

## Syneos Health, Inc. (SYNH)

**\$57.79** (As of 05/19/20)

Price Target (6-12 Months): **\$62.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 01/01/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

**Zacks Rank: (1-5)**

**3-Hold**

Zacks Style Scores:

VGM:C

Value: C

Growth: D

Momentum: C

### Summary

Despite the ongoing coronavirus-led market challenges, Syneos Health exited first quarter 2019 on a solid note. We are upbeat about the strong revenue growth at the Clinical Solutions segments. The company has been strengthening its unique end-to-end market position by consistently innovating and expanding its Syneos One product. Strong RFP flow, a diverse portfolio of clinical and commercial initiatives and sustained customer interest in Syneos Health's integrated offerings inspire optimism. However, margin contractions and fall in Commercial Solutions revenues are worrying. The difficult macroeconomic conditions due to coronavirus outbreak is concerning as well. A stiff competitive landscape and foreign exchange fluctuations are other headwinds trailing the company. Overall, it has been outperforming its industry for the past year.

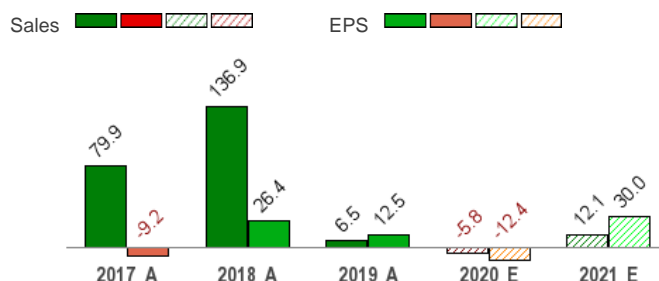
### Price, Consensus & Surprise



### Data Overview

52 Week High-Low	<b>\$74.25 - \$30.02</b>
20 Day Average Volume (sh)	<b>556,998</b>
Market Cap	<b>\$6.0 B</b>
YTD Price Change	<b>-2.8%</b>
Beta	<b>1.79</b>
Dividend / Div Yld	<b>\$0.00 / 0.0%</b>
Industry	<a href="#">Medical Info Systems</a>
Zacks Industry Rank	<b>Top 20% (50 out of 254)</b>

### Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	<b>9.7%</b>
Last Sales Surprise	<b>2.1%</b>
EPS F1 Est- 4 week change	<b>12.7%</b>
Expected Report Date	<b>08/04/2020</b>
Earnings ESP	<b>0.0%</b>
P/E TTM	<b>17.4</b>
P/E F1	<b>20.4</b>
PEG F1	<b>1.9</b>
P/S TTM	<b>1.3</b>

### Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	1,168 E	1,225 E	1,254 E	1,288 E	4,936 E
2020	1,163 A	984 E	1,059 E	1,205 E	4,403 E
2019	1,119 A	1,167 A	1,177 A	1,213 A	4,676 A

### EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.85 E	\$0.91 E	\$0.93 E	\$0.99 E	\$3.68 E
2020	\$0.68 A	\$0.48 E	\$0.70 E	\$0.97 E	\$2.83 E
2019	\$0.59 A	\$0.74 A	\$0.87 A	\$1.03 A	\$3.23 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 05/19/2020. The reports text is as of 05/20/2020.

## Overview

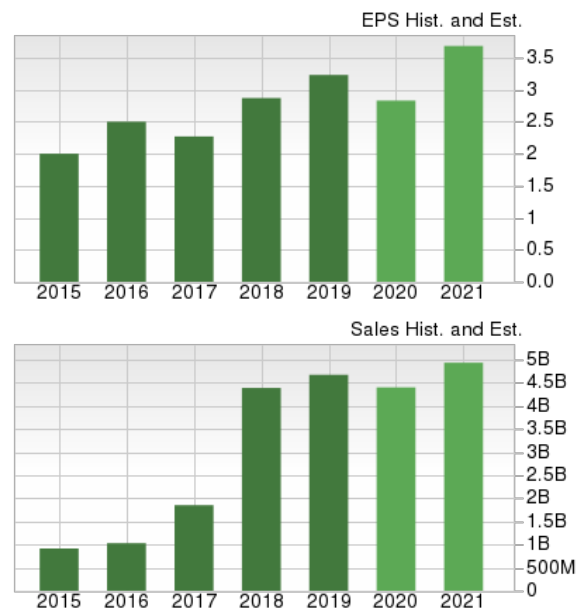
Morrisville, NC based Syneos Health, Inc. is a key global biopharmaceutical solutions company offering a broad range of clinical and commercial facilities. The company majorly provides these services to customers in the biopharmaceutical, biotechnology and medical device industries. Through its Contract Research Organization (CRO) and Contract Commercial Organization (CCO), it provides integrated and self-contained biopharmaceutical product development solutions varying from Early Phase (Phase I) clinical trials to the complete commercialization of biopharmaceutical products.

Although incorporated as INC Research Holdings, in August 2010 the company changed its name to Syneos Health after merging with inVentiv Health in 2017. Syneos Health operates through two reportable segments. Each reportable segment offers a wide range of services. The details are as follows:

**Clinical Solutions** (73.2% of total revenues in 2019; constant exchange rate or CER growth was 7.4%): This segment offers a wide range of services supporting the entire clinical development process from Phase I to Phase IV. This business also provides services to various therapeutic areas with strength in complex therapeutic areas such as CNS and oncology. The portfolio includes:

- Full service clinical development comprising services like patient recruitment and retention, site start-up and project management among others.
- Strategic Resourcing
- Early Phase offering providing a variety of services for Phase I to Phase IIA clinical trial conduct, bioanalytical analysis assay development and analysis, targeted translational science offerings, and clinical pharmacology services, including modeling and simulation.
- Real World Evidence and Late Phase services.

**Commercial Solutions** (26.8%; up 6.7%): This segment offers a wide range of complementary commercialization services, including specialized field teams and medication adherence services, communications solutions like advertising and public relations, and consulting services. Furthermore, it provides behavioral and patient insights that are used by the Clinical Solutions arm.



## Reasons To Buy:

▲ **Share Price Performance:** Syneos Health has outperformed its industry in the past year. The stock has gained 39.8% compared with the industry's 4.7% gain. Despite the ongoing coronavirus-led market challenges, Syneos Health exited the first quarter of 2019 on a solid note. We are upbeat about the strong year-over-year revenue growth at the Clinical Solutions segments. The company has been strengthening its unique end-to-end market position by consistently innovating and expanding its Syneos One product. Strong RFP flow, a diverse portfolio of clinical and commercial initiatives and sustained customer interest in Syneos Health's integrated offerings inspire optimism.

Syneos Health gains on growth across all segments. The company's strong cash position is also encouraging.

▲ **Strong Long-term Potential:** Despite the near-term COVID-19 challenges, Syneos Health remains confident about the long-term strength of its business given the robust backlog and the unique market position. According to the company, the strong momentum in its business that began to accelerate in 2019 carried over into the first quarter results. The company expects this to continue to build as the impacts of COVID-19 subside.

Meanwhile the company's COVID-19 related response is controlled by Business Continuity Transition Management Office (TMO), which combines the project management discipline of the Trusted Process with well-established transition management leadership.

▲ **Clinical Services Braces Against COVID-19:** According to Syneos Health, the full-service portion of its Clinical Solutions segment represents about 60% of its total revenues and over 70% of the clinical businesses comprise of essential therapeutic areas that is experiencing reduced impacts of Coronavirus outbreak. For example, oncology, rare disease, orphan diseases, and other complex disease are the areas where patients have limited treatment options. The company also noted that, only 10% of the clinical teams have experienced limitations accessing investigative sites. Of the remainder, 80% to 90% are allowing at least some level of virtual activity.

In the second quarter, Syneos Health expects to convert 70% to 80% of its site visits to remote monitoring using a highly tailored approach with additional follow-up requirements depending upon a site's capability to provide remote access to electronic health record platforms. While site access has certainly been more limited in the heavily impacted regions such as China, Italy and Spain, the company has continued to conduct at least some live site visits in these areas. The company has also begun to see sites in these areas that were impacted earlier slowly resuming activities.

▲ **Partnerships to Add Value:** In November 2019, Syneos Health inked a partnership deal with AiCure (an AI and advanced data analytics company) to drive faster and smarter trials to optimize patient engagement. The companies aim to improve clinical trial adherence and patient outcomes through the deal. In September, Syneos Health entered a collaboration and also engaged in a minority investment in Indegene Omnipresence, which is a customer experience management platform integrating the power of Microsoft's AI capabilities into the healthcare industry. The platform improves traditional CRM multichannel technologies by tracking healthcare professionals' end-to-end experiences while combining CRM and omnichannel technology, with advanced analytics and AI capabilities.

▲ **High CRO Market Prospects:** The CRO market is seeing a trend of outsourcing of Phase I to Phase IV clinical trials by biopharmaceutical companies. This practice is more common in complex and high-growth therapeutic areas such as oncology. Moreover, small- to mid-sized biopharmaceutical companies with limited infrastructure and emerging biotechnology companies are more likely to outsource their clinical development to CROs. Thus, on increased funding, these companies open up high-growth opportunities in the CRO market. According to the company, \$26 billion, out of around \$54 billion of the total addressable clinical development market, was outsourced to CROs in 2018. Based on industry sources and management estimates, Syneos Health expects CRO market for Phase I to Phase IV clinical development activities to see a CAGR of 6% per annum through 2021.

▲ **Favorable Trends in CCO Market:** Syneos Health expects the CCO market to keep growing backed by a number of factors. The company believes that increasing and abundant biopharmaceutical sales and marketing budgets, and a robust funding environment, particularly for small to mid-sized companies, are some of the driving factors in the niche market. Moreover, a consistent inclination toward specialty and more complex therapies, continued political scrutiny of pharmaceutical pricing putting pressure on the players to further decrease fixed costs by outsourcing and the changing healthcare industry's operational landscape which is shifting to steadier and strategic relationships will likely accelerate growth in the CCO market. Accordingly, based on industry sources and management estimates, Syneos Health projects the CCO market to see a CAGR of 6% per annum through 2021.

▲ **Syneos One — A High-End Product:** Syneos One coordinates integrated solutions across the entire clinical development and commercialization processes. This product provides a cost-effective option to the small- to mid-sized customers for divesting, out-licensing, or co-promoting assets. Also, it offers big biopharmaceutical players with further scope to decrease their fixed-cost infrastructure. Given the bountiful opportunities this product offers and the company's strong relationships in both customer segments, Syneos Health aims at accelerating commercial outsourcing with Syneos One. The company is optimistic about the continuation and further growth of the customer's interest in Syneos One.

▲ **Strong Solvency but Moderately Leveraged Balance Sheet:** Syneos Health ended the first quarter of 2020 with cash and cash equivalents of \$336 million compared with \$164 million at the end of 2019. Meanwhile, total debt came up to \$3.19 billion, a slight increase from the sequentially last figure of \$2.94 billion. Although, the quarter's total debt was much higher than the corresponding cash and cash equivalent level, the near-term payable debt is coming at \$118 million, lower than the short-term cash level. This is a positive fact in terms of the company's solvency level as, at least during the year of economic downturn, the company is holding sufficient cash for debt repayment.

The quarter's total debt-to-capital of 51.8% stands at a pretty high level right now indicating moderately leveraged balance sheet. It also represented a sequential rise from 48.9% at the end of the fourth quarter. The company's first-quarter interest coverage stands at a very low level of 2.3%, although this is the highest in the past four quarters.

---

## Reasons To Sell:

- ▼ **COVID-19 Impact on Business:** Within Clinical Solutions, the company is experiencing limitations accessing investigative sites due to the impact of COVID-19. As of mid-April, approximately 10% of the company's clinical trial sites were inaccessible. However, the company noted that at the sites that remain accessible, 80% to 90% are allowing limited remote working activity.

Within Commercial Solutions, the Deployment Solutions field teams faced limitations in physically visiting healthcare providers, delays in existing projects, and travel restrictions. However, these teams made a rapid transition to virtual operations, and by mid-March, 90% of field teams had moved themselves to a work-from-home environment.

Syneos Health operating in a strict regulatory environment is a concern. Also, a tough competitive landscape is another threat.

- ▼ **Strict Regulatory Environment:** The biopharmaceutical industry is governed by extremely stringent governmental regulation in both domestic and global markets. Within the Clinical Solutions business, the FDA regulates the clinical trials of drug products in human enrollments, the form and content of regulatory applications. Globally, the clinical trials are governed by the laws and regulations of the country where these are conducted.

- ▼ **Tough Competitive Landscape:** Syneos Health operates in a highly competitive environment, dominated by firms varying from large CROs and smaller specialty CROs, large global communications holding companies, smaller specialized communications agencies, contract sales organizations, and a wide range of consulting companies.

In the Clinical Solutions segment, Syneos Health primarily competes with full-service CROs and services offered by in-house R&D departments of biopharmaceutical companies, universities and teaching hospitals. Some major players the company has to compete against within the segment are Laboratory Corporation of America Holdings, PRA Health Sciences, Inc. and ICON plc among others.

Again, some prominent competitors in the Commercial Solutions segment are Ashfield, IQVIA, Havas SA and Omnicom Group Inc. among others.

- ▼ **Exposure to Foreign Currency:** Syneos Health has been exposed to fluctuations in foreign currency. In the past several years, the company's earnings were significantly affected by foreign exchange. Adverse currency movements impacted revenues by 0.6% in the first quarter of 2020.

- ▼ **Economic Uncertainty Continues to Hamper Growth:** Syneos Health's business largely depends on global economic conditions. The company has operations in many foreign countries, including countries in the Asia-Pacific region, Europe, Latin America, and the Middle East and Africa.

Weaker global economic conditions may lead to reduced demand for the company's products, increased competition, pressure on prices, declining supply and lengthier sales cycle. Furthermore, Syneos Health is exposed to the risk of political unrest, like the present situations in the Middle East. Per management, this could delay or disturb Syneos Health's ability to conduct clinical trials or other business. Further, the company is closely monitoring the adverse possible impacts on its business following the U.K.'s decision to exit the European Union. We are particularly cautious as growth could moderate further if the economic scenario worsens.

---

## Last Earnings Report

### Syneos Health Q4 Earnings and Revenues Top Estimates

Syneos Health reported fourth-quarter 2019 adjusted earnings per share of \$1.03, which beat the Zacks Consensus Estimate by 1.9%. The metric also improved 8.4% from the year-ago figure.

GAAP earnings per share were 86 cents, marking an improvement of 9.5% from the year-ago number.

For 2019, adjusted earnings per share were \$3.23, up 12.5% from the year-ago period. The bottom line beat the Zacks Consensus Estimate by 0.6%.

Quarter Ending **03/2020**

Report Date	Apr 30, 2020
Sales Surprise	<b>2.05%</b>
EPS Surprise	<b>9.68%</b>
Quarterly EPS	<b>0.68</b>
Annual EPS (TTM)	<b>3.32</b>

### Revenues in Detail

Service revenues in the quarter totaled \$1.21 billion. The top line rose 6.1% year over year, beating the Zacks Consensus Estimate by 1.7%.

For 2019, revenues totaled \$4.67 billion, up 6.4% year over year. The top line surpassed the Zacks Consensus Estimate by 0.2%.

### Segmental Details

The **Clinical Solutions** segment recorded service revenues of \$899.3 million in the fourth quarter, up 9.5% year over year (adjusted revenues were up 9.7% at CER). The upside resulted from net new business growth. However, an adverse impact of foreign currency fluctuation offset revenue growth.

**Commercial Solutions** revenues were \$313.7 million in the reported quarter, down 3.3% year over year (adjusted revenues moved down 3.4% at CER). The decline was caused by project cancellations and delays in 2019, and a reduction in medication adherence revenues.

### Margin Details

Direct costs (excluding depreciation and amortization) rose 6.2% to \$927.9 million in the quarter. Gross margin contracted 22 basis points (bps) to 23.5%.

Selling, general and administrative expenses rose 2.3% year over year to \$112.4 million.

However, adjusted operating margin (excluding depreciation, amortization, transaction and integration-related, and restructuring and other expenses) expanded 11 bps from the year-ago quarter to 14.2%.

### Financial Details

Syneos Health exited 2019 with cash and cash equivalents, and restricted cash of \$163.7 million compared with \$155.9 million at the end of 2018.

Cumulative cash flow from operating activities at the end of 2019, was \$318.5 million compared with \$303.4 million a year ago.

### Guidance Updated

For 2020, the company reaffirmed the service revenue guidance at \$4.88-\$5 billion. The Zacks Consensus Estimate for the same is pegged at \$4.94 billion.

For 2020, Syneos Health reaffirmed the adjusted earnings per share view at \$3.58-\$3.78. The Zacks Consensus Estimate for the same is pegged at \$3.66.

---

## Recent News

On **Mar 27, 2020**, Syneos Health announced the launch of a Ventilator Initiative, which is a multi-disciplinary initiative designed to raise awareness among healthcare providers about a bridging option. This will be done using intubated Bi-level Positive Airway Pressure (BiPAP) devices for appropriate COVID-19 patients with the aim of addressing the projected ventilator shortage.

On **Jan 9, 2020**, Syneos Health announced a strategic collaboration and minority investment in Indegene Omnipresence and the company's next-generation unified customer experience platform.

---

## Valuation

Syneos Health shares are down 2.8% and up 36.9% in the year-to-date period and the trailing 12-month periods, respectively. Stocks in the Zacks sub-industry are up 2.6% while the Zacks Medical sector declined 1.5% in the year-to-date period. Over the past year, the Zacks sub-industry is up 3.4% and sector is up 3.5%.

The S&P 500 index is down 8.2% in the year-to-date period and up 3% in the past year.

The stock is currently trading at 18.3X Forward 12-months earnings, which compares to 96.4X for the Zacks sub-industry, 22.9X for the Zacks sector and 21.5X for the S&P 500 index.

Over the past five years, the stock has traded as high as 28.9X and as low as 9.9X, with a 5-year median of 18.3.

Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$62 price target reflects 19.6X forward 12-months earnings.

The table below shows summary valuation data for SYNH.

Valuation Multiples - SYNH					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	18.3	96.37	22.93	21.51
	5-Year High	28.9	96.37	22.93	21.51
	5-Year Low	9.85	24.52	15.93	15.23
	5-Year Median	18.2	32.18	19.01	17.49
P/S F12M	Current	1.31	2.42	2.77	3.34
	5-Year High	2.98	3.14	3.76	3.44
	5-Year Low	0.68	1.61	2.21	2.53
	5-Year Median	1.49	2.3	2.92	3.01
P/B TTM	Current	2.02	3.07	3.93	4.03
	5-Year High	11.94	4.24	5.06	4.56
	5-Year Low	1.09	2.13	2.93	2.83
	5-Year Median	2.14	3.04	4.3	3.65

As of 05/19/2020

---

## Industry Analysis Zacks Industry Rank: Top 20% (50 out of 254)



## Top Peers

Company (Ticker)	Rec	Rank
Charles River Laboratories International, Inc. (CRL)	Neutral	3
Cognizant Technology Solutions Corporation (CTSH)	Neutral	3
ICON PLC (ICLR)	Neutral	3
IQVIA Holdings Inc. (IQV)	Neutral	3
Laboratory Corporation of America Holdings (LH)	Neutral	3
Allscripts Healthcare Solutions, Inc. (MDRX)	Neutral	3
Medpace Holdings, Inc. (MEDP)	Neutral	3
PRA Health Sciences, Inc. (PRAH)	Neutral	3

Industry Comparison Industry: Medical Info Systems				Industry Peers		
	SYNH	X Industry	S&P 500	CRL	LH	PRAH
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	C	-	-	C	B	D
Market Cap	6.02 B	208.25 M	19.91 B	8.41 B	16.23 B	5.88 B
# of Analysts	6	5	14	9	8	6
Dividend Yield	0.00%	0.00%	2.14%	0.00%	0.00%	0.00%
Value Score	C	-	-	D	B	D
Cash/Price	0.06	0.07	0.07	0.04	0.02	0.03
EV/EBITDA	18.49	-0.52	12.09	18.64	10.58	14.89
PEG Ratio	1.99	2.21	2.68	1.77	4.07	NA
Price/Book (P/B)	2.02	2.73	2.75	5.08	2.31	5.31
Price/Cash Flow (P/CF)	11.11	15.02	10.68	15.62	8.59	13.27
P/E (F1)	20.93	17.25	19.96	24.79	19.76	21.10
Price/Sales (P/S)	1.28	2.98	2.01	3.09	1.40	1.88
Earnings Yield	4.90%	-1.94%	4.83%	4.03%	5.06%	4.74%
Debt/Equity	1.03	0.06	0.76	1.49	0.92	1.30
Cash Flow (\$/share)	5.20	-0.05	7.01	10.88	19.44	6.95
Growth Score	D	-	-	B	B	C
Hist. EPS Growth (3-5 yrs)	10.97%	11.37%	10.87%	15.33%	9.93%	26.72%
Proj. EPS Growth (F1/F0)	-12.38%	-7.51%	-10.48%	1.83%	-25.34%	-15.44%
Curr. Cash Flow Growth	-1.58%	13.64%	5.51%	16.47%	12.16%	14.92%
Hist. Cash Flow Growth (3-5 yrs)	39.36%	10.83%	8.55%	15.17%	17.70%	23.06%
Current Ratio	1.23	1.65	1.28	1.75	1.18	0.93
Debt/Capital	50.84%	16.81%	44.46%	60.01%	48.11%	56.51%
Net Margin	4.13%	-21.96%	10.59%	9.09%	2.77%	7.66%
Return on Equity	10.33%	-12.09%	16.27%	22.69%	15.03%	27.59%
Sales/Assets	0.63	0.57	0.55	0.57	0.65	0.88
Proj. Sales Growth (F1/F0)	-5.84%	0.00%	-2.49%	5.14%	-4.72%	-0.23%
Momentum Score	C	-	-	D	A	F
Daily Price Chg	-0.41%	0.30%	-1.38%	-1.11%	-0.05%	-2.32%
1 Week Price Chg	-2.64%	-2.64%	-4.56%	6.42%	0.10%	1.60%
4 Week Price Chg	18.18%	5.12%	6.08%	25.78%	12.71%	4.73%
12 Week Price Chg	-10.60%	-8.71%	-13.96%	4.57%	-9.48%	-2.84%
52 Week Price Chg	36.88%	-14.76%	-7.85%	30.64%	0.38%	7.61%
20 Day Average Volume	556,998	394,564	2,586,392	350,109	1,322,242	499,615
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	4.29%	0.00%
(F1) EPS Est 4 week change	12.69%	-3.78%	-4.62%	3.56%	10.67%	-10.85%
(F1) EPS Est 12 week change	-24.74%	-21.70%	-16.58%	-9.11%	-29.51%	-31.68%
(Q1) EPS Est Mthly Chg	-25.71%	-20.00%	-10.10%	-15.41%	-97.80%	-32.00%



---

## 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	D
Momentum Score	C
VGM Score	C

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.