

U.S. Bancorp (USB)

\$35.89 (As of 07/02/20)

Price Target (6-12 Months): **\$38.00**

Long Term: 6-12 Months

Zacks Recommendation:
Neutral

(Since: 06/01/20)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:C

Value: B

Growth: D

Momentum: D

Summary

Shares of U.S. Bancorp have underperformed the industry over the past six months. Yet, it possesses an impressive earnings surprise history, having beaten the Zacks Consensus Estimate in three of the trailing four quarters, while met in one. U.S. Bancorp's solid business model, core franchise and diverse revenue streams are likely to support its performance. Also, rising loans and deposits balance keep the bank well poised to undertake expansions and strategic initiatives. Further, following the 2020 stress test results, the company has decided to keep the dividend amount at the same level as before. However, consistently rising expenses due to the ongoing investments in technology and likely increase in legal costs remain key concerns. Also, pressure on net interest margin due to decline in interest rates might deter top-line expansion.

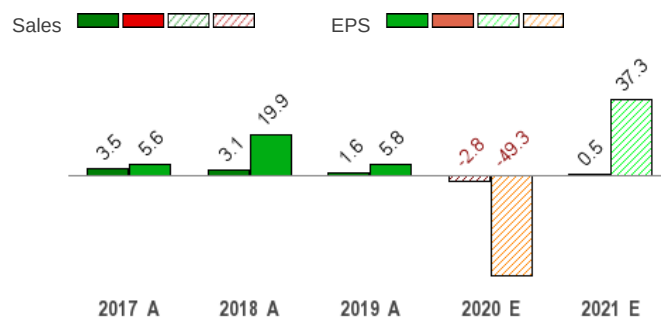
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$61.11 - \$28.36
20 Day Average Volume (sh)	10,565,788
Market Cap	\$54.1 B
YTD Price Change	-39.5%
Beta	1.16
Dividend / Div Yld	\$1.68 / 4.7%
Industry	Banks - Major Regional
Zacks Industry Rank	Top 38% (96 out of 252)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	46.9%
Last Sales Surprise	3.2%
EPS F1 Est- 4 week change	-0.2%
Expected Report Date	07/15/2020
Earnings ESP	5.7%
P/E TTM	8.9
P/E F1	16.3
PEG F1	2.3
P/S TTM	2.0

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	5,522 E	5,687 E	5,779 E	5,830 E	22,369 E
2020	5,748 A	5,445 E	5,498 E	5,512 E	22,249 E
2019	5,550 A	5,795 A	5,895 A	5,643 A	22,883 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.63 E	\$0.75 E	\$0.89 E	\$0.95 E	\$3.02 E
2020	\$0.72 A	\$0.39 E	\$0.47 E	\$0.47 E	\$2.20 E
2019	\$1.00 A	\$1.09 A	\$1.15 A	\$1.08 A	\$4.34 A

*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 07/02/2020. The reports text is as of 07/03/2020.

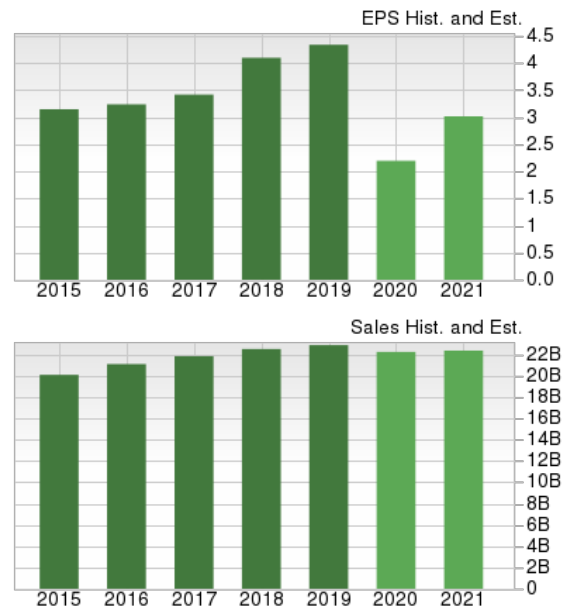
Overview

Headquartered in Minneapolis, MN, U.S. Bancorp was formed in February 2001 with the merger of the former U.S. Bancorp and Firststar Corporation. It provides banking and investment services through a network of 3,018 banking offices principally operating in the Midwest and West regions of the United States through on-line services and over mobile devices. Also, with 70,000 employees and \$543 billion in assets as of Mar 31, 2020, U.S. Bancorp is the parent company of U.S. Bank — the fifth-largest commercial bank in the United States.

The company operates through five segments:

- The **Corporate and Commercial Banking** segment (22% of total net revenues in 2019) extends traditional banking services, such as lending, depository and treasury management, to mid-sized and larger corporations, commercial real estate, financial institutions, non-profit and public sector organizations.
- The **Consumer and Business Banking** segment (33%) offers banking services and products through banking offices, telephone servicing and sales, on-line services, direct mail, ATM processing and mobile devices.
- The **Payment Services** segment (22%) includes consumer and business credit cards, stored-value cards, debit cards, corporate, government and purchasing card services, consumer lines of credit and merchant processing.
- The **Wealth Management & Investment Services** segment (13%) includes private banking, trust, custody, retail brokerage services, insurance, trust, custody, investment management, and related financial advisory services, which are extended to individuals and institutional investors.
- The **Treasury and Corporate Support** segment (10%) includes investment portfolios, funding, capital management, asset securitization and interest rate risk management.

In September 2018, U.S. Bancorp's subsidiary, Elavon, recently acquired Electronic Transaction Systems Corporation -- a Virginia-based financial technology company. The company divested its third-party ATM and Debit Servicing business to Fiserv.



Reasons To Buy:

- ▲ Organic growth remains a key strength at U.S. Bancorp, as reflected by its revenue growth story. Revenues witnessed a CAGR of 3.3% over the last five years (2015-2019), with the trend continuing in first-quarter 2020. This rise was chiefly due to higher net interest income (NII). Decent lending scenario might support the company's NII, going forward. Also, the company's diverse revenue streams support fee income growth. Hence, we believe the company is well positioned to maintain its increasing revenue trend in the near term.
- ▲ U.S. Bancorp has made a number of strategic bank acquisitions in the past years, which have opened new markets to it and fortified existing markets. These acquisitions, combined with ongoing investments in innovative product enhancements, services and people has strengthened the company's balance sheet and fee-based businesses besides increasing market share.
- ▲ U.S. Bancorp experienced strong growth in average loans and deposits during the past few years, as it continued to expand and deepen relationships with current customers, as well as acquire new customers and market share. Notably, the company's average deposits and loans reflected five-year CAGR of 4.8% and 3.8%, respectively, in 2019. Both the metrics continued to improve in the first quarter of 2020. Further, we believe both loan and deposit balances are poised to grow amid an improving economy.
- ▲ U.S. Bancorp's capital deployment activities seem impressive. The company had increased its quarterly dividend by 13.5% in September 2019. Also, it had a share repurchase program in place, that was suspended mid-March following the coronavirus crisis. Notably, following the announcement of 2020 stress test results, the company will be maintaining the dividend level as before and keep share repurchases suspended in the third quarter of 2020 as well. Given its favorable debt/equity ratio compared with the industry's average, we believe that these capital deployment activities are sustainable.
- ▲ Though the weakness in the credit card segment impacted some of the credit metrics, it improved significantly over the past few years. Allowance for credit losses and non-performing assets declined as economic conditions improved with some quarterly volatility. Though the metrics deteriorated in the first quarter of 2020 as a response to the coronavirus fallout, credit quality is expected to improve with the recovery of the economy in the upcoming quarters.
- ▲ U.S. Bancorp's trailing 12-month return on equity (ROE) reflects its superiority in terms of utilizing shareholders' fund. The company's ROE of 14.15% compares favorably with 10.59% for the industry.

Diversified product mix and rise in revenues will support U.S. Bancorp's growth opportunities. Also, rising loan and deposit balances are slated to benefit from the economic recovery.

Reasons To Sell:

- ▼ Rising costs remain a concern for U.S. Bancorp. The company's non-interest expenses recorded a CAGR of 4.3% over the last five years (2015-2019), with the trend continuing in the first quarter of 2020. Further, as the company continues to invest in technology platform owing to its business initiatives we believe, such costs might weigh on its expense base to some extent in the upcoming quarters.
- ▼ As of Mar 31, 2020, the company held debt worth \$78.6 billion which reflects a rise in comparison to the past few quarters. Also, debt-capital ratio of 0.5, though almost at par with the industry's average, has also climbed up. Further, the time-interest-earned ratio, currently at 6.1, has declined consistently over the previous quarters. Since, the ratio is an indication of the company's ability to honor debt obligations, we find U.S. Bancorp carries credit risk and higher likelihood of default of interest or loan repayments if economic situation worsens.
- ▼ Major part of U.S. Bancorp's loan portfolio – nearly 53% as of Mar 31, 2020 – comprises total commercial loans (commercial and commercial real estate lending). Such high exposure to commercial loans depicts lack of diversification, which can be risky for the company amid a challenging economy and competitive markets.
- ▼ Backed by a relatively higher interest rate environment, margin pressure for U.S. Bancorp eased. In 2017 and 2018, the company reported rise in net interest margin (NIM), after facing a declining trend for years. The increase reflected an improvement in the yield on earning assets and improved loan portfolio mix. However, NIM declined slightly in 2019 and first-quarter 2020 due to a decline in rates. Also, in mid-March, the Federal Reserve lowered rates to near-zero levels to protect the economy from the coronavirus-induced financial breakdown. Thus, the company's NIM is likely to remain under pressure in the near term.
- ▼ U.S. Bancorp continues to encounter many investigations and lawsuits from the investors and regulators. Though the company resolved certain litigations related to the sale of risky mortgage backed securities, many of the cases are yet to be resolved. All these are expected to lead to increased legal expenses and provisions in the near term.
- ▼ U.S. Bancorp's shares have underperformed the industry over the past six months. With this unfavorable trend, the company's current-year earnings estimates have been revised slightly downward over the past 30 days. Therefore, due to the above concerns and lack of positive estimate revisions, the stock has limited upside potential.

Unresolved litigations and escalating expenses on investments in technology are expected to impact bottom-line expansion. Further, lack of diversification in loan portfolio remains a headwind.

Last Earnings Report

U.S. Bancorp Q1 Earnings Beat Estimates, Costs Rise

U.S. Bancorp reported first-quarter 2020 earnings per share of 72 cents, which surpassed the Zacks Consensus Estimate of 49 cents. However, the bottom line declined 28% from the prior-year quarter figure.

The results were supported by rise in fee income. Also, higher loan and deposit balances were tailwinds. However, a substantial rise in provisions, owing to the coronavirus-related concerns, was a headwind. Escalating expenses and contraction of margin were other undermining factors.

Net income applicable to shareholders was \$1.09 billion compared with \$1.86 billion reported in the prior-year quarter.

Quarter Ending **03/2020**

Report Date	Apr 15, 2020
Sales Surprise	3.22%
EPS Surprise	46.94%
Quarterly EPS	0.72
Annual EPS (TTM)	4.04

Revenues Increase, Costs & Provisions Rise

U.S. Bancorp's net revenues were \$5.77 billion in the first quarter, up 3.5% year over year. An increase in non-interest income led to the upside. The top-line figure also surpassed the Zacks Consensus Estimate of \$5.58 billion.

The company's tax-equivalent net interest income totaled \$3.25 billion in the reported quarter, down 1.2% from the prior-year quarter. The decline mainly stemmed from lower interest rates, partially offset by deposit pricing and shift in funding mix along with loan growth.

Average earning assets were up 6.7% year over year, supported by growth in average total loans, average investment securities and average other earning assets. However, net interest margin of 2.91% shrunk 25 basis points year over year.

U.S. Bancorp's non-interest income climbed 10.2% on a year-over-year basis to \$2.53 billion. The rise can be attributed to higher trust and investment management fees, and commercial product revenues.

Provision for credit losses increased substantially year over year to \$993 million in the March-end quarter. The upside is accountable to deteriorating economic conditions, driven by the impact of COVID-19 on the economy.

U.S. Bancorp's average total loans inched up nearly 1% sequentially to \$297.7 billion. This stemmed from a rise in commercial loans, residential mortgages and commercial real estate loans.

Average total deposits were up 1.8% from the previous quarter to \$362.8 billion. The upside resulted from growth in interest-bearing deposits.

Non-interest expenses jumped 7.4% year over year to \$3.32 billion. This was due to an upsurge in employee benefits, technology and communications, and other costs.

Efficiency ratio was 58% compared with the year-ago quarter's 55.4%. An increase in the ratio indicates lower profitability.

Credit Quality: A Mixed Bag

Credit metrics at U.S. Bancorp remained mixed in the March-end quarter. Net charge-offs were \$393 million, up 7.1% from the year-ago quarter. On a year-over-year basis, the company witnessed deterioration mainly in net charge-offs in the credit card, commercial and retail portfolios. Also, total allowance for credit losses was \$6.59 billion, up 48.1% year over year.

U.S. Bancorp's non-performing assets were \$946 million, down 5.9% year over year.

Capital Position

During the first quarter, U.S. Bancorp maintained a solid capital position. The Tier 1 capital ratio was 10.5%, down 4 bps year over year. Common equity Tier 1 capital ratio under the Basel III standardized approach fully implemented was 9% as of Mar 31, 2020, down from 9.3%.

All regulatory ratios of U.S. Bancorp continued to be in excess of well-capitalized requirements. In addition, based on the Basel III fully implemented advanced approach, tangible common equity to risk-weighted assets ratio was estimated at 9.3% as of Mar 31, 2020, compared with 9.4% witnessed at the end of the year-ago quarter.

The tangible common equity to tangible assets ratio was 6.7%, down from 7.9%.

U.S. Bancorp recorded an improvement in book value per share, which increased to \$30.24 as of Mar 31, 2020, from \$28.81 at the end of the year-earlier quarter.

Outlook

The company expects mortgage activities to be relatively strong in the near term but slowdown is expected later in 2020, in line with the trend in refinancing activity.

The company expects downward pressure on NIM in the second quarter of 2020 primarily due to decline in interest rates late in the first quarter of 2020, significant increase in cash needed to provide liquidity to support the significant loan demand, changes in loan mix and the impact of floors on deposit pricing.

Nonperforming assets and net-charge offs are expected to increase given the current economic conditions.

Also, payment revenues are likely to be affected through the remainder of 2020, reflecting significant declines in consumer and business spend activities. Further, trust and investment revenues will likely decline from first-quarter levels due to recent trend in the equity markets.

Long-Term Targets (2020-2022)

At its Investor Day conference held in September 2019, U.S. Bancorp lowered its long-term growth financial targets in the wake of the persistent global turmoil, anticipations of further rate cuts and low inflation in the coming quarters. However, long-term profitability expectations have been revised on efficient capital management to meet targets.

U.S. Bancorp has based its long-term forecasts on the Fed reducing interest rates to 1.5% by 2020, stable consumer confidence and unemployment of around 3.5-4%, along with gross domestic product growth of 1.5-2% and low inflation. Further, adoption of Current Expected Credit Losses Standard (CECL) in first-quarter 2020 has been taken into consideration.

ROE Outlook Upped; EPS, Revenue, Expense Guidance Revised

U.S. Bancorp now targets return on assets (ROA) in the range of 1.35-1.65%, unchanged from 2016. The company upped the return on equity (ROE) target to 14.5-17.5% from 13.5-16.5%.

Further, long-term target for return on tangible common equity had been kept unrevised in the range of 17.5-20%.

However, the bank dropped its long-term revenue growth projection to 5-7% from the 6-8% estimated in 2016.

On the cost front, management lowered its expense growth rate to be in the range of 2-4% from the prior target of 3-5%. In addition, the bank reiterated its long-term target for the efficiency ratio to remain in the low 50s range.

Therefore, given the changes in outlook for several line items, net income is now anticipated to grow at 5-7%, lower than the previous target of 6-8%. Also, the earnings per share growth rate is projected to be down in the 7-10% range from 8-10%.

Recent News

U.S. Bancorp to Acquire Sage Pay, Build Payments Capabilities – Nov 18, 2019

U.S. Bancorp's subsidiary — Elavon — is buying Sage Pay, a division of The Sage Group plc. Sage Pay is a renowned payments gateway business in the United Kingdom and Ireland. The deal is subject to necessary regulatory approvals.

The move is expected to help U.S. Bancorp meet the demands of its customers, who are switching toward digital modes of banking and conducting day-to-day activities, much better. Also, the bank is looking for ways to restructure operations with software that includes payments capabilities in order to meet the growing competition.

The acquisition is expected to bolster Elavon's market share in the U.K. and Ireland. Also, the company will be able to serve small and medium-sized enterprises, where Sage Pay is a highly-trusted payments gateway with a loyal customer base.

"We are a customer-focused company that is helping businesses succeed in a global marketplace that is changing rapidly," said Hannah Fitzsimons, president and general manager of Elavon Merchant Services, Europe. "This acquisition brings tremendous talent and leading technology to Elavon, which can be leveraged across the European market."

Dividend Update

On Mar 17, U.S. Bancorp's board of directors announced a quarterly cash dividend of 42 cents per share. The dividend was paid on Apr 15, 2020 to shareholders of record as of Mar 31, 2020.

Valuation

U.S. Bancorp's shares are down 39.5% in the year-to-date period and 32.6% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Finance sector are down 37.3% and 21.3% in the year-to-date period. Over the past year, the Zacks sub-industry and sector are down 26.3% and 17.1%, respectively.

The S&P 500 Index is down 3.2% in the year-to-date period but up 4.7% in the past year.

The stock is currently trading at 13.71X forward 12 months earnings, which compares to 12.79X for the Zacks sub-industry, 16.03X for the Zacks sector and 22.16X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 16.99X and as low as 6.76X, with a 5-year median of 12.64X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$38 price target reflects 14.4X forward earnings.

The table below shows summary valuation data for USB

Valuation Multiples - USB					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	13.71	12.79	16.03	22.16
	5-Year High	16.99	14.2	16.18	22.16
	5-Year Low	6.76	8.01	11.57	15.25
	5-Year Median	12.64	11.3	14.06	17.52
P/TB TTM	Current	1.62	1.47	3.22	12.28
	5-Year High	3.23	2.68	4	12.78
	5-Year Low	1.33	1.21	2	5.96
	5-Year Median	2.63	2.11	3.48	9.42
P/S F12M	Current	2.42	2.65	6	3.47
	5-Year High	4.29	4.59	6.66	3.47
	5-Year Low	1.9	2.39	4.96	2.53
	5-Year Median	3.64	3.59	6.06	3.02

As of 07/02/2020

Industry Analysis Zacks Industry Rank: Top 38% (96 out of 252)



Top Peers

Company (Ticker)	Rec	Rank
The Bank of New York Mellon Corporation (BK)	Neutral	3
Fifth Third Bancorp (FITB)	Neutral	4
Huntington Bancshares Incorporated (HBAN)	Neutral	3
KeyCorp (KEY)	Neutral	3
MT Bank Corporation (MTB)	Neutral	3
The PNC Financial Services Group, Inc (PNC)	Neutral	3
Regions Financial Corporation (RF)	Neutral	3
State Street Corporation (STT)	Neutral	2

Industry Comparison Industry: Banks - Major Regional				Industry Peers		
	USB	X Industry	S&P 500	BK	FITB	PNC
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	4	3
VGM Score	C	-	-	F	C	D
Market Cap	54.06 B	33.59 B	21.98 B	33.59 B	13.22 B	43.34 B
# of Analysts	13	8	14	6	6	11
Dividend Yield	4.68%	4.50%	1.91%	3.27%	5.82%	4.50%
Value Score	B	-	-	D	C	D
Cash/Price	0.86	1.02	0.07	6.67	0.75	0.64
EV/EBITDA	6.13	2.91	12.74	-15.35	5.01	9.29
PEG Ratio	2.33	2.38	2.89	1.28	1.40	2.32
Price/Book (P/B)	1.18	0.84	2.98	0.89	0.66	0.88
Price/Cash Flow (P/CF)	7.28	5.95	11.75	6.62	5.11	6.80
P/E (F1)	16.31	16.33	21.41	10.23	11.57	16.23
Price/Sales (P/S)	1.98	1.69	2.30	1.62	1.40	2.01
Earnings Yield	6.13%	6.13%	4.42%	9.78%	8.67%	6.16%
Debt/Equity	1.13	1.06	0.76	0.77	0.81	1.49
Cash Flow (\$/share)	4.93	6.63	6.94	5.74	3.64	15.01
Growth Score	D	-	-	F	D	F
Hist. EPS Growth (3-5 yrs)	8.09%	12.51%	10.93%	10.63%	13.28%	12.24%
Proj. EPS Growth (F1/F0)	-49.36%	-50.16%	-9.56%	-7.71%	-42.06%	-44.75%
Curr. Cash Flow Growth	2.66%	2.66%	5.51%	-5.62%	17.50%	3.95%
Hist. Cash Flow Growth (3-5 yrs)	3.99%	9.49%	8.62%	5.07%	6.10%	5.26%
Current Ratio	0.86	0.90	1.30	0.72	0.89	0.90
Debt/Capital	50.06%	49.85%	44.46%	41.44%	42.67%	59.83%
Net Margin	23.37%	21.37%	10.62%	21.60%	18.85%	23.23%
Return on Equity	14.15%	10.59%	15.75%	10.59%	9.05%	10.16%
Sales/Assets	0.05	0.05	0.55	0.05	0.05	0.05
Proj. Sales Growth (F1/F0)	-2.77%	-3.60%	-2.54%	-4.77%	-9.14%	-5.52%
Momentum Score	D	-	-	F	B	A
Daily Price Chg	-0.25%	0.13%	0.47%	0.93%	0.73%	-0.66%
1 Week Price Chg	-7.23%	-8.19%	-3.90%	-7.42%	-9.76%	-6.74%
4 Week Price Chg	-10.43%	-13.03%	-3.77%	-6.18%	-18.21%	-16.76%
12 Week Price Chg	-5.68%	-3.10%	8.02%	2.15%	4.21%	-3.10%
52 Week Price Chg	-32.60%	-28.65%	-7.59%	-15.01%	-33.92%	-27.38%
20 Day Average Volume	10,565,788	7,515,848	2,649,865	6,124,461	10,507,080	3,293,450
(F1) EPS Est 1 week change	-0.28%	0.00%	0.00%	0.00%	-1.01%	12.90%
(F1) EPS Est 4 week change	-0.22%	-0.22%	0.00%	-0.93%	-4.36%	13.53%
(F1) EPS Est 12 week change	-40.08%	-42.21%	-9.53%	-2.41%	-50.69%	-34.38%
(Q1) EPS Est Mthly Chg	9.69%	5.74%	0.00%	-1.06%	-2.54%	7.30%

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	B
Growth Score	D
Momentum Score	D
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.