Newell Brands Inc. (NWL)

$19.16 (As of 01/09/20)

Price Target (6-12 Months): **$20.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 11/04/19) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM:A
	Value: A | Growth: A | Momentum: D	

Summary

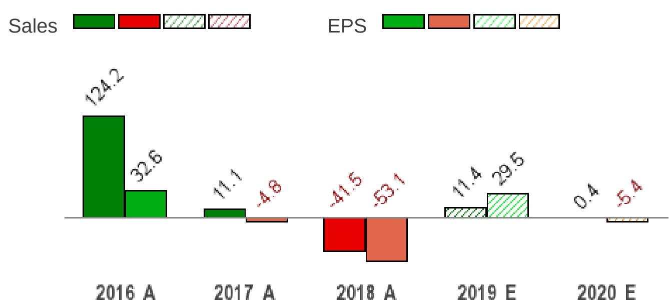
Shares of Newell have outperformed the industry in the past six months, driven by gains from its Transformation Plan. The company recently completed the Accelerated Transformation Plan with the divestiture of its USPC business. These efforts have enabled the company to deliver growth via improving market share gains, point of sale growth, innovation and e-commerce as well as cost-saving plans. Moreover, it delivered better-than-expected earnings and sales in third-quarter 2019. Further, it remains optimistic on progress of its turnaround efforts. Management also decided to retain the Mapa/Spontex and Quickie businesses due to solid prospects. However, headwinds related to declining core sales and currency remain. Core sales are expected to decline in low-single digits in 2019. Also, management's soft view for the fourth quarter is concerning.

Price, Consensus & Surprise

Data Overview

52 Week High-Low	**$22.06 - $13.04**
20 Day Average Volume (sh)	**3,360,118**
Market Cap	**$8.1 B**
YTD Price Change	**-0.3%**
Beta	**1.04**
Dividend / Div Yld	**$0.92 / 4.8%**
Industry	**Consumer Products - Staples**
Zacks Industry Rank	**Bottom 19% (205 out of 254)**
Last EPS Surprise	**30.4%**
Last Sales Surprise	**0.5%**
EPS F1 Est- 4 week change	**-0.6%**
Expected Report Date	**02/21/2020**
Earnings ESP	**0.0%**
P/E TTM	**10.7**
P/E F1	**12.1**
PEG F1	**2.0**
P/S TTM	**0.9**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2020	2,053 E	2,505 E	2,512 E	2,597 E	9,654 E
2019	1,712 A	2,117 A	2,451 A	2,574 E	9,616 E
2018	3,017 A	2,203 A	2,277 A	2,341 A	8,631 A

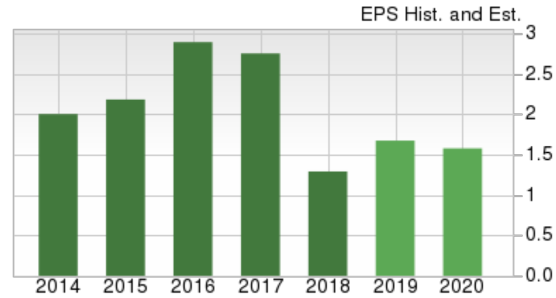
EPS Estimates

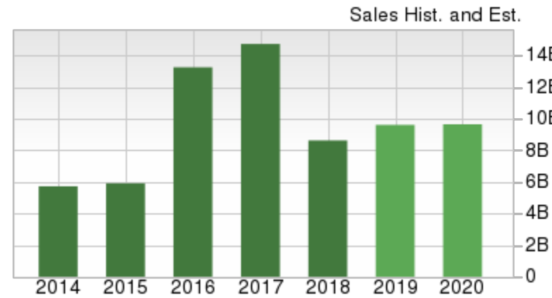
	Q1	Q2	Q3	Q4	Annual*
2020	$0.13 E	$0.46 E	$0.51 E	$0.46 E	$1.58 E
2019	$0.14 A	$0.45 A	$0.73 A	$0.39 E	$1.67 E
2018	$0.34 A	$0.82 A	$0.54 A	$0.47 A	$1.29 A

*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 01/09/2020. The reports text is as of 01/10/2020.

Overview





Atlanta, GA-based Newell Brands Inc. is a global manufacturer and marketer of consumer and commercial products, including Paper Mate, Sharpie, Dymo, EXPO, Parker, Elmer's, Marmot, Oster, Rubbermaid, Sunbeam, FoodSaver, Graco, Baby Jogger, and others. The products cater to indoor and outdoor organizations and include food and home storage products, stationery, art supplies, power tool accessories, hardware, outdoor recreation products, household staples, aluminum and steel cookware, as well as infant care products.

With respect to Newell's decision to retain its Rubbermaid Commercial Products business, management realigned the segmental reporting structure, effective the third quarter. As a result, the company now operates and reports under four segments, namely Home & Outdoor Living; Learning & Development; Appliances & Cookware; and Food & Commercial.

The **Home & Outdoor Living** segment (contributed 29.6% to net sales in third-quarter 2019) includes outdoor products, home fragrance products as well as connected home and security products. It comprises brands like Coleman, Contigo, ExOfficio, First Alert, Marmot, Chesapeake Bay Candle, WoodWick and Yankee Candle.

The **Learning & Development** segment (33.6%) encompasses writing instruments such as markers, highlighters, pens, pencils; art products; cutting products; activity-based adhesive and labeling solutions; baby gear and infant care products. The segment includes brands like Sharpie, Expo, Graco, Baby Jogger, Mr. Sketch, NUK, Paper Mate, Parker, Prismacolor, Tigex, Waterman and X-Acto.

The **Appliances & Cookware** segment (17.5%) includes household products such as kitchen appliances products, gourmet cookware, bakeware and cutlery products. The unit comprises brands like Mr. Coffee, Calphalon, Crock-Pot, Sunbeam and Oster.

The **Food & Commercial** segment (19.3%) encompasses food and home storage products as well as fresh preserving, vacuum sealing, commercial cleaning and maintenance solutions, hygiene systems and handling solutions products. The segment includes brands like Rubbermaid Commercial Products, Ball, FoodSaver, and Sistema.

Reasons To Buy:

▲ **Transformation Plan Bodes Well, Stock Outperforms:** Shares of Newell have gained 34.5% in the past six months against the industry's 10.7% decline. We note that the company has completed the Accelerated Transformation Plan with the divestiture of its USPC business. These efforts have enabled the company to deliver growth via improving market share gains, point of sale growth, innovation and e-commerce as well as cost-saving plans. As part of its Accelerated Transformation Plan, Newell had earlier stated to offload non-core businesses that contribute nearly 35% to the company's sales; utilize $10 billion after-tax proceeds from divestitures and free cash flow to lower debt and make share repurchase; as well as retain its investment grade rating and an annual dividend of 92 cents per share through 2019, targeting payout ratio of 30-35%.

The accelerated Transformation Plan aims at transforming Newell into a simpler, stronger and faster company to leverage its abilities, with respect to innovation, design and e-commerce.

The plan was made to simplify Newell's operations, which were likely to reduce the company's number of manufacturing facilities by 66%, distribution centers by 55%, brands by 45%, number of employees by 39% as well as reduce above 30 ERP systems to two by the end of 2019. Management will also focus on right-sizing the cost structure for anticipated smaller net sales, remove stranded corporate expenses and recover the synergies lost through the divestitures. These efforts will help improve operational performance and enhance shareholder value amid a rapidly changing retail backdrop.

▲ **Retains Mapa/Spontex and Quickie Businesses, Ups View:** Newell decided to retain the Mapa/Spontex and Quickie businesses on solid prospects. These businesses, which are generating generating robust cash flow and operating margins, will be accountedas continuing operations in the fourth quarter and will be a part ofthe Food and Commercial segment. The businesses are anticipated to be accretive to sales, operating margin, earnings per share, and operating cash flow in 2020 and beyond.

Management raised sales and earnings per share view for 2019, reflecting the decision to retain Mapa/Spontex and Quickie businesses as part of continuing operations. It projects net sales of $9.6-$9.7 billion, up from $9.1-$9.3 billion mentioned earlier. Normalized operating margin is now projected to be 10.6-10.8% compared with 10.4-10.8% mentioned earlier. Further, operating cash flow is now projected to be $700-$850 million versus $600-$800 million mentioned earlier. Normalized earnings per share are now envisioned to be $1.63-$1.68 for the year, up from $1.50-$1.65 stated previously.

▲ **Divestiture Plan:** Newell makes prudent investments in areas with high-growth potential, and divests underperforming and non-core assets. Despite the retention of the Mapa/Spontex and Quickie businesses, the company plans to pursue the divestiture of the U.S. Playing Cards business, which is held as discontinued operations. The business is presently under contract for sale and is likely to close by 2019 end. This will mark the completion of the company's divestiture program. Earlier, it concluded divestitures of Waddington; Rawlings; Goody; Pure Fishing; Jostens; Process Solutions and Rexair businesses. Process Solutions and Rexair businesses generated total after-tax sales proceeds of $735 billion. Gross proceeds from the Pure Fishing and Jostens businesses were nearly $2.6 billion. Proceeds from the sale of these assets have been reducing debt as part of its efforts to strengthen balance sheet. The divestiture of underperforming assets will help the company to reshape its portfolio and improve operational efficiency.

▲ **Balance Sheet & Shareholder-Friendly Moves:** Newell boasts a strong balance sheet that offers it the financial flexibility to enhance shareholder returns and drive future development through value-added investments aimed at accelerating growth and expanding margins. Notably, the company remains on track to improve leverage by allocating divestiture proceeds to pay down debt and make share repurchases. Management now estimates to achieve net-debt-to-EBITDA leverage ratio of about 4 by 2019 end, and roughly 3.5 by 2020 end. This shows its focus on deleveraging the balance sheet to drive shareholder value. In addition, the company generated operating cash flow of $424.1 million in the first nine months of 2019 compared with $181.6 million in the comparable period last year. It also strengthened its balance sheet with the completion of a $700-million debt tender offer. Moreover, the company declared plans to redeem $300 million of 5% Senior Notes due 2023, driven by robust operating cash flow. Furthermore, it paid out dividends of $292.7 million in the first nine months of 2019. Additionally, management announced a quarterly cash dividend of 23 cents per share, payable Dec 13, 2019.

Reasons To Sell:

Lower core sales and unfavorable currency movements have been weighing on Newell'sperformance. Core sales are expected to decline 2-4% in the fourth quarter and in low-single digits in 2019.

- **Lower Core Sales:** Newell has been witnessing soft core sales for the past few quarters. In third-quarter 2019, the metric dipped 2.5% .led by declines of 3.7% and 11.3%, respectively, for the Appliances & Cookware, and Food & Commercial segments. . However, this was somewhat offset by core sales growth at Learning & Development, and Home & Outdoor Living segments. Additionally, soft core sales and foreign currency headwinds weighed on the company's overall top line, which declined 3.8% on a year-over-year basis. Going forward, it projects core sales decline 2-4% for the fourth quarter and a low-single-digit decline for 2019. Soft core sales trend might continue hurting top-line results in the quarters ahead.

- **Currency Headwinds:** Newell remains exposed to impacts of adverse currency due to its vast global operations. Notably, the company's net sales in the recent quarters reflect significant impacts of unfavorable foreign currency. Additionally, currency headwinds have been a drag on the company's gross and operating margins. Notably, negative currency movements marred top-line and margin growth in third-quarter 2019. Currency headwinds also hurt results at all of the company's operating segments. Management expects gains from higher prices, productivity improvements and cost reductions to be more than offset by the adverse impacts of tariffs and currency in 2019. This might hurt the company's operating margins and overall profits.

- **Soft Q4 Outlook:** Despite the inclusion of Mapa/Spontex and Quickie businesses, Newell's earnings outlook for fourth-quarter 2019 remains soft. The company expects net sales of $2.5-$2.6 billion, with core sales decline of 2-4%. Further, it anticipates normalized operating margin contraction of 10-50 basis points to 11-11.4%. Normalized earnings per share are expected to be 35-40 cents, suggesting a decline from 47 cents earned in the comparable quarter last year.

- **Dependence on a Few Target Customers:** Newell is heavily dependent on a handful of customers, including large discounters, department stores, home centers, warehouse clubs, and office superstores. The company's principal customers continuously evaluate which product supplier is best for use. This considerably reduces Newell's pricing power against the giant retailers, thereby exerting pressure on margins and limiting profitability.

Last Earnings Report

Newell Beats Q3 Earnings Estimates, Raises Outlook

Quarter Ending	09/2019
Report Date	Nov 01, 2019
Sales Surprise	0.48%
EPS Surprise	30.36%
Quarterly EPS	0.73
Annual EPS (TTM)	1.79

Newell Brands has delivered better-than-expected earnings and sales numbers in third-quarter 2019.

However, both metrics moved down year over year on lost contributions from divested businesses, adverse foreign currency translations and a decline in overall core sales.

Nevertheless, management remains optimistic on progress of its turnaround efforts along with operating cash flow remaining ahead of its plan. This is backed by the company's commitment toward productivity, cost savings and working capital efforts. It also raised sales and earnings per share view for 2019.

Q3 Highlights

Newell's third-quarter normalized earnings per share were 73 cents, which outpaced the Zacks Consensus Estimate of 56 cents. However, the metric fell 5.2% from 77 cents earned in the year-ago period. The year-over-year decline was mainly attributed to the lack of contributions from its divested operations.

Net sales declined 3.8% to $2,450.6 million from the year-earlier figure but surpassed the Zacks Consensus Estimate of $2,439 million. The year-over-year fall resulted from foreign currency headwinds and soft core sales, which dipped 2.5%.

However, core sales grew at four of the company's seven operating divisions.

Normalized gross margin declined 40 basis points (bps) to 35.1%. Also, normalized operating margin contracted 50 bps to 12.7% in the quarter under review, driven by increased advertising costs.

Segmental Performance

With respect to Newell's decision to retain its Rubbermaid Commercial Products business, management realigned the segmental reporting structure, effective the third quarter.

As a result, the company now operates and reports under four segments, namely Home & Outdoor Living; Learning & Development; Appliances & Cookware; and Food & Commercial.

Earlier, it reported under Home & Outdoor Living; Learning & Development; and Food & Appliances segments.

In third-quarter 2019, the **Learning & Development** segment (including Writing and Baby) recorded net sales of $824 million, which slipped 0.6% from the prior-year number. Further, the segment's core sales inched up 0.5%, which was offset by unfavorable foreign currency. Core sales growth was backed by improvement at the Baby and Writing divisions.

Net sales at the **Home & Outdoor Living** segment (including Outdoor & Recreation, Home Fragrance, and Connected Home & Security) totaled $723 million, declining 0.6% from the prior-year period. The segment's top line was hurt by unfavorable currency and the exit of about 72 underperforming Yankee Candle retail outlets in the first nine months of 2019, which were somewhat offset by core sales growth of 1.3%.

The **Appliances & Cookware** segment recorded net sales of $430 million, which fell 5.3% from the prior-year number. This resulted from core sales decline of 3.7% and currency headwind.

Meanwhile, net sales at the **Food & Commercial** segment were $473 million, which dipped 12.2% on adverse currency and core sales decline of 11.3%.

Other Developments

Newell decided to retain the Mapa/Spontex and Quickie businesses, which will be included in the financial results of continuing operations in the fourth quarter.

These businesses, which were earlier classified as held-for-sale and discontinued operations, are anticipated to be accretive to sales, operating margin, earnings per share, and operating cash flow in 2020 and beyond.

Further, the U.S. Playing Cards business, which is held as discontinued operations, is presently under contract for sale and is likely to close by 2019 end.

Management now estimates to achieve net-debt-to-EBITDA leverage ratio of about 4 by 2019 end, and roughly 3.5 by 2020 end.

Other Financial Details

Newell ended the quarter with cash and cash equivalents of $465.4 million, long-term debt of $5,691.7 million, and shareholders' equity of $4,137.6 million, excluding non-controlling interests of $30.9 million.

During the first nine months of 2019, the company generated operating cash flow of $424.1 million compared with $181.6 million in the comparable period last year.

Furthermore, it strengthened its balance sheet with the completion of a $700-million debt tender offer. Moreover, the company declared plans to redeem $300 million of 5% Senior Notes due 2023, driven by robust operating cash flow.

Outlook

Management issued guidance for the fourth quarter while updated view for 2019.

Net sales, core sales and normalized operating margin outlook for the fourth quarter and 2019 reflect the inclusion of Mapa/Spontex and Quickie businesses being part of continuing operations, effective the fourth quarter.

For 2019, the company projects net sales of $9.6-$9.7 billion and core sales decline in low-single digits. Earlier, net sales were anticipated to be $9.1-$9.3 billion. Normalized operating margin is now projected to be 10.6-10.8% compared with 10.4-10.8% mentioned earlier.

Further, operating cash flow is now projected to be $700-$850 million versus $600-$800 million mentioned earlier. Normalized earnings per share are now envisioned to be $1.63-$1.68 for the year, up from $1.50-$1.65 stated previously.

For fourth-quarter 2019, Newell estimates net sales of $2.5-$2.6 billion and core sales decline of 2-4%. It also anticipates normalized operating margin contraction of 10-50 bps to 11-11.4%. Normalized earnings per share are expected to be 35-40 cents for the quarter.

Recent News

Newell Completes the Divestiture of USPC Business – Dec 31, 2019

Newell's recent activity marks the completion of its Accelerated Transformation Plan, which started in January 2018. The company had divested The United States Playing Card Company ("USPC") to Cartamundi Group. The transaction includes the sale of brands like Bicycle, Aviator, Hoyle, Bee and Fournier.

Newell Declares Dividend – Nov 5, 2019

Newell Brands declared a quarterly cash dividend of 23 cents per share, paid on Dec 13, 2019, to shareholders with record as of Nov 27.

Valuation

Newell shares are down 0.6% over the trailing 12-month period. Stocks in the Zacks sub-industry are down 10.3% but the Zacks Consumer Staples sector is up 20.6% in the past year.

The S&P 500 index is up 27.8% in the past year.

The stock is currently trading at 12.13X forward 12-month earnings, which compares to 21.52X for the Zacks sub-industry, 19.85X for the Zacks sector and 18.94X for the S&P 500 index.

Over the past five years, the stock has traded as high as 20.21X and as low as 7.56X, with a 5-year median of 15.04X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our $20 price target reflects 12.66X forward 12-month earnings.

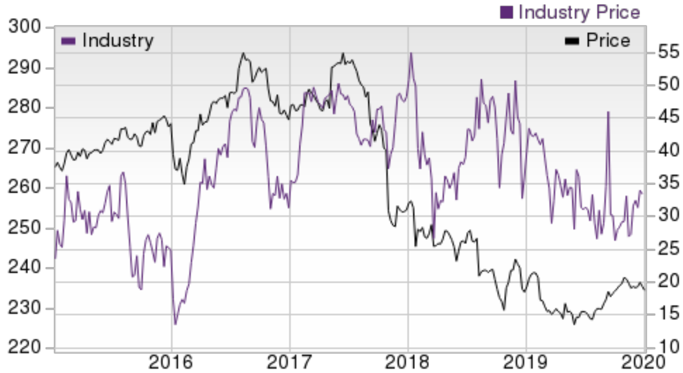
The table below shows summary valuation data for NWL

Valuation Multiples - NWL

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	12.13	21.52	19.85	18.94
	5-Year High	20.21	21.93	22.39	19.34
	5-Year Low	7.56	13.74	16.65	15.17
	5-Year Median	15.04	17.97	19.76	17.44
P/S F12M	Current	0.84	1.95	9.87	3.51
	5-Year High	2.11	2.12	11.03	3.51
	5-Year Low	0.67	1.57	8.02	2.54
	5-Year Median	1.45	1.93	9.78	3
EV/EBITDA TTM	Current	4.97	9.24	39.85	11.99
	5-Year High	93.59	19.99	44.63	12.86
	5-Year Low	1.28	3.68	31.32	8.48
	5-Year Median	14.45	12.76	38	10.67

As of 01/09/2020

Industry Analysis **Zacks Industry Rank:** Bottom 19% (205 out of 254)



Top Peers

Energizer Holdings, Inc. **(ENR)**	Neutral
International Flavors & Fragrances Inc. **(IFF)**	Neutral
LION CORP **(LIOPF)**	Neutral
Ollies Bargain Outlet Holdings, Inc. **(OLLI)**	Neutral
Tupperware Brands Corporation **(TUP)**	Neutral
WD-40 Company **(WDFC)**	Neutral
Edgewell Personal Care Company **(EPC)**	Underperform
Spectrum Brands Holdings Inc. **(SPB)**	Underperform

Industry Comparison Industry: Consumer Products - Staples

Industry Peers

	NWL Neutral	X Industry	S&P 500	EPC Underperform	IFF Neutral	LIOPF Neutral
VGM Score	A	-	-	B	B	-
Market Cap	8.11 B	2.90 B	23.94 B	1.55 B	13.20 B	5.64 B
# of Analysts	6	5	13	4	4	1
Dividend Yield	4.80%	0.00%	1.78%	0.00%	2.43%	0.00%
Value Score	A	-	-	C	D	C
Cash/Price	0.06	0.07	0.04	0.21	0.04	NA
EV/EBITDA	5.78	11.35	13.97	-9.86	22.15	NA
PEG Ratio	2.03	2.13	2.03	3.01	NA	3.23
Price/Book (P/B)	1.95	3.71	3.33	1.19	2.18	NA
Price/Cash Flow (P/CF)	0.83	12.31	13.73	5.48	18.10	NA
P/E (F1)	12.20	18.73	18.79	9.08	18.85	25.87
Price/Sales (P/S)	0.94	1.58	2.64	0.72	2.60	1.78
Earnings Yield	8.25%	5.23%	5.32%	11.02%	5.31%	3.87%
Debt/Equity	1.50	0.67	0.72	0.84	0.66	NA
Cash Flow ($/share)	23.20	4.17	6.94	5.22	6.83	NA
Growth Score	A	-	-	B	B	D
Hist. EPS Growth (3-5 yrs)	-0.65%	3.50%	10.56%	-12.38%	3.74%	NA
Proj. EPS Growth (F1/F0)	-5.74%	6.27%	7.49%	-9.55%	6.07%	10.29%
Curr. Cash Flow Growth	425.31%	10.61%	14.83%	-2.28%	24.26%	-31.19%
Hist. Cash Flow Growth (3-5 yrs)	73.31%	4.69%	9.00%	-13.82%	10.06%	NA
Current Ratio	1.48	1.53	1.23	1.58	2.05	NA
Debt/Capital	59.98%	45.72%	42.99%	45.72%	40.46%	NA
Net Margin	-5.56%	2.49%	11.08%	-16.48%	7.59%	NA
Return on Equity	15.93%	12.51%	17.16%	12.22%	10.39%	NA
Sales/Assets	0.50	1.10	0.55	0.58	0.39	NA
Proj. Sales Growth (F1/F0)	0.39%	3.05%	4.20%	-3.37%	3.05%	2.83%
Momentum Score	D	-	-	A	A	-
Daily Price Chg	-0.21%	0.00%	0.53%	-0.90%	-0.40%	0.00%
1 Week Price Chg	-2.94%	-1.24%	-0.30%	-3.47%	-0.78%	0.00%
4 Week Price Chg	-1.44%	-0.90%	1.92%	-9.38%	-8.14%	0.00%
12 Week Price Chg	0.47%	1.65%	6.54%	-11.65%	3.51%	0.00%
52 Week Price Chg	-6.76%	-7.29%	22.58%	-24.25%	-8.90%	0.00%
20 Day Average Volume	3,360,118	374,707	1,580,816	516,188	1,290,035	0
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	-0.63%	0.00%	0.00%	0.00%	0.01%	0.00%
(F1) EPS Est 12 week change	4.44%	-3.25%	-0.50%	-7.61%	-2.85%	0.00%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	-0.16%	-1.78%	NA

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	A
Growth Score	A
Momentum Score	D
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.