

Rogers Communications (RCI)

\$39.55 (As of 05/14/20)

Price Target (6-12 Months): **\$42.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 11/26/19)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

4-Sell

Zacks Style Scores:

VGM:D

Value: C

Growth: C

Momentum: D

Summary

Rogers Communications' first-quarter 2020 revenues declined year over year due to decrease in Wireless equipment revenues as a result of lower subscriber activity attributed to the coronavirus outbreak. Additionally, weakness in Service revenues hurt overall profitability. Moreover, intense competition in the wireless industry does not bode well for the company. However, the company continues to benefit from Internet subscriber additions and shift of Internet users to higher-usage tiers. The company's investments in 5G spectrum and partnerships with leading real estate companies to support 5G infrastructure deployment are expected to have helped it launch 5G service in Canada during the first quarter, which is a key catalyst for the long haul. Notably, shares have underperformed the industry on a year-to-date basis.

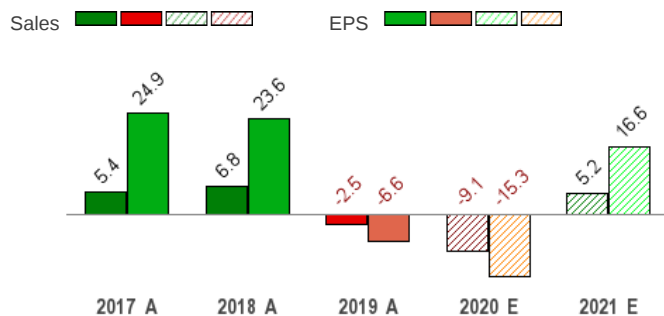
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$54.82 - \$32.20
20 Day Average Volume (sh)	635,002
Market Cap	\$20.0 B
YTD Price Change	-20.4%
Beta	0.49
Dividend / Div Yld	\$1.43 / 3.8%
Industry	Cable Television
Zacks Industry Rank	Top 49% (125 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-8.6%
Last Sales Surprise	-1.7%
EPS F1 Est- 4 week change	-8.9%
Expected Report Date	07/28/2020
Earnings ESP	-9.6%

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021					10,868 E
2020	2,547 A	2,324 E	2,509 E	2,724 E	10,328 E
2019	2,698 A	2,826 A	2,844 A	2,994 A	11,359 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.66 E	\$0.83 E	\$0.89 E	\$0.74 E	\$3.09 E
2020	\$0.53 A	\$0.60 E	\$0.68 E	\$0.67 E	\$2.65 E
2019	\$0.59 A	\$0.87 A	\$0.91 A	\$0.76 A	\$3.13 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 05/14/2020. The reports text is as of 05/15/2020.

Overview

Toronto, Canada-based Rogers Communications Inc. provides cable television, high-speed Internet access, and video retailing through its wholly-owned subsidiary, Rogers Cable and Telecom. The company also provides wireless voice, data, and messaging services through its wholly-owned subsidiary, Rogers Wireless. Additionally, Rogers owns and operates radio and television broadcasting stations, televised shopping networks, consumer magazines, as well as trade and professional publications through its wholly-owned subsidiary, Rogers Media.

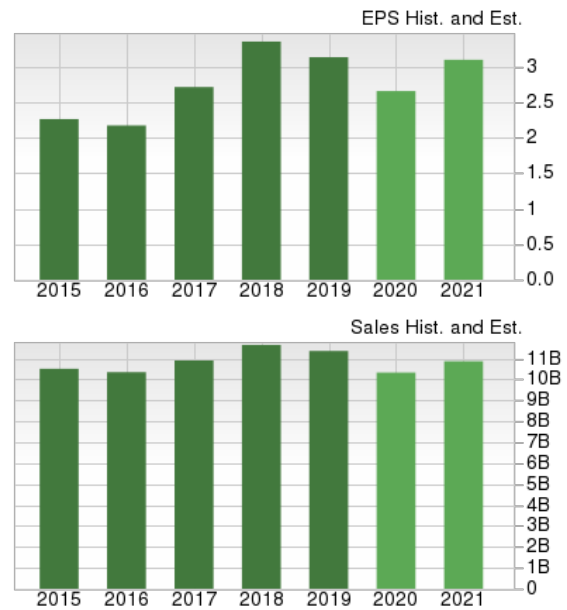
In 2019, the company reported total revenues of C\$15.07 billion.

Rogers Wireless Segment (61.4% of 2019 revenues) delivers a variety of pioneering wireless network technologies and services to both residential and enterprise business customers. The company also provides its postpaid and prepaid wireless customers with the latest wireless devices, services, and applications through its Rogers, Fido, and chatr brands.

The company had more than 10.8 million Wireless subscribers in 2019. Moreover, Rogers continues to invest in 5G technology and is partnering with leading real estate and mobile companies to support 5G infrastructure deployment. This will enable the company to quickly deploy the technology for its customers in urban, suburban and rural communities.

Rogers Cable Segment (26.2% of 2019 revenues) provides high-speed Internet service, phone, advanced home Wi-Fi and digital television services. Additionally, the company's shift to Data Over Cable Service Interface Specification (DOCSIS) 3.1 technology is helping it provide faster Internet speed and allowing users to easily interact with more Internet-connected devices.

Rogers Media Segment (13.7% of 2019 revenues) consists of radio and television broadcasting operations, consumer and trade publishing operations, televised home shopping service and Rogers Sports Entertainment. Broadcasting comprises 52 radio stations across Canada, multicultural OMNI television stations, the 5 station City television network; Rogers Sportsnet, along with The Shopping Channel.



Reasons To Buy:

- ▲ Rogers has been able to attain favorable trends in churn and net additions on the back of its high-quality network, value-added content offerings and sustained improvements in customer experience. The company enhanced the wireless service for Rogers and Fido customers in Surrey and in parts of Alberta and New Brunswick.
- ▲ Rogers has become the first wireless operator in Canada to offer "Internet of Things" (IoT) as a service to business enterprises. End-to-End Incident Management, Farm & Food Monitoring and Level Monitoring are the three IoT services that the wireless carrier currently offers. Rogers estimated that currently a little more than 45% of Canadian organizations are deploying IoT solutions to achieve cost efficiencies and improve existing processes. The collaboration with Ericsson and University of British Columbia (UBC) will help the company rapidly deploy 5G. Wireless networks will provide the primary impetus to the telecom industry. In this regard, IoT holds the potential to emerge as the numero uno factor for future growth and Rogers increasing traction in this space bodes well for the company.
- ▲ Internet penetration continues to be strong for the last 15 straight quarters, primarily due to growing demand for data, user shift toward higher-priced tiers and increase in subscriber base. The company expects the demand for broadband data to witness growth of about 30% per year. Rogers Communications currently offers 1 gigabyte speed to its user base. However, with the company's Data Over Cable Service Interface Specification (DOCSIS) technology, Rogers Communications will have the ability to cater to growing Canadian data demand with up to 10 gigabytes per second speed.
- ▲ Rogers announced that it will provide small businesses Rogers Unison, a new mobile solution that has in-built features of a traditional landline phone. Being the first telecommunications provider in North America to launch such a solution, Rogers is eliminating the need for small businesses to stay connected to their desk phone. This means that businesses will be able to connect with customers and employees regardless of location, increasing their productivity while also saving dollars previously spent on landlines.
- ▲ Rogers has been focusing increasingly on the business enterprise segment. The company has Internetworking to provide enhanced services to its business customers. Additionally, the company also launched Rogers Public Cloud, a cloud infrastructure-as-a-service (IaaS) solution that will allow its business customers to securely manage critical data, applications, servers, systems software and network resources over the internet. We believe that such innovative service launches for business customers will yield benefit in terms of higher revenues going forward.

Rogers Communications' focus on technologies like Internet of Things (IoT) and 5G coupled with growing demand for Internet in Canada is expected to give the company a competitive edge.

Reasons To Sell:

- ▼ Rogers Communications faces fierce wireless competition from large incumbents like TELUS and BCE and other small regional carriers. Moreover, Shaw Communications' venture into the Canadian wireless market with the WIND Mobile acquisition raises competition for Rogers Communications. To maintain competitive edge Rogers Communications invested C\$60 million in infrastructure in 2019.
- ▼ Meanwhile, Rogers Communications Cable operations are also currently facing increased competition. BCE's entry into cable TV services is increasing competitive pressure and may likely slash Rogers Communications market share and cap margin expansion. BCE is aggressively rolling out IPTV network and offering triple-play services at highly attractive prices, which are quite popular particularly among the low-end market segment. Moreover, similar to other cable companies, Rogers has lost viewers to video streaming service providers like Netflix. In the Internet space, Rogers Communications faced stiff competition and price discounts from third-party resellers and other players throughout 2019.
- ▼ Rogers Communications' Media segment faces headwinds from softness in the advertising market. We believe that much of the Media segment's growth is dependent on the strong viewership ratings of Rogers Communications radio and TV broadcasting operations. To remain competitive, the company needs to invest heavily in new TV programs and TV channels. This may result in considerable cash drain from Rogers Communications balance sheet.
- ▼ Rogers Communications' high debt levels raise concerns. The ratio of its debt-to-capital currently stands at 0.68, increasing sequentially over the last two quarters. Moreover, the company's long-term debt as of Mar 31, 2020 was \$14.8 billion which appears too high to be managed by the company's cash and cash equivalents of \$1.58 billion. The company ended the first quarter, 2020 with a debt leverage ratio (adjusted net debt/adjusted EBITDA) of 2.7.

Rogers Communications operates in an intensely competitive wireless and cable television industry. The company's investments to maintain competitive edge hurt growth.

Last Earnings Report

Rogers Communications Misses on Q1 Earnings, Revenues

Rogers Communications reported first-quarter 2020 adjusted earnings of 53 cents per share that missed the Zacks Consensus Estimate by 8.6%.

Total revenues of \$2.54 billion also missed the consensus mark by 1.7%.

Adjusted earnings decreased 9% year over year to C\$0.71 per share. Total revenues decreased 4.8% year over year to C\$3.4 billion due to decline in Wireless equipment revenues as a result of lower subscriber activity attributed to the coronavirus (COVID-19) outbreak.

Notably, first-quarter 2020 results were reported per IFRS 16.

Quarter Ending **03/2020**

Report Date	Apr 22, 2020
Sales Surprise	-1.68%
EPS Surprise	-8.62%
Quarterly EPS	0.53
Annual EPS (TTM)	3.07

Wireless Details

Wireless (60.8% of total revenues) decreased 1.2% from the year-ago quarter to C\$2.49 billion.

On Jan 15, Rogers announced the rollout of Canada's first 5G network in downtown Vancouver, Toronto, Ottawa and Montreal.

The company also became the exclusive Canadian member of the global 5G Future Forum, a 5G and mobile edge computing forum that includes Verizon, Vodafone, Telstra, KT and America Movil.

Service revenues decreased 2% to C\$1.71 billion, attributable to decrease in prepaid subscriber base and blended average revenue per user (ARPU) as a result of overage revenues due to faster adoption of Rogers Infinite unlimited data plan launched last quarter.

Additionally, lower roaming revenues associated with lower overall roaming activity due to travel barriers and roaming services provided to customers at no cost starting Mar 16 affected services.

To combat COVID-19 pandemic, the company waived pay-per-use international roaming fees at all available destinations until Apr 30 and long-distance voice calling fees across Canada from mid-March until at least the end of June for its customers.

Equipment revenues were down 17.4% to C\$365 million due to lower gross additions and device upgrades by existing customers as a result of the COVID-19 pandemic. However, this was offset by shift in product mix of device sales toward higher-value devices.

Monthly blended ARPU was C\$52.9, down 2.4% year over year primarily a result of the declines in overage and roaming revenues. Meanwhile, monthly blended average billing per user (ABPU) was C\$65.1, up 0.8% primarily as a result of an ongoing shift in the product mix of device sales toward higher-value devices.

As of Mar 31, 2020, prepaid subscriber base totaled almost 1.34 million, a loss of 234K subscribers from the year-ago quarter. Monthly churn rate was 4.98% compared with 4.69% in the year-ago quarter.

As of Mar 31, 2020, postpaid wireless subscriber base totaled roughly 9.43 million, up 252K from the year-ago quarter driven by strong adoption of Rogers Infinite plans by new customers. Monthly churn rate was 0.93% compared with 0.99% in the year-ago quarter.

Due to COVID-19 outbreak, postpaid subscriber growth was adversely impacted by closed retail locations and reduced promotional activity to protect employees and discourage customer trips to stores.

Segment operating expense decreased 10.5% from the year-ago quarter to C\$1.05 billion.

Adjusted EBITDA increased 1.1% year over year to C\$1.02 billion. Adjusted EBITDA margin expanded 300 basis points (bps) on a year-over-year basis to 49.4%.

Cable Details

Cable revenues (28.5% of total revenues) remained flat year over year at C\$973 million. The stable revenues were due to bundled pricing constructs that provided home phone for a lower cost and movement of Internet customers to higher speed and usage tiers in Ignite Internet offerings. Service revenues were flat year over year.

As of Mar 31, 2020, Internet subscriber count was nearly 2.55 million, up 107K from the year-ago quarter.

During the quarter, the company temporarily removed data usage caps for customers on limited home Internet plans from mid-March until at least the end of June so that they remained informed and connected during quarantine.

Ignite TV subscriber count was nearly 417K in the Television segment, an increase of 328K from the year-ago quarter.

During the quarter, Rogers announced free services and customer support including free access to TV shows and movies, Canada-wide long distance, global roaming and more in response to the COVID-19 outbreak.

On Mar 6, Rogers announced the launch of Canada's first 5G smartphones, the Samsung Galaxy S20 5G series for Rogers Infinite customers. The first phase of 5G network rollout continues in Vancouver, Toronto, Ottawa and Montreal using 2.5 GHz spectrum.

Equipment revenues remained flat year over year at C\$2 million.

Segment operating expense decreased 2.1% from the year-ago quarter to C\$520 million.

Adjusted EBITDA increased 1.8% year over year to C\$453 million. Adjusted EBITDA margin expanded 100 bps on a year-over-year basis to 46.6%.

Media Details

Media (12.1% of total revenues) declined 12% from the year-ago quarter to C\$412 million. The decline in revenues was primarily due to lower sports revenues, including at the Toronto Blue Jays, primarily as a result of the suspension of major sports leagues due to lockdown.

Segment operating expense decreased 10% year over year to C\$497 million, primarily attributed to higher programming costs.

Adjusted EBITDA increased 1.2% year over year to negative C\$85 million.

Consolidated Results

Operating costs decreased 7.6% to C\$2.08 billion. As a percentage of revenues, operating costs contracted 190 bps to 60.9%.

Adjusted EBITDA remained flat year over year at C\$1.33 billion. Adjusted EBITDA margin expanded 190 bps to 39.1%.

Other Details

During the quarter, Rogers announced a strategic partnership with Fleet Complete to bring Canada-based businesses critical next-generation fleet management technology.

Balance Sheet & Cash Flow Details

As of Mar 31, 2020, Rogers Communications had cash and cash equivalents of \$1.93 billion compared with \$494 million at the end of the previous quarter.

Cash provided by operating activities decreased 4% year over year to C\$959 million. Free cash flow increased 14% year over year to C\$462 million attributed to lower capital expenditures, partially offset by higher interest on borrowings.

Rogers Communications paid C\$253 million in dividends in the reported quarter.

Rogers Communications ended the first quarter with a debt leverage ratio (adjusted net debt/adjusted EBITDA) of 2.7, down 20 bps from the end of 2019.

Guidance Withdrawal for 2020

Rogers withdrew 2020 financial guidance, given the uncertainty associated with the impact of the coronavirus pandemic.

Revenues were previously expected to be down 2% to up 2% while adjusted EBITDA was expected to increase up to 2%.

Capital expenditure was expected in the range of C\$2.7-2.9 billion. Free cash flow was expected to increase in the range of 2% to 4%.

Nonetheless, the company expects to expand the Rogers 5G network to over 20 more markets in 2020.

Recent News

On Apr 22, Rogers announced that its board of directors declared a quarterly dividend of 50 cents per share to be paid out on Jul 2, 2020 to shareholders of record as of Jun 10.

On Apr 2, Rogers announced two new partnerships with Big Brothers Big Sisters of Canada and Women's Shelters Canada to expand its community support amid COVID-19 outbreak. It aims to bridge the digital divide and help raise awareness for the critical needs of women and children.

On Mar 16, Rogers announced free services and customer support including free access to TV shows and movies, Canada-wide long distance, global roaming and more in response to the COVID-19 outbreak.

On Mar 6, Rogers announced the launch of Canada's first 5G smartphones, the Samsung Galaxy S20 5G series for Rogers Infinite customers. The first phase of 5G network continues in Vancouver, Toronto, Ottawa and Montreal using 2.5 GHz spectrum.

On Jan 29, Rogers announced a strategic partnership with Fleet Complete to bring Canada-based businesses critical next-generation fleet management technology.

On Jan 23, Rogers' Cybersecure Catalyst division announced the launch of Canada's first commercial accelerator to help scale up companies in cybersecurity and related fields.

On Jan 22, Rogers announced that its board of directors declared a quarterly dividend totaling 50 cents per share to be paid on Apr 1, 2020 to shareholders of record as of Mar 10, 2020.

On Jan 15, Rogers announced it started to roll out Canada's first 5G network in downtown Vancouver, Toronto, Ottawa and Montreal. The Rogers 5G network will expand to more than 20 more markets by the end of the year.

The company also announced it is the exclusive Canadian member of the global 5G Future Forum, a 5G and mobile edge computing forum that includes Verizon, Vodafone, Telstra, KT and America Movil.

Valuation

Rogers Communications shares are down 20.4% in the year-to-date period and 22.6% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Consumer Discretionary sector are down 11.9% and 21.1% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and sector are down 3.8% and 15.9%, respectively.

The S&P 500 index is down 11.5% in the year-to-date period and 1.2% in the past year.

The stock is currently trading at 14.04X forward 12-month earnings, which compares to 18.62X for the Zacks sub-industry, 27.54X for the Zacks sector and 20.67X for the S&P 500 index.

Over the past five years, the stock has traded as high as 19.82X and as low as 9.83X, with a 5-year median of 15.44X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$42 price target reflects 14.74X forward 12-month earnings.

The table below shows summary valuation data for RCI

Valuation Multiples - RCI					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	14.04	18.62	27.54	20.67
	5-Year High	19.82	29.11	27.54	20.79
	5-Year Low	9.83	15.33	16.2	15.19
	5-Year Median	15.44	21.63	19.92	17.45
P/B TTM	Current	2.63	2.58	2.69	3.74
	5-Year High	6.39	4.33	5.05	4.55
	5-Year Low	2.31	2.14	2.2	2.84
	5-Year Median	4.45	3.2	4.22	3.65
EV/EBITDA TTM	Current	7.21	9.03	9.59	10.32
	5-Year High	9.69	19.25	17.63	12.86
	5-Year Low	6.3	8.26	8.28	8.28
	5-Year Median	8.5	10.41	12.32	10.77

As of 05/14/2020

Industry Analysis Zacks Industry Rank: Top 49% (125 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
Amazon.com, Inc. (AMZN)	Neutral	3
BCE, Inc. (BCE)	Neutral	3
Alphabet Inc. (GOOGL)	Neutral	3
Microsoft Corporation (MSFT)	Neutral	2
Netflix, Inc. (NFLX)	Neutral	2
Sirius XM Holdings Inc. (SIRI)	Neutral	3
Shaw Communications Inc. (SJR)	Neutral	3
Spotify Technology SA (SPOT)	Neutral	3

Industry Comparison Industry: Cable Television				Industry Peers		
	RCI	X Industry	S&P 500	BCE	NFLX	SJR
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	4	-	-	3	2	3
VGM Score	D	-	-	C	B	A
Market Cap	19.97 B	11.73 B	18.95 B	35.49 B	194.37 B	7.71 B
# of Analysts	8	5	14	8	11	6
Dividend Yield	3.78%	0.00%	2.2%	6.08%	0.00%	5.41%
Value Score	C	-	-	B	D	B
Cash/Price	0.08	0.08	0.06	0.05	0.03	0.00
EV/EBITDA	7.16	8.69	11.58	7.43	16.94	6.63
PEG Ratio	2.93	2.55	2.60	3.60	2.29	4.81
Price/Book (P/B)	2.63	2.06	2.59	2.45	23.11	1.72
Price/Cash Flow (P/CF)	5.64	6.96	10.20	6.11	17.34	5.77
P/E (F1)	14.66	28.58	19.00	16.57	68.65	16.57
Price/Sales (P/S)	1.78	1.78	1.93	1.98	9.08	1.88
Earnings Yield	6.70%	2.46%	5.05%	6.04%	1.46%	6.05%
Debt/Equity	1.95	1.28	0.75	1.31	1.69	0.65
Cash Flow (\$/share)	7.01	2.72	7.01	6.42	25.49	2.72
Growth Score	C	-	-	C	B	C
Hist. EPS Growth (3-5 yrs)	11.80%	5.13%	10.82%	0.21%	92.67%	-3.39%
Proj. EPS Growth (F1/F0)	-15.22%	23.72%	-10.48%	-10.27%	55.87%	-12.19%
Curr. Cash Flow Growth	1.79%	1.79%	5.68%	5.00%	26.74%	-3.39%
Hist. Cash Flow Growth (3-5 yrs)	2.34%	2.34%	8.52%	2.41%	30.03%	-1.48%
Current Ratio	1.10	1.20	1.27	0.88	0.82	0.51
Debt/Capital	66.15%	60.44%	44.25%	52.13%	62.76%	39.46%
Net Margin	13.45%	13.32%	10.54%	12.63%	10.43%	13.32%
Return on Equity	22.08%	3.56%	16.29%	18.24%	30.83%	11.56%
Sales/Assets	0.40	0.35	0.54	0.39	0.66	0.35
Proj. Sales Growth (F1/F0)	-9.10%	0.00%	-2.55%	-6.74%	22.47%	-2.72%
Momentum Score	D	-	-	C	B	A
Daily Price Chg	-0.10%	0.00%	1.17%	1.24%	0.84%	0.77%
1 Week Price Chg	-0.63%	0.55%	3.23%	2.82%	4.88%	3.45%
4 Week Price Chg	-5.81%	1.82%	1.06%	-4.01%	0.63%	1.09%
12 Week Price Chg	-20.41%	-15.07%	-22.80%	-19.87%	14.49%	-19.10%
52 Week Price Chg	-22.63%	-20.73%	-12.40%	-13.09%	23.00%	-21.72%
20 Day Average Volume	635,002	311,425	2,553,422	1,182,363	9,603,937	772,861
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	-2.22%	0.00%	0.00%
(F1) EPS Est 4 week change	-8.92%	-10.61%	-5.57%	-2.12%	7.14%	0.00%
(F1) EPS Est 12 week change	-18.06%	-12.39%	-16.22%	-12.22%	7.69%	-6.41%
(Q1) EPS Est Mthly Chg	-23.40%	-5.67%	-11.63%	-6.64%	18.38%	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	C
Growth Score	C
Momentum Score	D
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.