

Tiffany & Co. (TIF)

\$133.59 (As of 03/02/20)

Price Target (6-12 Months): **\$140.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 03/25/19)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

4-Sell

Zacks Style Scores:

VGM:F

Value: F

Growth: D

Momentum: B

Summary

Shares of Tiffany have risen and outpaced the industry in the past one year. The stock recently got a boost after the company accepted the buyout offer from LVMH. The latter has entered into a deal to acquire Tiffany for more than \$16 billion. Tiffany is likely to benefit from LVMH's prominent presence in European and Asian markets. Certainly, Tiffany remains focused on evolving its brand, enhancing omni-channel experience and firming position in core markets. We anticipate sales in mainland China to remain robust. The company is trying all means to position itself amid headwinds related to soft demand from foreign tourists, adverse currency fluctuations and disruptions in Hong Kong. It expects performance to improve in the second half given new product launches and related marketing campaigns.

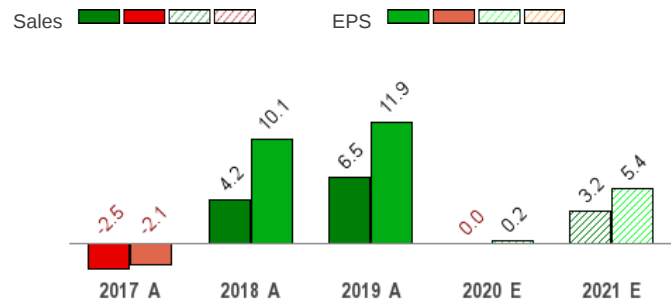
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$134.42 - \$78.60
20 Day Average Volume (sh)	2,228,690
Market Cap	\$16.2 B
YTD Price Change	0.0%
Beta	1.45
Dividend / Div Yld	\$2.32 / 1.7%
Industry	Retail - Jewelry
Zacks Industry Rank	Top 21% (54 out of 255)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-23.5%
Last Sales Surprise	-2.1%
EPS F1 Est- 4 week change	-0.5%
Expected Report Date	03/20/2020
Earnings ESP	0.0%
P/E TTM	30.4
P/E F1	27.4
PEG F1	2.5
P/S TTM	3.7

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	1,030 E	1,071 E	1,064 E	1,404 E	4,581 E
2020	1,003 A	1,049 A	1,015 A	1,360 E	4,440 E
2019	1,033 A	1,076 A	1,012 A	1,321 A	4,442 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$1.08 E	\$1.12 E	\$0.70 E	\$1.69 E	\$4.88 E
2020	\$1.03 A	\$1.12 A	\$0.65 A	\$1.74 E	\$4.63 E
2019	\$1.14 A	\$1.17 A	\$0.77 A	\$1.60 A	\$4.62 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 03/02/2020. The reports text is as of 03/03/2020.

Overview

Founded in 1837 and headquartered in New York, Tiffany & Co. (TIF), through its subsidiaries, is engaged in the designing, manufacturing and retailing activities of fine jewelry, which includes gemstone jewelry and gemstone band rings, diamond rings and wedding bands, gold or platinum jewelry, as well as sterling silver jewelry. Its merchandising offerings include timepieces and clocks; sterling silverware; crystal, glass, china, and other tableware; custom engraved stationery; writing instruments; and fashion accessories.

The company sells its products through catalog and wholesale operations, retail stores, direct marketing, Internet and business-to-business direct selling transactions. As of July 31, 2019, the company operated 322 stores (124 in the Americas, 90 in Asia-Pacific, 56 in Japan, 47 in Europe, and five in the UAE). Tiffany primarily reports through the following segments -

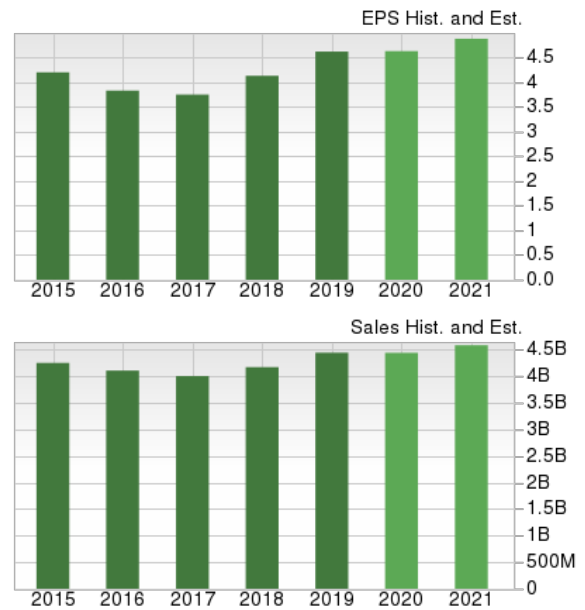
Americas (represented 44% of worldwide net sales in 2018): Includes sales in stores in the United States, Mexico, Canada, Brazil and Chile. Tiffany also distributes a selection of its products through its websites and catalogs of selected merchandise to its list of customers and to mailing lists rented from third parties.

Asia-Pacific (represented 28% of worldwide net sales in 2018): Consists of sales in China, Korea, Hong Kong, Taiwan, Australia, Singapore, Macau, Malaysia and New Zealand and Thailand.

Japan (represented 15% of worldwide net sales in 2018): Consists of sales in Japan.

Europe (represented 11% of worldwide net sales in 2018): Includes sales in stores in the the U.K., Italy, Germany, France, Spain, Switzerland, the Netherlands, Russia, Austria, Belgium, the Czech Republic and Ireland.

Other: The Other segment primarily consists of retail sales transacted in five company-operated stores in the United Arab Emirates and wholesale distribution in the Emerging Markets region; wholesale sales of diamonds; and licensing agreements.



Reasons To Buy:

▲ **Stock Surges on Buyout Offer:** Shares of Tiffany have risen 41.3% in the past one year and outpaced the industry's gain of 31.3%. The stock recently got a boost after the company accepted the buyout offer from LVMH Moët Hennessy Louis Vuitton SE or LVMH. The latter has entered into a deal to acquire Tiffany for more than \$16 billion. Notably, shares of Tiffany have gained 7.7% in a month. Industry experts believe that the acquisition of Tiffany — which would become part of growing luxury portfolio comprising Bulgari, Christian Dior, Dom Perignon, Fendi, Sephora and Guerlain — will add sheen to LVMH's jewelry and watch segments. Meanwhile Tiffany, which operates more than 300 stores worldwide, will also gain from LVMH's prominent presence in European and Asian markets.

We believe that the company's omni-channel platform, store expansion programs and enhancement of market share may act as catalysts, and help improve its top- and bottom-line performance.

▲ **Performance to improve in 2H:** The company remains focused on evolving its brand, enhancing omni-channel experience and solidifying position in core markets. We anticipate sales in mainland China to remain robust. Management expects performance to improve in the second half of fiscal 2019 on account of favorable year-over-year comparisons, launch of new products and related marketing campaigns. Notably, the company is strengthening its network of stores either through opening or upgrading flagship stores in three key areas, Beijing, Shanghai, and Hong Kong. To this end, Tiffany concluded the expansion of its flagship store in Shanghai, which is now the company's largest Asian store. Further, the company renovated its flagship store in London and inaugurated its third store in Kyoto, Japan. Most recently, Tiffany introduced a store in the United States, which is its fifth outlet in New York City. It is on track to steadily expand airport duty-free store network. The company recently opened Blue Box Cafes in Hong Kong. For now, management continues to envision worldwide net sales growth at a low-single-digit rate with comps expected to be unchanged. Earnings per share are projected to increase at low-to-mid-single-digit rate.

▲ **Strategic Endeavors:** Tiffany holds a significant position in the world jewelry market due to its distinctive brand appeal. The company is steadily introducing new jewelry designs, new watch collection and fragrance, and additional jewelry SKUs. It also introduced "build-your-own program" on its website under which customers are allowed to personalize their own charm bracelets. Further, Tiffany is allowing customers to personalize their ring. The company also renewed its licensing agreement with Luxottica Group — slated to expire on December 31, 2027 — for the development, production and global distribution of sunglasses and prescription frames under its brand. Tiffany introduced company-operated e-commerce website in China. The company in a joint venture with Reliance Brands Limited is entering the Indian market with plans to open new stores in Delhi in second half of fiscal 2019 and in Mumbai in second half of fiscal 2020.

▲ **Catalysts Driving Growth:** Tiffany is well positioned to augment its top and bottom lines performance in the long run by leveraging capital investments made over the past several years in distribution, manufacturing and diamond sourcing processes. The company remains focused on evolving its brand, enhancing omnichannel experience, solidifying position in core markets, increasing operating model efficiency and enriching overall organization. The company remains committed to elevating in-store experience and replenishing product portfolio.

Focus on renewing product portfolio is evident from the launch of PAPER FLOWERS, which comprises solid collection in diamonds and platinum and the introduction of TIFFANY TRUE, an innovative engagement ring design. The company is also looking at other revenue generating avenues, and this includes expansion of its watch business. The company also intends to expand its distribution network by adding stores in both new and existing markets. With about half of the total sales generated internationally, we believe that the company is well diversified from a regional perspective as well. The company's long-term objective is to attain ROA of at least 10% and ROE of at least 15%, as notified earlier.

▲ **Store Update:** Tiffany is focused on opening smaller stores that offer selected collections of lower priced higher-margin product, which in turn boosts store productivity. The company concentrates on improving sales per square foot through an increase in customer traffic and converting them into potential buyers by targeted advertising, ongoing sales training and customer-oriented initiatives. During fiscal 2018, this designer and retailer of fine jewelry opened 10 company-operated stores, shuttered four locations and relocated 10 stores. During the first half of fiscal 2019, Tiffany opened three company-operated stores and shuttered two locations. Management anticipates gross retail square footage growth of 3% for fiscal 2019 on the back of 10 store openings, five closings and 17 renovations/relocations.

▲ **Enhancing Shareholders' Return:** Tiffany has been consistently enhancing shareholders' return through share repurchases and dividends. The company increased its quarterly dividend by 5% to 58 cents a share in June 2019. This was the 18th time that the company has hiked its dividend in the last 17 years. During the second quarter of fiscal 2019, the company repurchased approximately 639,000 shares at an average cost of about \$94 per share. The company bought back roughly 910,000 shares in the first half at a total cost of \$85.4 million and an average cost of about \$94 per share. As of Jul 31, 2019, the company still has \$550 million remaining under its share repurchase program, which expires in January 2022. For fiscal 2019, management expects net cash from operating activities of at least \$750 million, capital expenditures of about \$350 million and free cash flow of at least \$400 million.

Reasons To Sell:

▼ **Top & Bottom Lines Continue to Decline Y/Y:** During the first and second quarters of fiscal 2019, the bottom line decreased about 10% and 4%, respectively. Meanwhile, after declining 3% in the first quarter, net sales again slid by an equivalent rate in the second quarter. Moreover, this was the fourth successive quarter when the top line fell short of the Zacks Consensus Estimate. Also, the company's comparable sales tumbled 4% during the second quarter, reflecting comps decline of 4%, 3%, 1% and 6% in the Americas, Asia-Pacific, Japan and Europe, respectively.

Tiffany generates a significant amount of net sales outside the U.S. Due to high exposure to international markets the company remains prone to currency fluctuations.

Sluggish demand from foreign tourists, adverse currency fluctuations and disruptions in Hong Kong marred the company's performance during the second quarter. Management now expects comps for the fiscal year to be flat, down from prior estimate of low-single-digit growth. If the ongoing unrest in Hong Kong persists, the company would find itself at the lower end of the full year reported sales and earnings per share guidance range. In case the situation worsens, or if the current level of unrest is maintained for the remaining part of the fiscal year, Tiffany would find itself toward the bottom end of ranges.

▼ **Margins Remained Under Pressure:** Gross margin, an important financial metric, remained under pressure during the second quarter of fiscal 2019 as well. After shrinking 130 basis points during the first quarter, gross margin contracted 130 basis points to 62.7% in the second quarter on account of changes in sales mix toward higher price point jewelry. Operating margin shriveled 20 basis points to 16% during the quarter under review, following a decrease of 380 basis points during the first quarter. For fiscal 2019, management expects operating margin to be equal to the year-ago level. The company deferred its marketing spending into the second half of fiscal 2019, when it plans to introduce new products. This may keep margins under pressure.

▼ **Stock Looks Stretched:** Considering price-to-earnings (P/E) ratio, Tiffany looks pretty overvalued when compared with the industry as well as the S&P 500. The stock has a trailing 12-month P/E ratio of 30.47, which is below the median level of 20.67 and the high level of 30.52 scaled in the past one year. On the contrary, the trailing 12-month P/E ratio for the industry and the S&P 500 is 22.57 and 20.55, respectively.

▼ **Prone to Currency Fluctuations:** Tiffany generates a significant amount of net sales outside the U.S. Due to high exposure to international markets the company remains prone to currency fluctuations. The weakening of foreign currencies against the U.S. dollar may require the company to either raise prices or contract profit margins in locations outside of the U.S. An increase in price may have an adverse impact on the demand for the products. Net sales fall victim of the adverse foreign currency fluctuations that lowers the value of the sales generated in the overseas market and also result in reduced spending by tourists.

▼ **Dip in Consumer Sentiment May Impact Sales:** Any dip in consumer confidence – a key determinant of the economy's health – may have serious bearing on spending. The company's customers remain sensitive to macroeconomic factors including interest rate hikes, increase in fuel and energy costs, credit availability, unemployment levels, and high household debt levels, which may negatively impact their sentiment. This may adversely impact its growth and profitability.

Last Earnings Report

Tiffany Q2 Earnings Surpass Estimates, Revenues Miss

Tiffany & Co.'s second-quarter fiscal 2019 earnings per share topped the Zacks Consensus Estimate. This was the second straight quarter when the company's bottom-line surpassed the consensus mark. However, the top line fell short of the consensus estimate for the fourth successive quarter. Moreover, both net sales and earnings per share decreased year over year. Also, margins remained under pressure.

Nonetheless, Tiffany retained fiscal 2019 view and added that it is trying all means to position itself amid headwinds related to sluggish demand from foreign tourists, adverse currency fluctuations and disruptions in Hong Kong.

Tiffany remains focused on evolving its brand, enhancing omni-channel experience, solidifying position in core markets and augmenting operating model efficiency. The company remains committed to elevating in-store experience and replenishing product portfolio.

Q2 Highlights

The company reported quarterly earnings of \$1.12 per share that beat the Zacks Consensus Estimate of \$1.05 but fell roughly 4% from the year-ago period. Lower operating margins and higher effective tax rate hurt the bottom line. However, decline in SG&A expenses and share repurchase activity provided some cushion.

Net sales came in at \$1,048.5 million, down 3% from \$1,075.9 million in the prior-year quarter. The reported figure came below the Zacks Consensus Estimate of \$1,067.5 million. Also, the company's comparable sales (comps) declined 4%. In constant currencies, worldwide net sales decreased 1%, while comps fell 3%.

Sales across Jewelry Collections were unchanged. On the contrary, sales across Engagement Jewelry and Designer Jewelry declined 3% and 10%, respectively.

Let's Delve Deeper

By geographic segments, sales in the Americas fell 4% to \$455 million, while comps also declined by an equivalent rate. In the Asia-Pacific region, sales slid 1% to \$298 million, while comps tumbled 3%. In Japan, sales remained flat year over year at \$155 million but comps fell 1%. Sales in Europe came in at \$116 million, down 4%, while comps fell 6%. Other net sales were unchanged at \$25 million, whereas comps plunged 29%.

Gross margin contracted 130 basis points to 62.7% in the quarter under review on account of changes in sales mix toward higher price point jewelry. Operating margin shrunk 20 basis points to 16%. For fiscal 2019, management expects operating margin to be equal to the year-ago level.

SG&A expenses declined 5% to \$473.4 million during the quarter primarily due to lower marketing spending and fall in labor and incentive compensation costs. This was partly offset by higher store occupancy and depreciation charges.

Store Update

During the first half of fiscal 2019, this designer and retailer of fine jewelry opened three company-operated stores and shuttered two locations. As of July 31, 2019, the company operated 322 stores (124 in the Americas, 90 in Asia-Pacific, 56 in Japan, 47 in Europe, and five in the UAE). Management anticipates gross retail square footage growth of 3% for fiscal 2019 on the back of 10 store openings, five closings and 17 renovations/relocations.

Other Financial Details

Tiffany ended the quarter with cash and cash equivalents and short-term investments of \$680.6 million and total debt of \$1,019.2 million, reflecting 32% of stockholders' equity.

In the quarter, the company repurchased approximately 639,000 shares at an average cost of about \$94 per share. As of Jul 31, 2019, the company still has \$550 million remaining under its share repurchase program, which expires in January 2022.

For fiscal 2019, management expects net cash from operating activities of at least \$750 million, capital expenditures of about \$350 million and free cash flow of at least \$400 million.

Guidance

For fiscal 2019, management continues to expect worldwide net sales growth at a low-single-digit rate. Earnings per share are likely to increase at low-to-mid-single-digit rate. Comps for the fiscal year are expected to be unchanged.

Quarter Ending 10/2019

Report Date	Dec 05, 2019
Sales Surprise	-2.11%
EPS Surprise	-23.53%
Quarterly EPS	0.65
Annual EPS (TTM)	4.40

Recent News

Tiffany Declares Quarterly Dividend – Feb 20, 2020

Tiffany declared a quarterly dividend of 58 cents per share. The dividend is payable Apr 10, 2020 to shareholders of record at the close of business Mar 20, 2020.

Tiffany Releases Interim Holiday Sales Data – Dec 27, 2019

Tiffany came out with preliminary sales data for the interim time period extending over Nov 1 to Dec 24, also known as the “2019 interim holiday period.” In the said time frame, the jewelry retailer’s worldwide net sales rose about 1-3%, courtesy of enhanced global trends. Strength in Chinese Mainland was a major driver, countered by persistent softness in Hong Kong and hurdles in Japan.

Markedly, preliminary sales were up 2-4% in the Americas, 5-7% in the Asia-Pacific and 3-5% in Europe. On the contrary, sales declined 9-11% in Japan. Further, preliminary comparable sales (comps) grew 2-4% in the Americas, 7-9% in the Asia-Pacific and 4-6% in Europe but plunged 11-13% in Japan.

Tiffany Accepts Takeover Offer of Louis Vuitton Owner – Nov 25, 2019

Tiffany accepted the buyout offer of LVMH Moët Hennessy Louis Vuitton SE or LVMH. The latter has entered into a deal to acquire Tiffany for more than \$16 billion. This takeover will provide LVMH a competitive edge in the fast-growing product categories and expand footprint in the U.S. luxury market.

LVMH's latest offer was \$135 a share in cash versus the earlier bid of \$120 made in October. Industry experts believe that the acquisition of Tiffany — which would become part of growing luxury portfolio comprising Bulgari, Christian Dior, Dom Perignon, Fendi, Sephora and Guerlain — will add sheen to LVMH's jewelry and watch segments. Meanwhile Tiffany, which operates more than 300 stores worldwide, will also gain from LVMH's prominent presence in European and Asian markets.

Tiffany Collaborates With Reliance Brands Limited – August 7, 2019

Tiffany partners with Reliance Brands Limited to enter the Indian market, and plans to open new stores in Delhi in second half of fiscal 2019 and in Mumbai in second half of fiscal 2020.

Valuation

Tiffany shares are up 0.1% in the year-to-date period and 41.3% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Retail-Wholesale sector are down 0.7% and 5.1%, respectively, in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and the sector are up 31.3% and 4.5%, respectively.

The S&P 500 index is down 8.3% in the year-to-date period but up 4.9% in the past year.

The stock is currently trading at 27.25X forward 12-month earnings, which compares to 20.06X for the Zacks sub-industry, 23.38X for the Zacks sector and 16.87X for the S&P 500 index.

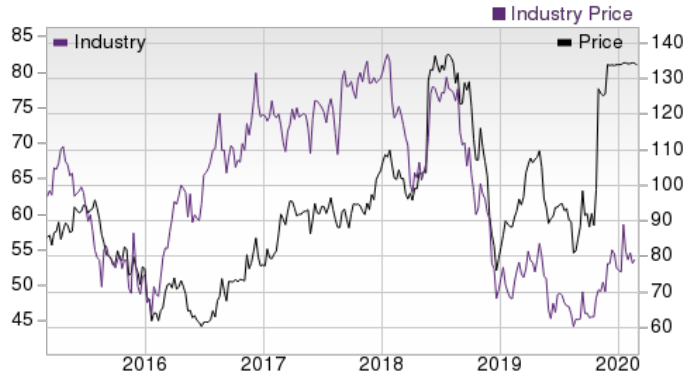
Over the past five years, the stock has traded as high as 28.82X and as low as 14.29X, with a 5-year median of 20.66X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$140 price target reflects 28.54X forward 12-month earnings.

The table below shows summary valuation data for TIF

Valuation Multiples - TIF					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	27.25	20.06	23.38	16.87
	5-Year High	28.82	21.77	26.19	19.34
	5-Year Low	14.29	11.8	19.06	15.18
	5-Year Median	20.66	15.74	23.08	17.44
P/S F12M	Current	3.52	1.39	0.98	3.12
	5-Year High	3.75	1.93	1.11	3.43
	5-Year Low	1.78	0.92	0.8	2.54
	5-Year Median	2.61	1.52	0.92	3.01
EV/EBITDA TTM	Current	18.16	10.68	14.45	10.93
	5-Year High	18.25	14.16	15.92	12.88
	5-Year Low	7.98	5.19	10.8	8.49
	5-Year Median	11.21	8.83	12.48	10.79

As of 03/02/2020

Industry Analysis Zacks Industry Rank: Top 21% (54 out of 255)



Top Peers

Ralph Lauren Corporation (RL)	Outperform
Signet Jewelers Limited (SIG)	Outperform
Fossil Group, Inc. (FOSL)	Neutral
Guess?, Inc. (GES)	Neutral
Movado Group Inc. (MOV)	Neutral
Tapestry, Inc. (TPR)	Neutral
Capri Holdings Limited (CPRI)	Underperform
L Brands, Inc. (LB)	Underperform

Industry Comparison Industry: Retail - Jewelry				Industry Peers		
	TIF Neutral	X Industry	S&P 500	FOSL Neutral	MOV Neutral	SIG Outperform
VGM Score	F	-	-	-	D	C
Market Cap	16.19 B	337.20 M	22.14 B	215.95 M	337.20 M	1.18 B
# of Analysts	8	2	13	1	1	2
Dividend Yield	1.74%	0.00%	1.98%	0.00%	5.46%	6.55%
Value Score	F	-	-	A	A	B
Cash/Price	0.03	0.12	0.05	0.86	0.34	0.15
EV/EBITDA	17.45	4.60	12.79	9.05	4.60	21.52
PEG Ratio	2.49	1.63	1.92	NA	NA	0.77
Price/Book (P/B)	5.10	1.12	3.00	0.43	0.97	1.12
Price/Cash Flow (P/CF)	20.60	9.24	11.97	5.55	6.50	1.02
P/E (F1)	27.39	13.30	17.43	NA	9.33	6.16
Price/Sales (P/S)	3.69	0.80	2.48	0.10	0.48	0.19
Earnings Yield	3.65%	8.25%	5.74%	-3.51%	10.72%	16.20%
Debt/Equity	0.59	0.59	0.70	0.93	0.25	2.13
Cash Flow (\$/share)	6.49	0.71	6.94	0.77	2.25	22.15
Growth Score	D	-	-	C	F	D
Hist. EPS Growth (3-5 yrs)	4.46%	0.78%	10.85%	-57.44%	5.50%	-12.21%
Proj. EPS Growth (F1/F0)	4.85%	-1.50%	6.48%	51.61%	-3.68%	0.69%
Curr. Cash Flow Growth	10.63%	10.79%	6.03%	-63.28%	28.95%	77.26%
Hist. Cash Flow Growth (3-5 yrs)	3.95%	10.16%	8.52%	-39.32%	3.26%	19.15%
Current Ratio	4.10	1.98	1.23	1.89	3.52	2.12
Debt/Capital	37.06%	42.43%	42.57%	48.13%	20.54%	73.09%
Net Margin	12.41%	1.82%	11.57%	-2.36%	7.99%	-3.09%
Return on Equity	16.98%	16.98%	16.66%	-6.26%	9.73%	20.27%
Sales/Assets	0.73	0.79	0.54	1.38	0.86	1.08
Proj. Sales Growth (F1/F0)	3.19%	0.22%	4.07%	-8.65%	NA	NA
Momentum Score	B	-	-	-	D	C
Daily Price Chg	0.06%	0.00%	3.82%	-6.97%	-0.34%	-3.13%
1 Week Price Chg	-0.48%	-7.49%	-12.06%	-23.56%	-7.26%	-17.68%
4 Week Price Chg	-0.39%	-6.32%	-6.43%	-37.21%	-12.64%	-6.38%
12 Week Price Chg	0.14%	-5.54%	-5.15%	-44.11%	-27.80%	7.32%
52 Week Price Chg	41.30%	-11.75%	4.77%	-72.75%	-58.11%	-17.94%
20 Day Average Volume	2,228,690	128,533	2,363,047	1,811,956	214,887	1,628,241
(F1) EPS Est 1 week change	-0.48%	0.00%	0.00%	NA	0.00%	0.00%
(F1) EPS Est 4 week change	-0.48%	0.00%	-0.04%	-200.00%	0.00%	0.00%
(F1) EPS Est 12 week change	-3.58%	7.04%	-0.33%	-200.00%	NA	17.66%
(Q1) EPS Est Mthly Chg	1.42%	0.71%	-0.38%	-475.00%	NA	0.00%

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	D
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.