

## Uber Technologies (UBER)

**\$30.08** (As of 04/27/20)

Price Target (6-12 Months): **\$32.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 11/21/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

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

**3-Hold**

Zacks Style Scores:

VGM:F

Value: F

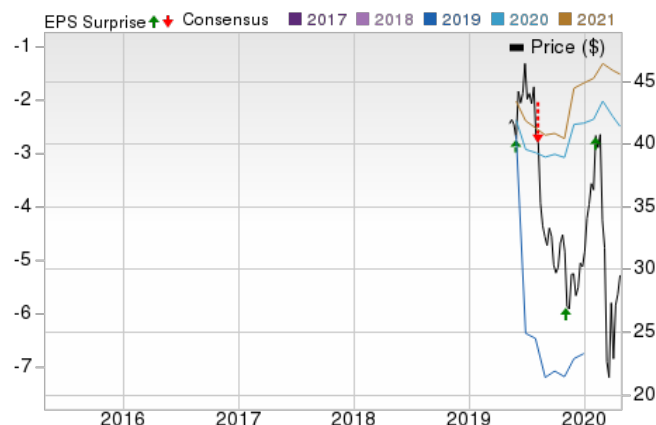
Growth: D

Momentum: C

### Summary

Shares of Uber have underperformed its industry ever since it went public on May 10, 2019, mainly due to high costs. Total operating expenses rose 59% in 2019. Consequently, the company incurred loss of more than \$8 billion in the year. Additionally, the coronavirus outbreak is taking a toll on its rides business. The company expects to have incurred an impairment charge of \$1.9-\$2.2 billion in the first quarter due to reduction in value of some of its minority investments, as a result of lockdowns across several countries. Amid this crisis, Uber's Eats business is gaining from the rising online food orders with most people restricted to their homes. Additionally, the company's recent partnerships to deliver essential goods are encouraging. We are also optimistic about the company's acquisition of Dubai-based Careem.

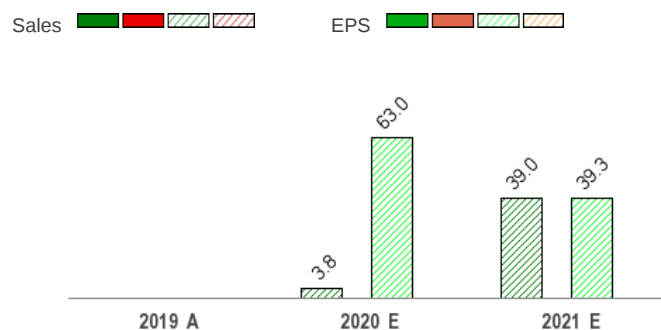
### Price, Consensus & Surprise



### Data Overview

|                            |                                            |
|----------------------------|--------------------------------------------|
| 52 Week High-Low           | <b>\$47.08 - \$13.71</b>                   |
| 20 Day Average Volume (sh) | <b>29,477,812</b>                          |
| Market Cap                 | <b>\$51.9 B</b>                            |
| YTD Price Change           | <b>1.1%</b>                                |
| Beta                       | <b>NA</b>                                  |
| Dividend / Div Yld         | <b>\$0.00 / 0.0%</b>                       |
| Industry                   | <b><a href="#">Internet - Services</a></b> |
| Zacks Industry Rank        | <b>Top 19% (47 out of 253)</b>             |

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



|                           |                   |
|---------------------------|-------------------|
| Last EPS Surprise         | <b>5.9%</b>       |
| Last Sales Surprise       | <b>-0.8%</b>      |
| EPS F1 Est- 4 week change | <b>-8.3%</b>      |
| Expected Report Date      | <b>05/07/2020</b> |
| Earnings ESP              | <b>-39.8%</b>     |

### Sales Estimates (millions of \$)

|      | Q1      | Q2      | Q3      | Q4      | Annual*  |
|------|---------|---------|---------|---------|----------|
| 2021 | 4,853 E | 5,204 E | 5,821 E | 6,189 E | 20,416 E |
| 2020 | 3,430 E | 3,032 E | 3,810 E | 4,466 E | 14,690 E |
| 2019 | 3,099 A | 3,166 A | 3,813 A | 4,069 A | 14,147 A |

### EPS Estimates

|      | Q1        | Q2        | Q3        | Q4        | Annual*   |
|------|-----------|-----------|-----------|-----------|-----------|
| 2021 | -\$0.46 E | -\$0.43 E | -\$0.37 E | -\$0.26 E | -\$1.53 E |
| 2020 | -\$0.76 E | -\$0.72 E | -\$0.59 E | -\$0.43 E | -\$2.52 E |
| 2019 | -\$2.26 A | -\$4.72 A | -\$0.68 A | -\$0.64 A | -\$6.81 A |

\*Quarterly figures may not add up to annual.

|         |            |
|---------|------------|
| P/E TTM | <b>NA</b>  |
| P/E F1  | <b>NA</b>  |
| PEG F1  | <b>NA</b>  |
| P/S TTM | <b>3.7</b> |

The data in the charts and tables, except sales and EPS estimates, is as of 04/27/2020. The reports text and the analyst-provided sales and EPS estimates are as of 04/28/2020.

## Overview

Uber Technologies, based in San Francisco, CA, was incorporated in Delaware in July 2010. The company went public in May this year. Its IPO price was \$45. Uber closed its IPO on May 14.

During the process, the company issued and sold 180 million shares of its common stock, generating net proceeds of approximately \$8 billion after deducting underwriting discounts, commissions and offering expenses.

Uber has expanded its presence in multiple countries across the globe including the United States and Canada, Latin America, Europe, the Middle East and Asia (excluding China). Currently, it is trying to expand further.

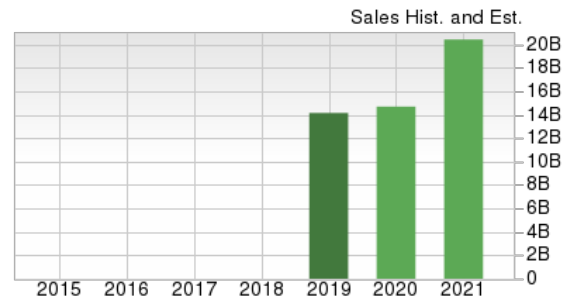
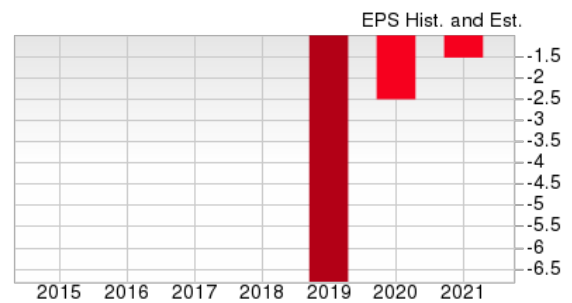
Uber focuses on developing and supporting proprietary technology applications or platforms. These platforms should enable independent providers of ridesharing services, Eats meal preparation and delivery services to transact with riders (for ridesharing services) and eaters (for meal preparation and delivery services).

Driver partners offer ridesharing services to riders through a plethora of offerings based on vehicle type and/or the number of riders. Meanwhile, the restaurant and the delivery partners are responsible for offering meal preparation and delivery services, respectively.

These apart, Uber offers freight transportation services to shippers within the freight industry. The company is also responsible for leasing vehicles to third-parties who often utilize them for providing ridesharing or eats services through its platforms.

Following an organizational change in the third quarter of 2019, Uber started reporting through five segments, namely Rides, Eats, Freight, Other Bets, and Advanced Technologies Group (ATG) and Other Technology Programs.

In the fourth quarter of 2019, 75.1% of the company's revenues came from rides, its core business. Revenues from rides are derived mainly from fees paid by its driver partners for using Uber's platforms and other services. Meanwhile, Uber Eats and Freight contributed 18% and 5.4% to the top line respectively in the fourth quarter. Uber Eats revenues are derived from restaurant and delivery partners. Other Bets, which includes revenues from Uber Freight and other immaterial revenue streams, and ATG and Other Technology Programs accounted for the remaining source of revenues. Uber's fiscal year coincides with the calendar year.



---

## Reasons To Buy:

- ▲ We are impressed by Uber's efforts to expand its presence across the globe. In line with its expansion efforts, in October 2019, the company increased its market share in West Africa by virtue of a boat service in the Nigerian city of Lagos. Also, it started operating in Cordoba, Argentina in September 2019. Cordoba is the third Argentine city with Uber operations. This apart, the company's efforts to reward its drivers through the Uber Pro system are commendable. Additionally, the decision to buy a majority interest in South American online grocery provider Cornershop is aligned with the company's attempts to expand. The transaction is anticipated to close in the second quarter of 2020, subject to regulatory approval. Additionally, Uber's acquisition of Dubai-based Careem for \$3.1 billion has expanded its presence across the Middle East, North Africa and Pakistan. The buyout is anticipated to positively impact its 2020 gross bookings. The same is predicted between \$75 billion and \$80 billion for the current year, indicating a rise of 17-25% on a constant currency basis.
- ▲ With every passing day, the market for driverless or self-driving cars is gaining prominence and Uber aims to become a key player in this space. To this end, on Jun 12, 2019, Uber announced that it will partner with Volvo to build autonomous vehicles for delivering food from restaurants. The companies declared that the car will begin public testing in 2020. Notably, this third-generation version of Uber's self-driving car has significant improvements in its safety features, which includes backup steering, braking, and battery power systems. Per Modor Intelligence, the autonomous delivery robot market is expected to witness a CAGR of more than 49.5% between 2019 and 2024. Moreover, self-driving cars are expected to reduce the number of accidents caused by automotive vehicles in the United States. These cars will also bring down the costs for paying drivers borne by companies like Uber. In an effort to further solidify its position in the autonomous vehicle market, in January 2020, the company entered into a partnership with South Korean carmaker Hyundai Motor Co. to develop flying taxis for Uber Elevate, the aerial division of the former. The air taxis (with a capacity to carry up to four passengers) will ply at a height of around 1,000-2,000 feet to avoid traffic congestion. While the company will conduct demonstration flights this year, it will launch commercial operations in 2023.
- ▲ In a bid to trim losses, Uber sold its online food-ordering business in India to Zomato in January. The unit had performed dismally ever since its launch in India in 2017. Other measures to cut costs and improve efficiencies include the trimming of its workforce. In October 2019, Uber reduced its headcount by roughly 350 employees. In September 2019, the company slashed 8% of its workforce (435 employees). In July, it had laid off staff in the marketing department to the tune of 400 people. Apart from improving efficiencies, the company aims to drive its bottom line in the face of mounting losses through the aforesaid measure. Moreover, improvement in revenues from rides (up 27% in fourth-quarter 2019) is a positive for Uber as bulk of its top line (75.1% in the fourth quarter) comes from this avenue. Revenues from this segment increased significantly in 2019. Additionally, with consistent focus on financial discipline, the company decreased its adjusted EBITDA loss by \$200 million in the fourth quarter of 2019. Losses are expected to keep declining in 2020.
- ▲ Although the coronavirus pandemic is hurting Uber's ride-hailing business, the same is causing a surge in its Eats business as more people are staying home and ordering food online. Additionally, the company's partnerships with the Indian companies of Flipkart and BigBasket to deliver essential goods across the cities of Delhi, Mumbai and Bangalore should help the company recoup a portion of the lost rides business revenues. Apart from the above-mentioned companies, Uber has tied up with grocery firms and stores in Spain, France and Brazil for delivery services.
- ▲ Uber is not a highly-leveraged company. This is indicated by the fact that the ratio of its long-term debt-to-capitalization currently reads .336. This compares favorably to the figure of .384 for its industry. Its debt-to-equity is .486, too comparing favorably to its industry's reading of .614. Long-term debt, net of current portion, at the end of 2019 was \$5.71 billion compared with \$6.87 billion at 2018 end.

Amid coronavirus concerns, Uber's Eats business is getting a boost. Additionally, the company's partnerships to deliver essential goods are appreciative.

---

## Reasons To Sell:

- ▼ Although the company's spendthrift ways slowed down in the second half of 2019 with an aim for profitability, its expenses are still quite high to put substantial pressure on the bottom line. Total costs and expenses soared 25.2% year over year in the fourth quarter of 2019 (sales and marketing expenses rose 28.4%). The same surged 59% in 2019 (sales and marketing expenses increased 46.8%). Moreover, though beneficial for long-term growth, the divestiture of Eats India business is likely to have an adverse effect on the company's performance over the short term. For instance, the company expects gross bookings to decline slightly in the first quarter sequentially due to the negative impact from the aforementioned sell off. Full year gross bookings are also likely to see some softness in results.
- ▼ Management uncertainty often shakes the confidence of investors in a stock and Uber is no exception. Close on the heels of the IPO lock-up expiration (wherein the stock hit a record low), the company's chief product officer Manik Gupta resigned and left the organization on Dec 13, 2019. Sadly enough, the company has a history of frequent management changes. In June 2019, post the company's announcement regarding its leadership overhaul, its erstwhile chief operating officer (COO) Barney Harford and chief marketing officer Rebecca Messina quit the company. Jill Hazelbaker is now looking after the ride-hailing giant's marketing operations in addition to the company's functions in relation to policy and communications. Moreover, the COO position has been eliminated, with Andrew Macdonald being promoted to the position of senior vice president of Global Rides and Platform. However, if these changes in management fail to yield the desired results, the Uber stock might be hit severely.
- ▼ With Uber losing money massively (loss of more than \$8 billion in 2019), the divestiture by the company's co-founder and former CEO Travis Kalanick is a further dampener for the stock. Kalanick sold his entire stake in Uber worth nearly \$3 billion. He also quit the board on Dec 31, 2019. Additionally, last November, the London transportation regulator revoked Uber's license to operate in the U.K. capital following its failure to meet regulatory demands to operate in the city. Uber is currently appealing against the decision and hence is allowed to operate in the city during the tenure of the legal proceedings. However, in the event of rejection of the appeal, the company will lose one of its most important markets with roughly 45,000 drivers.
- ▼ The coronavirus crisis adds uncertainty to the company's outlook and might deter its goal of becoming profitable (on an adjusted basis) by fourth-quarter 2020. With coronavirus now being widespread even in the United States and large-scale school closures and work-from-home orders, Americans are mostly confining themselves to their homes. The restricted road travel may in turn weigh on Uber's revenues from rides. In the worst-hit cities like Seattle, ride volumes have declined 60-70%. Additionally, the company has suspended shared rides for all its markets.
- ▼ With the ongoing health crisis, Uber announced a financial assistance program for drivers and delivery people during the first quarter. The company will record the expense as Contra Revenue, which is expected to have reduced first quarter revenues (on a reported basis) by \$17-\$22 million. Detailed results will be available on May 7. Moreover, the Contra Revenue is expected to reduce second quarter revenues (on a reported basis) by \$60-\$80 million. Coming back to the first quarter performance, the company expects to have incurred an impairment charge of \$1.9-\$2.2 billion in the quarter due to reduction in the value of some of its minority equity investments as a result of lockdowns across several nations. This expense is anticipated to have widened net loss, on a reported basis, by \$1.9-\$2.2 billion.

Uber expects to have incurred an impairment charge of \$1.9-\$2.2 billion in the first quarter owing to coronavirus.

---

## Last Earnings Report

### Uber Incurs Loss in Q4

Uber incurred a loss of 64 cents per share (or net loss of \$1.1 billion, up 24% year over year) in the fourth quarter of 2019, narrower than the Zacks Consensus Estimate of a loss of 68 cents. Moreover, the amount of loss decreased year over year. However, total revenues of \$4,069 million missed the Zacks Consensus Estimate of \$4,099.8 million but rose 37% year over year.

Following an organizational change in the third quarter of 2019, Uber started reporting through five segments, namely Rides, Eats, Freight, Other Bets, and Advanced Technologies Group (ATG) and Other Technology Programs.

In the fourth quarter, majority (75.1%) of the company's revenues came in from Rides, which increased 27% to \$3,056 million. Uber Eats revenues jumped 68% to \$734 million while Freight revenues soared 75% to \$219 million.

Total revenues grew 41% to \$2,536 million in the United States and Canada. The same rose 27% to \$621 million in Europe, the Middle East and Africa. While total revenues surged 34% to \$359 million in the Asia Pacific region, it increased 31% to \$553 million in Latin America. Monthly active platform consumers also grew 22% to \$111 million.

Gross bookings from Rides improved 18% to \$13.51 billion while the same from Eats augmented 71% to \$4.37 billion. Gross bookings from Freight also climbed 74% to \$219 million. Total gross bookings ascended 28% to \$18.13 billion.

Additionally, cost of revenues (excluding depreciation and amortization) at Uber escalated primarily due to higher driver incentives. Total expenses on sales and marketing shot up 22.1% to \$1.25 billion in the reported quarter.

Uber exited the fourth quarter with cash and cash equivalents of \$10.87 billion compared with \$6.41 billion at the end of 2018. Long-term debt, net of current portion, at the end of the quarter was \$5.71 billion compared with \$6.87 billion at 2018 end.

The company expects to reap profits on an adjusted basis by the fourth quarter of 2020. Previously, Uber expected to achieve EBITDA profit for the full year in 2021.

---

Quarter Ending **12/2019**

| Report Date      | Feb 06, 2020 |
|------------------|--------------|
| Sales Surprise   | -0.75%       |
| EPS Surprise     | 5.88%        |
| Quarterly EPS    | -0.64        |
| Annual EPS (TTM) | -8.30        |

---

## Recent News

### 2020 Guidance Suspended – Apr 16, 2020

Uber withdrew its 2020 guidance for gross bookings, adjusted net revenues and adjusted EBITDA as coronavirus concerns mount, presumably weighing significantly on the company's demand for rides.

### Partnership With Flipkart – Apr 6, 2020

Uber entered into a partnership with Flipkart, an e-commerce company in India, to deliver essential goods across the cities of Delhi, Mumbai and Bangalore. With a similar objective, the company had previously formed agreements in India with companies like BigBasket and Spencer's. Apart from helping Indians better comply with the lockdown rules by restricting movement as much as possible, the move is aimed at boosting earnings for drivers. Uber drivers, who usually sacrifice about 25% of their earnings for the company, can now keep the entire amount of the bill, per the terms of the partnership.

### Taxi Booking Option Suspended in Saudi Arabia —Mar 21, 2020

With coronavirus rapidly spreading in Saudi Arabia, Uber suspended regular taxi services in the kingdom, per measures announced by the Ministry of Interior. The service booking through its app will remain suspended until further notice.

---

## Valuation

Uber shares are down 27.6% ever since going public on May 10, 2019. Stocks in the Zacks sub-industry are down 8.8% while those in the Computer and Technology sector are up 5.7% in the same period. Since May 10, the S&P 500 index is down 1.8%.

Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$32 price target reflects 9.25X 2020 sales.

---

## Industry Analysis Zacks Industry Rank: Top 19% (47 out of 253)



## Top Peers

| Company (Ticker)             | Rec          | Rank |
|------------------------------|--------------|------|
| Amazon.com, Inc. (AMZN)      | Neutral      | 3    |
| salesforce.com, inc. (CRM)   | Neutral      | 3    |
| Lyft, Inc. (LYFT)            | Neutral      | 3    |
| Microsoft Corporation (MSFT) | Neutral      | 3    |
| Oracle Corporation (ORCL)    | Neutral      | 3    |
| Snap Inc. (SNAP)             | Neutral      | 3    |
| Tesla, Inc. (TSLA)           | Neutral      | 3    |
| Expedia Group, Inc. (EXPE)   | Underperform | 5    |

| Industry Comparison Industry: Internet - Services |            |            |           | Industry Peers |            |            |
|---------------------------------------------------|------------|------------|-----------|----------------|------------|------------|
|                                                   | UBER       | X Industry | S&P 500   | LYFT           | MSFT       | TSLA       |
| Zacks Recommendation (Long Term)                  | Neutral    | -          | -         | Neutral        | Neutral    | Neutral    |
| Zacks Rank (Short Term)                           | 3          | -          | -         | 3              | 3          | 3          |
| VGM Score                                         | F          | -          | -         | C              | B          | D          |
| Market Cap                                        | 51.85 B    | 623.25 M   | 19.77 B   | 10.52 B        | 1,323.83 B | 144.85 B   |
| # of Analysts                                     | 12         | 3          | 14        | 7              | 14         | 9          |
| Dividend Yield                                    | 0.00%      | 0.00%      | 2.13%     | 0.00%          | 1.17%      | 0.00%      |
| Value Score                                       | F          | -          | -         | F              | C          | F          |
| Cash/Price                                        | 0.22       | 0.20       | 0.06      | 0.29           | 0.10       | 0.05       |
| EV/EBITDA                                         | -6.44      | 2.49       | 12.09     | -3.18          | 21.71      | 63.49      |
| PEG Ratio                                         | NA         | 2.32       | 2.36      | NA             | 2.44       | 5.40       |
| Price/Book (P/B)                                  | 3.45       | 2.18       | 2.70      | 3.64           | 12.02      | 19.28      |
| Price/Cash Flow (P/CF)                            | NA         | 17.07      | 10.70     | NA             | 27.39      | 97.28      |
| P/E (F1)                                          | NA         | 27.19      | 18.72     | NA             | 31.34      | 230.93     |
| Price/Sales (P/S)                                 | 3.67       | 2.41       | 2.12      | 2.91           | 9.86       | 5.89       |
| Earnings Yield                                    | -8.38%     | 1.11%      | 5.19%     | -7.20%         | 3.19%      | 0.43%      |
| Debt/Equity                                       | 0.49       | 0.09       | 0.72      | 0.13           | 0.64       | 1.56       |
| Cash Flow (\$/share)                              | -4.71      | 0.12       | 7.01      | -7.21          | 6.35       | 8.21       |
| Growth Score                                      | D          | -          | -         | A              | B          | A          |
| Hist. EPS Growth (3-5 yrs)                        | NA%        | 24.26%     | 10.88%    | NA             | 17.68%     | NA         |
| Proj. EPS Growth (F1/F0)                          | 63.07%     | 1.14%      | -5.87%    | 14.04%         | 16.93%     | 2,560.69%  |
| Curr. Cash Flow Growth                            | -668.58%   | 9.86%      | 5.92%     | 138.22%        | 19.70%     | 36.54%     |
| Hist. Cash Flow Growth (3-5 yrs)                  | NA%        | 20.51%     | 8.55%     | NA             | 11.99%     | 54.29%     |
| Current Ratio                                     | 2.47       | 1.59       | 1.23      | 1.32           | 2.80       | 1.13       |
| Debt/Capital                                      | 33.65%     | 9.66%      | 43.90%    | 11.81%         | 39.05%     | 62.18%     |
| Net Margin                                        | -60.13%    | -5.94%     | 11.32%    | -71.96%        | 33.02%     | -3.51%     |
| Return on Equity                                  | -89.29%    | -3.84%     | 16.60%    | -167.96%       | 40.41%     | -13.07%    |
| Sales/Assets                                      | 0.47       | 0.62       | 0.55      | 0.71           | 0.48       | 0.77       |
| Proj. Sales Growth (F1/F0)                        | 3.84%      | 1.83%      | -1.15%    | -4.88%         | 11.65%     | 9.82%      |
| Momentum Score                                    | C          | -          | -         | B              | A          | D          |
| Daily Price Chg                                   | 2.00%      | 0.00%      | 2.63%     | 7.38%          | -0.29%     | 10.15%     |
| 1 Week Price Chg                                  | 5.32%      | 0.00%      | -1.74%    | 9.94%          | -2.27%     | -3.81%     |
| 4 Week Price Chg                                  | 8.08%      | 10.32%     | 8.71%     | 27.49%         | 8.63%      | 59.07%     |
| 12 Week Price Chg                                 | -19.98%    | -14.46%    | -17.57%   | -28.44%        | -0.19%     | 2.40%      |
| 52 Week Price Chg                                 | NA%        | -29.57%    | -11.60%   | -43.36%        | 34.12%     | 230.79%    |
| 20 Day Average Volume                             | 29,477,812 | 140,523    | 2,734,148 | 7,368,119      | 46,159,064 | 16,971,004 |
| (F1) EPS Est 1 week change                        | 0.00%      | 0.00%      | 0.00%     | 0.00%          | 0.01%      | 0.00%      |
| (F1) EPS Est 4 week change                        | -8.30%     | 0.00%      | -6.57%    | 0.00%          | -0.77%     | -1,100.00% |
| (F1) EPS Est 12 week change                       | -3.45%     | -20.20%    | -12.64%   | -1.62%         | 3.67%      | -161.70%   |
| (Q1) EPS Est Mthly Chg                            | -3.66%     | 0.00%      | -10.33%   | 0.00%          | -1.56%     | -84.86%    |

---

## 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   | D |
| Momentum Score | C |
| 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.