

Realty Income Corp. (O)

\$60.26 (As of 07/06/20)

Price Target (6-12 Months): **\$64.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 01/03/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:D

Value: D

Growth: B

Momentum: F

Summary

Realty Income's rent receipts across its total portfolio stood at 85.4% for the second quarter. High dependence on tenants belonging to service, non-discretionary and low-price retail businesses, which are less susceptible to economic recessions and competition from Internet retailing, provide stable rental revenues and have likely resulted in decent rent collections for the second quarter. With strong liquidity and balance-sheet position, the company seems well-poised to sail through uncertain times. Also, its shares have fallen narrower than the industry's decline over the past year. However, low customer traffic, resulting from government-mandated closures and social-distancing requirements, are impacting the company's tenants. Amid this, it continues to be in discussions with tenants seeking rent relief requests and deferrals.

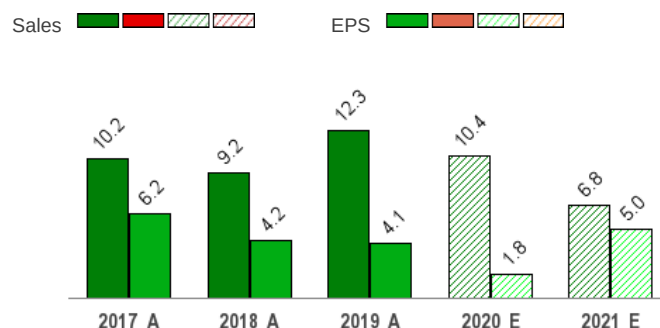
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$84.92 - \$38.00
20 Day Average Volume (sh)	3,222,761
Market Cap	\$20.7 B
YTD Price Change	-18.2%
Beta	0.66
Dividend / Div Yld	\$2.80 / 4.6%
Industry	REIT and Equity Trust - Retail
Zacks Industry Rank	Bottom 19% (203 out of 251)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	3.5%
Last Sales Surprise	0.6%
EPS F1 Est- 4 week change	-2.3%
Expected Report Date	08/03/2020
Earnings ESP	-2.1%
P/E TTM	17.8
P/E F1	17.8
PEG F1	4.0
P/S TTM	13.3

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	424 E	435 E	445 E	455 E	1,759 E
2020	414 A	403 E	410 E	419 E	1,647 E
2019	354 A	365 A	374 A	398 A	1,492 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.86 E	\$0.86 E	\$0.89 E	\$0.90 E	\$3.55 E
2020	\$0.88 A	\$0.82 E	\$0.83 E	\$0.86 E	\$3.38 E
2019	\$0.82 A	\$0.82 A	\$0.83 A	\$0.86 A	\$3.32 A

*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 07/06/2020. The reports text is as of 07/07/2020.

Overview

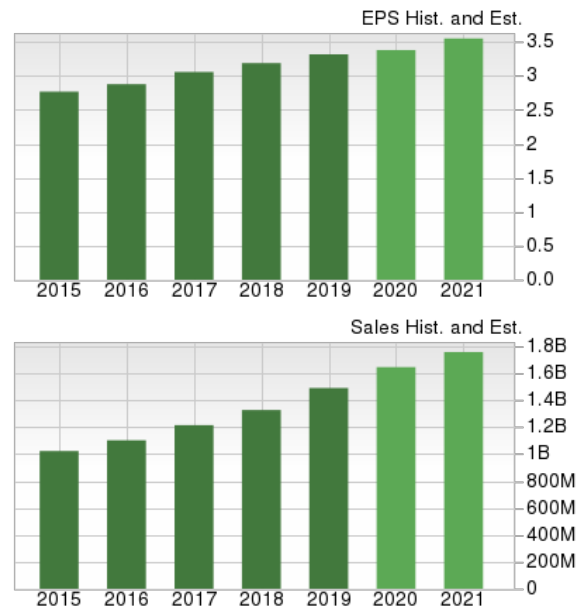
Realty Income, founded in 1969 and headquartered in San Diego, CA, is engaged in the acquisition and management of freestanding commercial properties which reap rental revenue under long-term net lease agreements. This S&P 500 Index member is structured as a real estate investment trust, or REIT, and has earned its reputation of "The Monthly Dividend Company" for being a payer of dividends on a monthly basis.

As of Mar 31, 2020, Realty Income's portfolio comprised 6,525 properties, situated across 49 states in the United States, Puerto Rico and the U.K. These properties are leased to 630 tenants, belonging to 51 separate industries. As of the same date, Realty Income's retail properties generated 84.1% of rental revenues, while industrial properties contributed 10.7%. In addition, office assets reaped 3.5% of rental revenues and the remaining 1.7% was produced by agriculture assets.

In May 2019, Realty Income announced closing the £429-million sale-leaseback transaction with Sainsbury's. Particularly, the move, which marks the company's first international real estate acquisition, involved gaining of 12 properties in the U.K. under long-term net lease agreements with Sainsbury's. Notably, Sainsbury's is one of the top operators in the grocery industry. Executed at a 5.31% GBP initial cap rate, the sale-leaseback transaction involves annual rent increases over the duration of the lease term, and carries a weighted average lease term of around 15 years.

In December 2019, Realty Income completed the acquisition of 444 single-tenant retail properties from CIM Real Estate Finance Trust, Inc. for \$1.2 billion. This represented part of the previously announced transaction with CIM Real Estate Finance Trust, Inc. In January 2020, the company acquired the remaining seven properties of the transaction for around \$26 million.

Note: All EPS numbers presented in this report represent funds from operations ("FFO") per share. FFO, a widely used metric to gauge the performance of REITs, is obtained after adding depreciation and amortization and other non-cash expenses to net income.



Reasons To Buy:

- ▲ Realty Income's portfolio is well diversified with respect to tenant, industry, geography and property type. The company's properties are located in 49 states in the United States, Puerto Rico and the U.K. In addition, tenants operate in 51 different industries. In addition, besides retail properties, the company's portfolio comprises industrial, office as well as agricultural properties. This diversification helps it mitigate risk associated with a particular industry, geography or asset type.
- ▲ The company derives 95% of its annualized retail rental revenues from tenants with a service, non-discretionary, and/or low price point component to their business. Such businesses are less susceptible to economic recessions as well as competition from Internet retailing. Moreover, the company targets industrial properties leased to industry leaders, mainly investment grade rated companies, providing more reliable streams of income. These efforts boost the stability of the rental revenue and generate predictable cash flows. Moreover, the company collected 82.5% of second-quarter rents due from its top 20 tenants and 99.1% from its investment-grade tenants.
- ▲ The company's top four industries (around 37% of annualized rent) — convenience stores (accounting 11.9% of rental revenues for first-quarter 2020), drug stores (9%), dollar stores (8%) and grocery stores (7.7%) — sell 'essential' goods and have continued to thrive even during the pandemic. Resultantly, the company received 99.7% of rent due from tenants in these industries for the second quarter. Moreover, contractual rent receipts across Realty Income's total portfolio stood at 85.4% for the second quarter.
- ▲ Realty Income's solid underlying real estate quality and prudent underwriting at acquisition has helped the company maintain high occupancy levels consistently. In fact, since 1996, the company's occupancy level has never been below 96%. Additionally, as of Mar 31, 2020, its portfolio occupancy was 98.5%, denoting an increase of 20 basis points (bps) year over year.
- ▲ The company generates cash flow from real estate owned under long-term, net lease agreements, with regional and national commercial tenants. Under net lease agreements, the tenant is usually responsible for monthly rent and certain property operating expenses, including property taxes, insurance, and maintenance. This helps the company avoid unpredictable expenses and allows the company to enjoy a more predictable income stream.
- ▲ Realty Income is focused on external growth through exploring accretive acquisition opportunities. In fact, solid property acquisitions volume at decent investment spreads aided the company's performance. In 2019, the company invested \$3.7 billion in 789 properties and properties under development or in expansion including \$797.8 million in 18 properties across the U.K. Particularly, an amount worth \$1.2 billion of fourth-quarter acquisitions were related to the CIM portfolio buyout the company announced in September. The acquisitions of well-located commercial properties add to the company's scale, offering a competitive edge to its net lease industry. Continuing its buyout efforts, Realty Income made property acquisitions worth \$486 million during the March-end quarter.
- ▲ In light of the coronavirus pandemic, apart from guidance withdrawal, Realty Income also apprised of its liquidity position and the measures undertaken to enhance the same to sail through these uncertain times. Under its revolving credit facility, the company borrowed an additional \$1.2 billion. The total capacity of the revolving credit facility is \$3 billion. Moreover, as of Jul 1, the company had \$628.6 million of outstanding borrowings under its revolving credit facility. As of the same date, liquidity stood at \$2.7 billion, consisting of \$2.4 billion of available borrowing capacity on the revolving credit facility, cash on hand of \$74 million and a \$300-million term deposit. Further, Realty's Income has a well-laddered debt-maturity schedule, with only around \$400 million maturing through 2021. Manageable near-term maturities and ample liquidity provide the company financial flexibility to navigate through the ongoing volatility and uncertainty and to withstand any credit crisis. Moreover, an all-time high fixed charge coverage ratio of 5.5 indicates sufficient cash flows available to meet fixed expenses. Realty Income has a credit rating of A- / A3 / BBB+ from Standard & Poor's / Moody's / Fitch, respectively, enabling it to procure debt financing at attractive cost.
- ▲ Furthermore, solid dividend payouts are arguably the biggest enticement for REIT shareholders, and Realty Income remains committed to that. In June, the company announced a hike in its common stock monthly cash dividend, denoting its 107th dividend increase since its NYSE listing in 1994. Notably, the company enjoys a trademark on the phrase "The Monthly Dividend Company". Importantly, the company has made 90 consecutive quarterly dividend hikes, which is encouraging. This retail REIT has generated a compound average annual dividend growth of around 4.5% since its listing on the NYSE. The company also joined the S&P 500 Dividend Aristocrats® Index, which is designed to measure the performance of S&P 500 companies that have increased dividends every year for the last 25 consecutive years. Given its financial position and lower debt-to-equity ratio compared to the industry, the latest dividend rate is likely to be sustainable.
- ▲ Shares of Realty Income have lost 14% over the past year, which is narrower than its industry's decline of 23.2%. Moreover, the Zacks Consensus Estimate for current-year FFO per share has moved marginally upward over the past week. Therefore, given the strong fundamentals and upward estimate revisions, there is a decent upside potential for the stock.

Focus on leasing to service, non-discretionary and low price-based retailers, accretive buyouts as well as conservative capital structure augur well. Rising monthly dividend payout is encouraging.

Reasons To Sell:

- ▼ Over recent years, mall traffic has continued to suffer amid a rapid shift in customers' shopping preferences and patterns with online purchases growing by leaps and bounds. These have made retailers reconsider their footprint and eventually opt for store closures. Further, retailers that are not being able to cope with the competition are filing bankruptcies. This has emerged as a pressing concern for REITs like Realty Income, as the trend is curtailing demand for the retail real estate space considerably.
- ▼ The escalating number of coronavirus cases has forced several retailers to close their stores, in order to contain the spread of the virus. Some retailers have also reduced store hours, while many others are keeping their e-retail operations running as consumers are now increasingly opting for online purchases. As a result, retail REITs, which have already been battling store closure and bankruptcy issues, have been affected because retail businesses depend on customer traffic and consumers are avoiding gathering in large public spaces. Moreover, the company's tenants from the theater, health and fitness, restaurant, and child care industries are being impacted due to government-mandated closures and social distancing requirements. Further, it has received numerous rent relief requests and expects rent collection in May to be worse relative to April.
- ▼ Realty Income has substantial exposure to single tenant assets. In fact, of the company's 6,525 properties in its portfolio as of Mar 31, 2020, 6,490 (representing 99.5%) are single-tenant properties, while the remaining constitutes multi-tenant assets. However, single-tenant leases involve specific and significant risks associated with tenant default. Thus, in case of financial failure of, or default in payment by, a single tenant, the company's rental revenue from that property as well as the value of the property suffers significantly.

Realty Income's substantial exposure to single tenant assets raises its risks associated with tenant default. Furthermore, rent collections, store closures and retail bankruptcies are concerning.

Last Earnings Report

Realty Income Q1 FFO and Revenues Surpass Estimates

Realty Income's first-quarter 2020 adjusted FFO (AFFO) per share of 88 cents surpassed the Zacks Consensus Estimate of 85 cents. The reported figure is also up 7.3% from the prior-year quarter's 82 cents.

Results were driven by improvement in same-store rent and healthy occupancy level, which aided top-line expansion.

Total revenues for the reported quarter came in at \$414.3 million, up 16.9% year over year. The revenue figure also exceeded the Zacks Consensus Estimate of \$412.1 million.

Quarter Ending **03/2020**

Report Date	May 04, 2020
Sales Surprise	0.55%
EPS Surprise	3.53%
Quarterly EPS	0.88
Annual EPS (TTM)	3.39

Quarter in Detail

During first-quarter 2020, same-store rents on 5,535 properties under lease inched up 0.2% to \$321.5 million from the prior-year quarter. Portfolio occupancy of 98.5% as of Mar 31, 2020, expanded 20 bps year over year. Further, the company generated a rent recapture rate of 99% on re-leasing activity.

During the reported quarter, Realty Income invested \$486 million in 65 properties and properties under development or expansion. This also includes \$165.6 million in four properties in the U.K.

Around 36% of the rental revenues from acquisitions reported during the quarter came in from investment grade-rated tenants, their subsidiaries or affiliated companies.

The company sold 17 properties, generating net proceeds of \$126.2 million, with a gain on sales of \$38.5 million, during the January-March period.

Balance Sheet

Realty Income exited first-quarter 2020 with cash and cash equivalents of \$41.8 million, down from the \$54 million witnessed at the end of 2019. Furthermore, the company raised \$752.4 million from the sale of common stock, at a weighted average price of \$77.37 per share, during the quarter.

The company also completed the early redemption of its \$250 million 5.750% notes due on January 2021 in the first quarter. This resulted in a \$9.8-million loss on extinguishment of debt.

Moreover, the company has a \$3-billion unsecured revolving credit facility. The revolving credit facility also has a \$1-billion expansion feature. As of Mar 31, 2020, the company had balance of borrowings outstanding under its revolving credit facility of \$615.2 million.

However, as a precautionary measure against the uncertainties prevailing due to the coronavirus pandemic, on Apr 9, the company raised an additional \$1.2 billion on its credit facility to increase its cash position to \$1.25 billion.

Outlook

In light of the coronavirus pandemic, the company withdrew its 2020 guidance on Apr 9. The company had earlier projected 2020 adjusted FFO per share of \$3.50-\$3.56, indicating annual growth of 5.4-7.2%. It is now of the opinion to not provide a revised guidance for the year during these uncertain times.

Recent News

Realty Income Prices 3.25% Senior Notes of \$350M at 108.241% – Jul 6, 2020

Realty Income priced a public offering of \$350 million of 3.25% senior unsecured notes at 108.241% of the face value.

Subject to the satisfaction of customary closing norms, the offering is likely to close on Jul 16.

The notes will mature on Jan 15, 2031, and will be issued as additional notes under the 3.25% notes series of which aggregate principal amounting \$600 million was issued on May 8. The notes, which have been issued at a premium, will offer an effective yield to maturity of 2.341%.

The company intends to utilize the net proceeds from the offering to repay outstanding balance under its \$3-billion revolving credit facility. This will increase availability under the credit facility, thereby, boosting Realty Income's liquidity. The remaining balance is expected to be made available for any potential investment opportunities and other general corporate purposes.

Realty Income Collects 85.4% of Q2 Rents, Boosts Liquidity – Jul 2, 2020

Realty Income reported a decline in contractual rent collections for May and June, relative to April receipts. Nonetheless, during the June-end quarter, the company boosted its liquidity position, which stood at \$2.7 billion as of Jul 1, 2020.

Contractual rent receipts across Realty Income's total portfolio stood at 85.4% for the second quarter. Rent collections were the lowest in May, with 83.5% of rents collected in the total portfolio.

Nonetheless, its investment-grade rated tenants, who account for 48% of rents, have paid 99.1% of rents due. This boosted second-quarter 2020 collections across the total portfolio. The company collected all rents from such tenants for April, while receipts for May and June stood at 98.4% and 98.9%, respectively.

Further, the company's top 20 tenants, who represent 53.1% of annualized rental revenues, paid 82.5% of second-quarter rents due. This consisted of 83%, 82.1% and 82.5% of rents collected by the company for April, May and June, respectively.

Further, the majority of the unpaid rent consists of deferral agreements, which have been implemented, or other ongoing discussions for such rental relief.

Impressively, amid such a crisis, Realty Income has emerged as a company with decent financial health through its efforts to boost liquidity and strengthen the balance sheet.

In fact, as of Jul 1, the company had \$628.6 million of outstanding borrowings under its revolving credit facility that had a weighted average interest rate of 0.92%. As of the same date, liquidity stood at \$2.7 billion, consisting of \$2.4 billion of available borrowing capacity on the revolving credit facility, cash on hand of \$74 million and a \$300-million term deposit.

Realty Income Hikes Monthly Dividend for 107th Time – Jun 9, 2020

Realty Income announced its 107th common stock monthly dividend hike since the company's NYSE listing in 1994. The company will now pay 23.35 cents per share compared with the 23.30 cents paid earlier. The increased dividend will be paid on Jul 15, to shareholders on record as of Jul 1, 2020.

Valuation

Realty Income's shares have been down 14% in the trailing 12 months. Stocks in the Zacks sub-industry and the Zacks Finance sector have declined 23.2% and 14.8% in the past year.

The S&P 500 Index has been up 5.7% both in the trailing 12-month period.

The stock is currently trading at 17.26X forward 12-month FFO, which compares to 12.98X for the Zacks sub-industry, 16.09X for the Zacks sector and 22.26X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 24.36X and as low as 11.97X, with a 5-year median of 18.84X. Our neutral recommendation indicates that the stock will perform in line with the market. Our \$64 price target reflects 18.33X FFO.

The table below shows summary valuation data for O.

Valuation Multiples - O					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	17.26	12.98	16.09	22.36
	5-Year High	24.36	19.44	16.20	22.36
	5-Year Low	11.97	12.57	12.00	15.15
	5-Year Median	18.84	14.92	13.97	17.42
P/S F12M	Current	12.13	6.92	6.57	3.48
	5-Year High	16.49	13.91	6.62	3.48
	5-Year Low	8.49	6.90	5.39	2.54
	5-Year Median	12.89	8.31	6.06	3.01
P/B TTM	Current	1.99	2.55	2.25	4.38
	5-Year High	2.90	6.28	2.88	4.52
	5-Year Low	1.41	2.55	1.82	2.82
	5-Year Median	2.29	3.41	2.51	3.63

As of 07/06/2020

Industry Analysis Zacks Industry Rank: Bottom 19% (203 out of 251)



Top Peers

Company (Ticker)	Rec	Rank
Agree Realty Corporation (ADC)	Neutral	3
Four Corners Property Trust, Inc. (FCPT)	Neutral	2
Getty Realty Corporation (GTY)	Neutral	3
National Retail Properties (NNN)	Neutral	3
Regency Centers Corporation (REG)	Neutral	3
Spirit Realty Capital, Inc. (SRC)	Neutral	3
STORE Capital Corporation (STOR)	Neutral	3
CBLAssociates Properties, Inc. (CBL)	Underperform	5

Industry Comparison Industry: Reit And Equity Trust - Retail				Industry Peers		
	O	X Industry	S&P 500	NNN	SRC	STOR
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	D	-	-	D	D	D
Market Cap	20.69 B	1.53 B	22.04 B	6.28 B	3.56 B	5.76 B
# of Analysts	10	7	14	8	6	11
Dividend Yield	4.65%	5.64%	1.89%	5.64%	7.22%	5.94%
Value Score	D	-	-	D	D	D
Cash/Price	0.00	0.14	0.07	0.03	0.06	0.11
EV/EBITDA	26.63	11.88	12.81	15.64	16.07	11.75
PEG Ratio	3.91	5.61	2.94	10.07	NA	NA
Price/Book (P/B)	1.99	1.20	3.01	1.59	1.12	1.25
Price/Cash Flow (P/CF)	18.68	7.32	11.87	12.67	9.46	10.48
P/E (F1)	17.46	10.48	21.54	14.20	12.27	12.77
Price/Sales (P/S)	13.34	3.55	2.35	9.21	6.77	8.39
Earnings Yield	5.61%	9.56%	4.39%	7.04%	8.15%	7.85%
Debt/Equity	0.72	1.18	0.76	0.81	0.80	0.64
Cash Flow (\$/share)	3.23	2.19	6.94	2.88	3.66	2.25
Growth Score	B	-	-	D	D	C
Hist. EPS Growth (3-5 yrs)	4.93%	1.39%	10.90%	5.20%	-5.72%	8.30%
Proj. EPS Growth (F1/F0)	1.87%	-12.92%	-9.51%	-6.84%	-15.52%	-7.26%
Curr. Cash Flow Growth	12.23%	0.37%	5.51%	11.44%	-1.18%	26.71%
Hist. Cash Flow Growth (3-5 yrs)	10.10%	5.61%	8.55%	9.67%	11.14%	36.02%
Current Ratio	1.25	2.49	1.30	6.00	1.99	0.89
Debt/Capital	41.97%	54.42%	44.46%	42.80%	43.10%	39.08%
Net Margin	30.44%	22.53%	10.62%	40.44%	22.00%	43.97%
Return on Equity	4.95%	6.04%	15.75%	7.10%	3.75%	6.90%
Sales/Assets	0.09	0.13	0.55	0.09	0.09	0.08
Proj. Sales Growth (F1/F0)	10.41%	-5.58%	-2.57%	-4.29%	8.13%	2.42%
Momentum Score	F	-	-	D	A	F
Daily Price Chg	-1.37%	0.34%	1.12%	-1.32%	1.05%	0.47%
1 Week Price Chg	4.61%	2.77%	3.66%	7.12%	-0.38%	-0.76%
4 Week Price Chg	-6.09%	-18.57%	-7.12%	-9.74%	-13.35%	-11.32%
12 Week Price Chg	12.55%	6.61%	11.84%	10.20%	17.68%	32.86%
52 Week Price Chg	-14.05%	-39.40%	-6.03%	-32.54%	-22.01%	-31.16%
20 Day Average Volume	3,222,761	1,278,091	2,400,079	2,492,935	1,715,301	4,000,284
(F1) EPS Est 1 week change	-0.88%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	-2.34%	-2.19%	0.00%	-5.76%	2.86%	-0.89%
(F1) EPS Est 12 week change	-2.80%	-9.58%	-8.26%	-9.53%	-11.62%	-7.42%
(Q1) EPS Est Mthly Chg	1.40%	-2.02%	0.00%	-1.56%	5.49%	-1.28%

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	B
Momentum Score	F
VGM Score	D

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.