

Insulet Corporation (PODD)

\$201.11 (As of 07/02/20)

Price Target (6-12 Months): **\$211.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 03/18/20)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:F

Value: F

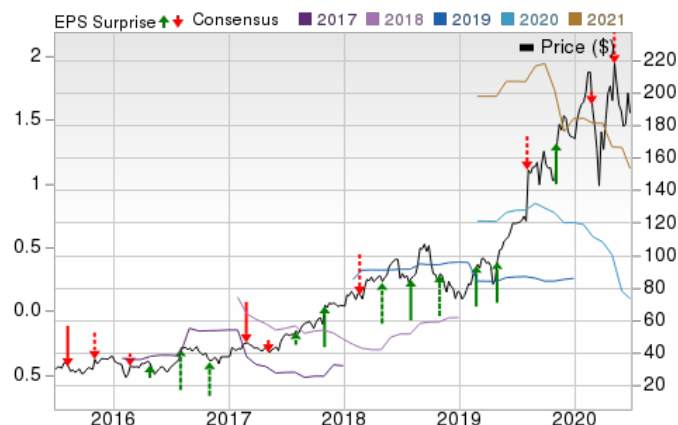
Growth: F

Momentum: B

Summary

Insulet's year-over-year revenue improvement on solid uptake of the Omnipod system, both in the United States and international markets in the first quarter of 2020, looks encouraging. The momentum of Omnipod DASH is encouraging based on the solid uptake in new geographies. Insulet's plans of further geographical expansion buoy optimism. Its efforts to minimize supply disruptions during the coronavirus-led economic debacle are noteworthy. The sales calls are being conducted through Webex. Its first quarter saw better-than-expected revenues. Over the past six months, Insulet has been outperforming its industry. Yet, a wider-than-expected loss and contraction of both gross and operating margins are concerning. Also, a highly leveraged balance sheet is deterring. Headwinds like stiff competition and weaker global economic conditions persists.

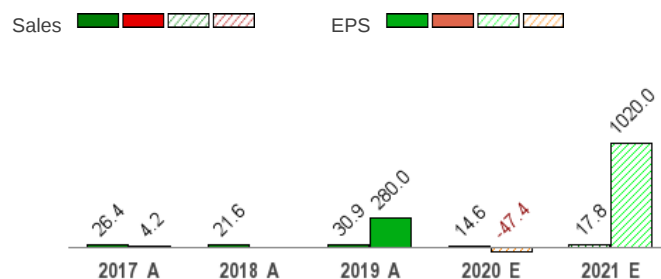
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$228.79 - \$115.56
20 Day Average Volume (sh)	568,908
Market Cap	\$12.7 B
YTD Price Change	17.5%
Beta	0.91
Dividend / Div Yld	\$0.00 / 0.0%
Industry	Medical - Products
Zacks Industry Rank	Top 35% (89 out of 252)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-50.0%
Last Sales Surprise	4.8%
EPS F1 Est- 4 week change	0.8%
Expected Report Date	08/06/2020
Earnings ESP	0.0%
P/E TTM	1,256.9
P/E F1	2,011.1
PEG F1	NA
P/S TTM	16.3

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	225 E	243 E	254 E	275 E	997 E
2020	198 A	212 E	211 E	225 E	846 E
2019	160 A	177 A	192 A	209 A	738 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.15 E	\$0.23 E	\$0.29 E	\$0.40 E	\$1.12 E
2020	-\$0.03 A	-\$0.01 E	\$0.07 E	\$0.12 E	\$0.10 E
2019	\$0.07 A	\$0.02 A	\$0.09 A	\$0.08 A	\$0.19 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 07/02/2020. The reports text is as of 07/03/2020.

Overview

Insulet Corporation is a leading developer, manufacturer and marketer of the Omnipod Insulin Management System. The system is equipped with a self-adhesive, small and lightweight disposable tubeless Omnipod device along with the wireless and handheld Personal Diabetes Manager (PDM). It is worn on the body for approximately three days at a time and allows virtually pain-free automated cannula insertion and blood glucose meter integration.

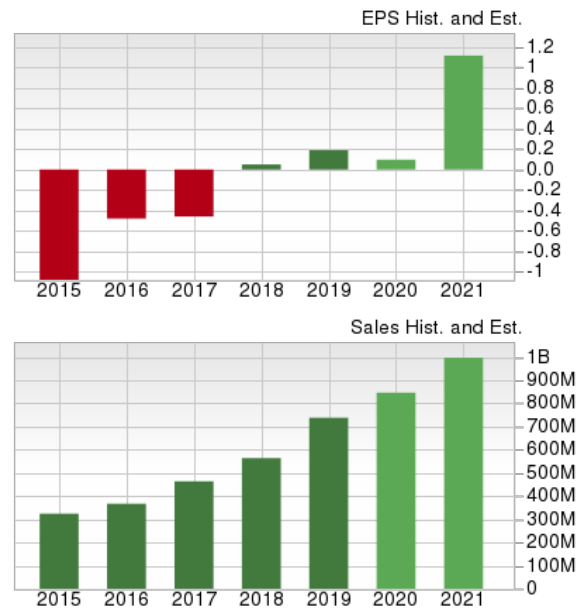
The Omnipod System is an innovative, discreet and easy-to-use continuous insulin delivery system for people with insulin-dependent diabetes, which the company has been selling since 2005. The Omnipod System consists of the following: the Omnipod Insulin Management System ("Omnipod") and the Omnipod DASH Insulin Management System ("Omnipod DASH" or "DASH"), which is Insulet's next generation digital mobile Omnipod platform.

Insulet reports revenues through three segments:

The company earns a huge share of revenues from the **Omnipod** System in the United States, Canada, Europe and Israel. It operates in these markets either directly or through intermediaries. In 2019, the company's 56.9% of total revenues came from the U.S. Omnipod sales, while 34.3% was generated from the International Omnipod sales.

Drug Delivery Business (8.8% of total revenues in 2019): Insulet has tied up with pharmaceutical and biotechnological companies which use a customized form of the Omnipod System to deliver a drug at a certain administered volume and over a specified period of time.

In addition to the diabetes market space, Insulet has partnered with pharmaceutical and biotechnology companies to tailor the Omnipod System technology platform for the delivery of subcutaneous drugs across other therapeutic areas. Most of the drug delivery revenue consists of sales of Pods to Amgen for use in the Neulasta Onpro kit, an innovative delivery system for Amgen's white blood cell booster to help reduce the risk of infection after intense chemotherapy.



Reasons To Buy:

▲ **Share Price Movement:** Over the past six months, Insulet has been outperforming its industry. The stock has gained 13.1% against the industry's 7.6% fall. Insulet exited the first quarter with year-over-year improvement in revenues on the solid uptake of the Omnipod system, both in the United States and international markets. Despite the difficult pandemic-led external environment that began to affect the company's international business in February and U.S. market in March, Insulet achieved first quarter revenue growth of 25%, driven by 34% revenue growth in total diabetes product line. More encouragingly, despite the unclear view of the intensity and impact of the pandemic on the company's full-year business, it has decided to maintain its annual guidance, although expects the figures to fall in at the low-end of the previously-provided range.

Insulet continues to gain on solid prospects in the diabetes market. The company is progressing well with respect to its four-pillar strategy.

Also, assuming market dynamics to normalize early next year, Insulet believes that it can maintain its \$1 billion revenue goal for 2021.

▲ **Pandemic-led Strategic Initiatives Look Effective:** Insulet's efforts to minimize supply disruptions during the pandemic are noteworthy. The sales calls are being conducted through Webex. The manufacturing and supply teams are ensuring that the growing customer demand is met with minimum disruptions. It has also broadened its financial assistance program to ensure that customers who rely on Omnipod will be able to continue using it even if they lose insurance coverage. According to Insulet, it does not expect the coronavirus impact to last on the company's business for more than a couple of quarters.

▲ **Four-Point Strategy Bodes Well:** Insulet has been progressing well with respect to its four-pillar strategy and seems to be well on track to achieve revenues of \$1 billion, 70% gross margin and above-market profitability in 2021.

Notably, the four key strategic initiatives are expanding Omnipod's market access, executing on its innovation roadmap, building the U.S. manufacturing facility successfully, and implementing its plan to sell directly in Europe from July 1 onwards.

Insulet's strategic imperatives also progressed well in the first quarter of 2020. During the quarter, it continued to grow the number of Omnipod DASH users, driven by both the intuitive simplicity of its platform and unique pay-as-you-go business model through the pharmacy channel. At the end of the first quarter, the company had secured Omnipod coverage in the United States for over 50% of Medicare and approximately 70% of Medicaid beneficiaries. It has also witnessed a notable uptick in commercial coverage for DASH, with DASH now covered for over 60% of commercially insured lives.

The company remains focused toward advancing with its initiatives forward. Notably, its initiatives include delivering consumer-focused innovation, ensuring the best global customer experience, expanding its global footprint and drive operational excellence.

▲ **Build Out of U.S. Manufacturing Facility:** Management seems to be particularly upbeat about the manufacturing unit in Acton, Massachusetts. Insulet started production in its new highly automated manufacturing facility in Acton in the first half of 2019. Notably, the facility serves as the company's new global headquarters. Insulet expects that, following start up related activities, the new facility will allow it to lower manufacturing costs, increase supply redundancy, add capacity closer to its North American customer base and support growth. Management expects to continue expanding investment in the facility in 2020 to support growth of its business.

▲ **Omnipod's Market Access Expansion Continues:** In 2018, CMS issued guidance which required Omnipod to be covered under the Medicare Part D prescription drug benefit program. This move expanded the company's access to around 450,000 individuals with Type 1 diabetes who have Medicare/Medicaid coverage.

Since then, Insulet has achieved several milestones with respect to expanding Omnipod's market access. In this regard, the company is consistently gaining following the full commercial launch of the Omnipod DASH system in the United States earlier in 2019. Subsequently, the company launched the Omnipod DASH system in select Europe markets in December 2019. The company made a limited commercial release of Omnipod DASH in three European markets at the end of 2019 and had planned for further roll out of DASH in Europe and Canada and has also planned to enter five new international markets soon.

Further, Insulet is effectively utilizing its pay-as-you-go model and the pharmacy channel for market access expansion. Through these, Omnipod DASH is available with zero upfront cost. This implies greater patient reach for Omnipod DASH.

▲ **Omnipod Horizon, a New Focus:** Insulet has been making progress with respect to its development roadmap of the Omnipod Horizon automated insulin delivery (AID) system. Recent market research by Seagrove Partners suggested that a large percentage of respondents would choose to switch to Horizon, thereby making it the most successful standalone product. The company has been registering significant progress with its Horizon clinical development work.

The company is progressing well with its Omnipod Horizon clinical trial and is planning a subsequent launch in the United States. Insulet broadened its collaboration with DexCom to integrate DexCom's G6 and future G7 continuous glucose monitoring systems into the Omnipod Horizon system. Insulet is also on track with the expansion of partnership with Abbott to integrate Abbott's next-generation Libre glucose sensing technology into the next-generation Omnipod Horizon system. Given the potential of the diabetes market, Insulet is concentrating on shifting resources toward maximizing its AID development efforts with its sensor partners.

▲ **Diabetes Market Boom:** An ageing population, unhealthy lifestyle, rising awareness and higher expenditure in healthcare are likely to continue driving the highly competitive diabetes market. Per a report by Mordor Intelligence, the global market for diabetes care devices is projected to reach a value of \$30.25 billion by 2021, at a CAGR of 5.93%.

Also, Insulet projects that around one-third of the Type 1 diabetes population in the United States uses insulin pump therapy. It also believes that less than 10% of the Type 2 diabetes population in the United States, who are also insulin dependent, uses insulin pump therapy.

▲ **Strong Solvency but Leveraged Balance Sheet:** Insulet exited the first quarter of 2020 with cash and cash equivalents, and short-term investments of \$322 million compared with \$376 million at the end of the fourth quarter of 2019. Meanwhile, total debt rose to \$899 million for

the period from \$888 million in the last-reported quarter. Although, the quarter's total debt was much higher than the corresponding cash and cash equivalent level, the company has no short-term-payable debt on its balance sheet as of now. This is a good news in terms of the company's solvency level as, at least during the year of economic downturn, the company is not obligated with any debt repayment.

Debt comparison with the industry is favorable as the industry's total debt of \$10.2 billion is much higher than the company's debt level.

The quarter's total debt-to-capital is extremely high at 93.8% indicating a highly leveraged balancesheet. This also represents an increase from the last-reported quarter's 92.1%. This compares unfavorably with the total debt-to-capital of the industry, which stands at a much higher level of 36.7%.

Reasons To Sell:

▼ **Sole Reliance on Omnipod System:** Insulet's financial results continue to largely depend on the performance of its lead product — Omnipod System. Per the company, any adverse changes in the market acceptance of the product or worsening of the factors that negatively influence the sale will dent the company's financials majorly.

Insulet's heavy reliance on the Omnipod System and a tough competitive landscape adds to the woes.

▼ **Economic Uncertainty Hampers Growth:** Weaker global economic conditions may reduce demand for Insulet's products, intensify competition, exert pressure on prices, dent supply and lengthen sales cycle. Moreover, a number of countries in Western Europe are facing a liquidity crunch. Insulet is also exposed to the risk of a reduction in healthcare spending in the United States, Canada and Europe due to an economic slump. We are particularly cautious as growth could moderate further if the economic scenario worsens. Unstable macroeconomic conditions due to coronavirus outbreak is concerning as well.

▼ **Tough Competitive Pressure:** Insulet operates in a highly competitive environment, dominated by firms ranging from large multinational corporations with significant resources to start-ups. Also, the competitive and regulatory conditions in the markets where the company operates limit Insulet's ability to switch to strategies like price increases and other drivers of cost increases.

The company's Omnipod System primarily competes with Medtronic's market-leading MiniMed, a division of Medtronic. Notably, MiniMed boasts a major part of the conventional insulin pump market share in the United States. Other suppliers in the United States include Tandem Diabetes Care, Inc.

▼ **Risk of CMS's Competitive Bid Program:** Beginning Jan 1, 2019, CMS has announced a competitive bidding program across the United States for conventional insulin pumps. The implementation of this program will result in a reduction in reimbursement amount for conventional insulin pumps sanctioned by CMS. Although the Omnipod System will not be directly impacted by this, the company believes it will affect Insulet's ability to negotiate pricing with private payors comparing the price of the Omnipod System to conventional insulin pumps.

Last Earnings Report

Insulet Q1 Loss Widens, Revenues Beat

Insulet announced first-quarter 2020 loss per share of 3 cents, declining from year-ago earnings per share of 7 cents. The loss was wider than the Zacks Consensus Estimate by a penny.

Revenues in Detail

Revenues in the first quarter totaled \$198 million, beating the Zacks Consensus Estimate by 4.8%. Moreover, the top line jumped 24.1% from the year-ago number.

Segment in Detail

Insulet delivered first-quarter U.S. Omnipod revenues of \$116.6 million, reflecting an increase of 35.4% year over year.

International Omnipod revenues of \$73.1 million were up 28.5% (31.9% in constant exchange rate or CER). The revenue uptick resulted from orders from customer who were stocking up in response to the coronavirus uncertainties.

Total Omnipod revenues were \$189.7 million, up 32.7% (34% in CER).

The Drug Delivery business revenues totaled \$8.3 million, down 50% year over year. This was primarily a result of a shift in production timing.

Margins

Gross profit in the reported quarter was \$126.9 million, up 18.9% from the prior-year quarter. However, gross margin of 64.1% contracted 276 basis points (bps). According to the company, this included roughly a 160-bp impact due to COVID-19-related safety and mitigation costs.

Meanwhile, selling, general & administrative expenses rose 25.4% to \$83.9 million. Research and development expenses went up 9.2% year over year to \$35.5 million. Adjusted operating expenses of \$119.4 million rose 20.1% year over year.

Adjusted operating profit totaled \$7.5 million, reflecting a 2.7% rise from the prior-year quarter. Further, adjusted operating margin in the first quarter plunged 79 bps to 3.8%.

2020 Guidance

Insulet has provided an update to its earlier-stated guidance for 2020 despite the uncertainties related to the extent and duration of business disruptions due to the pandemic. The company is anticipating a pronounced impact on new global Omnipod starts in the second quarter. It is also expecting the pandemic and recessionary headwinds to persist throughout 2020, with an estimated gradual recovery starting the third quarter.

Overall, for the year, total revenues are expected to grow 15% at CER, which is at the low end of its previously-stated total revenue growth range of 15-19% at CER. The Zacks Consensus Estimate for total revenues is pegged at \$838.9 million.

Total Omnipod revenues are likely to grow 18% at CER, which is at the low end of the previously-provided range of 18-22%. U.S. Omnipod revenue growth is expected at 19%, which is near the low end of the previously-provided range of 18-22%. Further, International Omnipod revenue growth is likely to be 16% at CER, unlike the earlier-provided range of 18-22%. Drug Delivery revenues are expected to decline around the middle of the previously-provided range of 15-20%.

For the second quarter of 2020, Insulet projects revenue growth of 19-23% at CER. The Zacks Consensus Estimate for revenues is pegged at \$202.4 million.

Total Omnipod revenues are expected to grow 19-23%. U.S. Omnipod revenues are likely to expand 21-25% at CER, whereas International Omnipod revenue growth is projected at 15-19% at CER. However, revenues in the Drug Delivery segment are expected to grow 18-22%.

Quarter Ending 03/2020

Report Date	May 07, 2020
Sales Surprise	4.81%
EPS Surprise	-50.00%
Quarterly EPS	-0.03
Annual EPS (TTM)	0.16

Recent News

On **Jun 5, 2020**, Insulet Corporation announced that it has resumed its pivotal study of Omnipod, Powered by Horizon, the company's personal smart-phone controlled automated insulin delivery system. The company paused the study, which was approximately halfway through completion, in March.

On **Apr 16, 2020**, Insulet announced an expansion of its U.S. financial assistance program for existing customers who have been adversely impacted by COVID-19.

Valuation

Insulet shares are up 17.5% in the year to date period and up 68.2% in the trailing 12-month periods. Stocks in the Zacks sub-industry are down 8.2% while the Zacks Medical sector are down 1% in the year to date period. Over the past year, the Zacks sub-industry is down 7.1% and sector is up 1.8%.

The S&P 500 index is down 3.2% in the year to date period and up 4.7% in the past year.

The stock is currently trading at 13.8X Forward 12-months sales, which compares to 3.8X for the Zacks sub-industry, 2.8X for the Zacks sector and 3.5X for the S&P 500 index.

Over the past five years, the stock has traded as high as 15.9X and as low as 3.7X, with a 5-year median 6.9X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$211 price target reflects 14.4X forward 12-months sales.

The table below shows summary valuation data for PODD.

Valuation Multiples - PODD					
		Stock	Sub-Industry	Sector	S&P 500
P/S F12M	Current	13.75	3.75	2.79	3.47
	5-Year High	15.87	3.88	3.74	3.47
	5-Year Low	3.72	2.88	2.21	2.53
	5-Year Median	6.89	3.27	2.90	3.02
P/B TTM	Current	214.94	2.85	4.30	4.27
	5-Year High	240.19	3.47	5.06	4.56
	5-Year Low	20.18	2.19	2.93	2.83
	5-Year Median	37.75	2.78	4.28	3.69

As of 07/02/2020

Industry Analysis Zacks Industry Rank: Top 35% (89 out of 252)



Top Peers

Company (Ticker)	Rec	Rank
DiaSorin S.p.A. (DSRLF)	Outperform	1
Quidel Corporation (QDEL)	Outperform	1
DFB Healthcare Acquisitions Corp. (AHCO)	Neutral	3
Aphria Inc. (APHA)	Neutral	3
Cerus Corporation (CERS)	Neutral	3
Phibro Animal Health Corporation (PAHC)	Neutral	3
PetIQ, Inc. (PETQ)	Neutral	3
VAREX IMAGING (VREX)	Neutral	4

Industry Comparison Industry: Medical - Products				Industry Peers		
	PODD	X Industry	S&P 500	DSRLF	PETQ	VREX
Zacks Recommendation (Long Term)	Neutral	-	-	Outperform	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	1	3	4
VGM Score	F	-	-	D	F	B
Market Cap	12.69 B	337.65 M	21.98 B	10.99 B	1.02 B	584.15 M
# of Analysts	13	3	14	1	5	2
Dividend Yield	0.00%	0.00%	1.91%	0.00%	0.00%	0.00%
Value Score	F	-	-	F	C	A
Cash/Price	0.03	0.11	0.07	NA	0.03	0.04
EV/EBITDA	172.26	0.31	12.74	NA	99.58	10.52
PEG Ratio	NA	4.21	2.89	NA	1.22	8.92
Price/Book (P/B)	214.94	3.38	2.98	13.09	3.07	1.27
Price/Cash Flow (P/CF)	314.76	16.24	11.75	44.55	24.87	5.94
P/E (F1)	2,074.94	33.88	21.41	50.26	30.52	44.60
Price/Sales (P/S)	16.34	5.18	2.30	NA	1.36	0.73
Earnings Yield	0.05%	-0.46%	4.42%	1.99%	3.27%	2.28%
Debt/Equity	15.24	0.11	0.76	NA	1.04	0.83
Cash Flow (\$/share)	0.64	-0.01	6.94	4.41	1.44	2.52
Growth Score	F	-	-	C	F	D
Hist. EPS Growth (3-5 yrs)	NA%	12.22%	10.93%	NA	NA	NA
Proj. EPS Growth (F1/F0)	-48.99%	4.50%	-9.56%	NA	-14.31%	-74.23%
Curr. Cash Flow Growth	109.08%	5.43%	5.51%	NA	19.51%	-0.62%
Hist. Cash Flow Growth (3-5 yrs)	24.62%	7.87%	8.62%	NA	NA	-4.28%
Current Ratio	4.15	2.74	1.30	NA	2.85	2.29
Debt/Capital	93.84%	14.48%	44.46%	NA	50.99%	45.99%
Net Margin	0.66%	-28.57%	10.62%	NA	-2.03%	0.58%
Return on Equity	7.66%	-9.21%	15.75%	NA	8.28%	8.89%
Sales/Assets	0.69	0.54	0.55	NA	1.12	0.75
Proj. Sales Growth (F1/F0)	14.66%	0.00%	-2.54%	NA	14.80%	-3.82%
Momentum Score	B	-	-	C	F	A
Daily Price Chg	3.35%	0.00%	0.47%	0.00%	2.66%	-0.07%
1 Week Price Chg	-6.17%	-1.41%	-3.90%	6.22%	8.08%	-4.20%
4 Week Price Chg	16.26%	0.00%	-3.77%	3.42%	18.76%	-10.27%
12 Week Price Chg	9.93%	13.23%	8.02%	57.20%	38.93%	-38.97%
52 Week Price Chg	68.17%	-1.74%	-7.59%	71.24%	3.20%	-51.38%
20 Day Average Volume	568,908	313,704	2,649,865	112	394,386	878,627
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.80%	0.00%	0.00%	0.00%	0.00%	1.52%
(F1) EPS Est 12 week change	-80.73%	-9.38%	-9.53%	5.11%	-30.91%	-75.19%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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	F
Growth Score	F
Momentum Score	B
VGM Score	F

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.