Higher expected production cost is a concern for the company. Newmont recorded AISC of \$946 per ounce for 2019, up 6% year over year. Its CAS also rose 2% year over year in 2019. Moreover, the company's AISC rose 14% year over year in the last reported quarter, while CAS increased 22%. In May, the company issued an updated 2020 outlook. It now expects CAS to be \$775 per ounce in 2020, up from \$750 per ounce anticipated earlier. The company also projects AISC at \$1,015 per ounce, up from \$975 per ounce expected earlier. As such, rising cost may continue to weigh on margins.
- ▼ Newmont expects attributable gold production to decline in 2020 due to the coronavirus pandemic. The company provided revised projections, which reflects the impact of five operations that were temporarily placed into care and maintenance for an average of 45 days due to the coronavirus pandemic. Moreover, the company expects the second quarter to witness lowest production and highest cost as the sites ramp up from care and maintenance.
- ▼ Newmont still faces challenges in the copper market stemming from the oversupply of the metal. Copper – an important barometer for the global economy – is a major industrial metal and plays a significant role especially in emerging countries. However, oversupply in the market (with production exceeding demand) poses a threat on copper prices. A slowdown in demand in China amid the coronavirus outbreak adds to the concerns. China's move to tighten credit growth could hurt demand for copper in its property and infrastructure sectors. The company's average realized copper price also declined 4% year over year in 2019 to \$2.63 per pound. Further, copper prices fell 46% year over year in the first quarter. Lower copper production at Boddington is also concerning.
- ▼ The coronavirus outbreak in China may hurt gold demand in the near term. While the companies operating in this space are seeing a spike in gold prices, demand for gold in the country could be in doldrums. China is the largest consumer of gold in the world and the outbreak could have a cascading effect globally. Moreover, gold demand in India, another key market, is expected to witness a considerable fall in 2020 as the country is reeling under the effects of the pandemic. As such, an expected slowdown in demand may have an impact on the company's production and sales.
- ▼ The company's stretched valuation is another concern. In case of Newmont, the trailing 12-month EV/EBITDA multiple (a preferred valuation metric for cyclical industries like mining) is 40.1 whereas its industry's trailing 12-month EV/EBITDA multiple is lower at 19.9. As such, investors might not want to pay more for Newmont's stock.

Newmont faces headwinds from lower expected gold production and higher costs. It also faces challenges in the copper market.

Last Earnings Report

Newmont's Earnings and Sales Miss Estimates in Q1

Newmont reported net income from continuing operations of \$837 million or \$1.04 per share in first-quarter 2020, up from \$113 million or 21 cents in the year-ago quarter.

Barring one-time items, adjusted earnings were 40 cents per share that missed the Zacks Consensus Estimate of 43 cents.

Newmont reported revenues of \$2,581 million, up 43.2% year over year. However, the figure missed the Zacks Consensus Estimate of \$2,682.5 million.

Quarter Ending **03/2020**

Report Date	May 05, 2020
Sales Surprise	-3.78%
EPS Surprise	-6.98%
Quarterly EPS	0.40
Annual EPS (TTM)	1.38

Operational Highlights

Newmont's attributable gold production increased around 20% year over year to 1.5 million ounces in the fourth quarter.

Average realized prices of gold rose 22% year over year to \$1,591 per ounce.

The company's costs applicable to sales for gold was \$1,140 per ounce, up 21.9% year over year.

All-in sustaining costs for gold increased 14% year over year to \$1,030 per ounce mainly due to higher gold CAS per ounce along with higher sustaining capital spending and maintenance costs related to the coronavirus pandemic.

Regional Performance

North America

Attributable gold production in North America was 376,000 ounces, up roughly 364% year over year. Gold CAS for the region was \$863 per ounce, down around 3% year over year.

South America

Attributable gold production in South America was 235,000 ounces, up 27% year over year. Gold CAS for the region rose around 40% to \$806 per ounce.

Australia

Attributable gold in the region was 258,000 ounces, down around 24% year over year. Gold CAS in this region declined 3% year over year to \$730 per ounce.

Africa

Production in the region totaled 186,000 ounces of gold in the quarter, down 19% year over year. Gold CAS was \$737 per ounce, up 24% year over year.

Financial Position

The company ended the first quarter with \$3.7 billion of consolidated cash. Long-term debt was \$6,030 million, up 76.3% on a year-over-year basis.

Net cash from operating activities were \$936 million in the first quarter.

Outlook

In March, Newmont withdrew its 2020 outlook as some production may be deferred into 2021 that could potentially impact costs in 2020.

The company stated that it is well positioned to efficiently ramp up mining operations in a timely manner. Despite shorter-term disruptions stemming from challenging macro-economic environment, its long-term value proposition remains unchanged. Newmont continues to have the industry-leading gold mineral reserves of 95.7 million ounces.

Recent News

Newmont Issues Revised 2020 Outlook, Reaffirms Long-term View – May 19, 2020

Newmont has issued revised 2020 view and confirmed its long-term guidance.

The company stated that almost all of its operating mines have been deemed as an essential activity in every jurisdiction where it operates. The updated view is based on the assumption that the company's operations will continue throughout the remainder of 2020 without considerable interruptions.

For 2020, Newmont now projects attributable gold production to be nearly 6 million ounces compared with 6.4 million ounces expected earlier. Costs applicable to sales are now expected to be \$775 per ounce, up from \$750 per ounce anticipated earlier. The company projects all-in sustaining costs at \$1,015 per ounce, up from \$975 per ounce expected earlier.

Notably, the revised projections reflect the impacts of five operations that were temporarily placed into care and maintenance for an average of 45 days due to the coronavirus pandemic. Moreover, Newmont expects the second quarter to witness lowest production and highest cost as the sites ramp up from care and maintenance.

Newmont's long-term view is unchanged with stable production of more than 6 million ounces with costs improving from 2021 through 2024.

Newmont Ramping Down Operations at Penasquito Mine in Mexico – Apr 1, 2020

Newmont has announced that it is ramping down operations at the Penasquito mine following the coronavirus-related restrictions imposed by the government of Mexico. The federal government of Mexico published a decree that mandates temporary suspension of all non-essential activities till Apr 30. The move is part of a nationwide effort to slowdown the global pandemic.

Per the decree, mining is not deemed as an essential activity. Newmont is trying to ascertain the impact of the decree on operations. Moreover, Penasquito will work with local governments, employees, contractors and unions to ensure a safe and orderly ramp down of the mine, complying with the directives of the federal government.

Newmont has implemented rigorous controls at all of its sites across the globe to protect workforce and communities from contracting or transmitting the disease. Further, the company has not reported any confirmed COVID-19 case. The company is ensuring that the Penasquito is well positioned to efficiently and safely ramp up operations in a timely manner once these directives are lifted.

Newmont Closes Divestment of Red Lake Complex for \$375M – Mar 31, 2020

Newmont has successfully completed the sale of its Ontario, Canada-based Red Lake complex to Evolution Mining Limited. The company received cash proceeds of \$375 million from the deal and is entitled to future contingent payments of up to an additional \$100 million related to the discovery of new resources.

The transaction provides Newmont an ongoing exposure to future exploration opportunities while it is focused on its globally diversified portfolio of 12 managed operations and two joint ventures, including 8 world-class assets.

Considering the divestment of its interests in Continental and KCGM, Newmont generated total cash proceeds of more than \$1.4 billion. The company attained its divestiture target of \$1-\$1.5 billion in less than a year.

Newmont expects the divestment of asset to support the continuation of its capital allocation priorities. It is also expected to strengthen the company's investment grade balance sheet and enable investing in highest return projects as well as returning excess cash to shareholders.

Valuation

Newmont's shares are up 31% in the year-to-date period and up 48.1% over the trailing 12-month period. Stocks in the Zacks Mining - Miscellaneous industry and the Zacks Basic Materials sector are down 7.1% and 10.7% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and sector are down 10.3% and 9.8%, respectively.

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

The stock is currently trading at 18.3X forward 12-month earnings, which compares to 10.2X for the Zacks sub-industry, 15.72X for the Zacks sector and 22.24X for the S&P 500 index.

Over the past five years, the stock has traded as high as 38.43X and as low as 14.31X, with a 5-year median of 24.51X.

Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$60 price target reflects 19.29X forward 12-month earnings per share.

The table below shows summary valuation data for NEM:

Valuation Multiples - NEM					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	18.3	10.2	15.72	22.24
	5-Year High	38.43	33.26	21.05	22.24
	5-Year Low	14.31	8.12	9.86	15.23
	5-Year Median	24.51	10.21	13.53	17.49
P/B TTM	Current	2.01	3.05	2.72	4.23
	5-Year High	2.75	4.21	3.39	4.56
	5-Year Low	0.58	0.46	1.23	2.83
	5-Year Median	1.54	1.87	2.2	3.67
P/S TTM	Current	4.38	5.67	2.23	3.33
	5-Year High	5.22	7.4	3.43	3.68
	5-Year Low	1.1	2.96	1.45	2.43
	5-Year Median	2.74	5.79	2.6	3.2

As of 06/19/2020

Industry Analysis Zacks Industry Rank: Top 11% (28 out of 252)



Top Peers

Company (Ticker)	Rec	Rank
Agnico Eagle Mines Limited (AEM)	Outperform	2
AngloGold Ashanti Limited (AU)	Outperform	1
B2Gold Corp (BTG)	Outperform	2
Gold Fields Limited (GFI)	Outperform	2
Yamana Gold Inc. (AUY)	Neutral	2
Eldorado Gold Corporation (EGO)	Neutral	3
Barrick Gold Corporation (GOLD)	Neutral	2
Kinross Gold Corporation (KGC)	Neutral	3

Industry Comparison Industry: Mining - Miscellaneous				Industry Peers		
	NEM	X Industry	S&P 500	BTG	GOLD	KGC
Zacks Recommendation (Long Term)	Neutral	-	-	Outperform	Neutral	Neutral
Zacks Rank (Short Term)	2	-	-	2	2	3
VGM Score	B	-	-	A	B	B
Market Cap	45.68 B	90.60 M	21.51 B	5.40 B	43.54 B	8.05 B
# of Analysts	7	2	14	5	7	7
Dividend Yield	1.76%	0.00%	1.92%	0.77%	1.14%	0.00%
Value Score	C	-	-	A	C	B
Cash/Price	0.09	0.08	0.06	0.04	0.00	0.15
EV/EBITDA	8.12	-3.91	12.62	7.09	6.38	5.22
PEG Ratio	NA	3.15	2.90	0.72	15.50	NA
Price/Book (P/B)	2.01	1.25	2.99	2.51	1.46	1.50
Price/Cash Flow (P/CF)	15.70	4.36	11.39	13.59	48.27	6.95
P/E (F1)	23.92	15.90	21.20	11.72	31.00	12.48
Price/Sales (P/S)	4.34	1.53	2.29	4.24	4.21	2.24
Earnings Yield	4.18%	-0.81%	4.42%	8.49%	3.23%	7.97%
Debt/Equity	0.29	0.02	0.77	0.09	NA	0.47
Cash Flow (\$/share)	3.63	-0.01	7.01	0.38	0.51	0.92
Growth Score	B	-	-	B	A	B
Hist. EPS Growth (3-5 yrs)	3.13%	6.20%	10.87%	60.10%	1.47%	49.41%
Proj. EPS Growth (F1/F0)	80.08%	0.20%	-10.65%	215.71%	54.90%	50.84%
Curr. Cash Flow Growth	51.58%	-2.61%	5.46%	-4.32%	120.54%	28.17%
Hist. Cash Flow Growth (3-5 yrs)	12.12%	7.57%	8.55%	-14.11%	-18.05%	2.79%
Current Ratio	3.31	1.62	1.29	2.35	2.90	3.58
Debt/Capital	22.51%	12.59%	45.14%	8.65%	14.75%	32.05%
Net Margin	33.66%	-26.92%	10.53%	27.39%	41.16%	21.63%
Return on Equity	5.10%	-9.10%	16.06%	15.81%	5.23%	9.25%
Sales/Assets	0.27	0.33	0.55	0.47	0.34	0.40
Proj. Sales Growth (F1/F0)	21.67%	0.00%	-2.61%	37.11%	21.73%	5.40%
Momentum Score	D	-	-	D	C	D
Daily Price Chg	2.50%	0.00%	-1.02%	3.81%	2.30%	2.89%
1 Week Price Chg	1.26%	-1.62%	-7.25%	0.39%	3.35%	-0.48%
4 Week Price Chg	-10.33%	4.93%	5.73%	-5.47%	-6.74%	-10.49%
12 Week Price Chg	17.90%	43.96%	15.89%	45.92%	25.08%	37.63%
52 Week Price Chg	51.46%	-19.48%	-6.79%	76.79%	60.07%	67.54%
20 Day Average Volume	10,743,214	141,173	2,574,456	8,500,070	19,163,170	18,138,788
(F1) EPS Est 1 week change	-0.18%	0.00%	0.00%	0.00%	0.36%	-6.27%
(F1) EPS Est 4 week change	-1.25%	0.00%	0.00%	-0.90%	-6.37%	-6.51%
(F1) EPS Est 12 week change	5.25%	-23.64%	-14.21%	11.90%	8.64%	3.46%
(Q1) EPS Est Mthly Chg	-4.52%	0.00%	0.00%	5.26%	1.43%	4.26%

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	D
VGM Score	B

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.