

Veeva Systems Inc. (VEEV)

\$261.48 (As of 07/20/20)

Price Target (6-12 Months): **\$275.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 04/27/20)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM: C

Value: D

Growth: A

Momentum: C

Summary

Veeva Systems' core Subscription business segment performed impressively in the last reported quarter. A solid guidance for fiscal 2021 buoys optimism as well. The company continues to benefit from its flagship Vault platform. The company is confident about growth in new markets, with products like EDC, Safety, Nitro and Vault. The addition of Veeva CRM Engage Meeting, new remote monitoring capabilities in VeevaSite Vault Free and Telehealth Metrics to the Crossix Data Platform raises optimism. Veeva Systems ended the fiscal first quarter on a strong note with both earnings and revenues beating estimates. The company has outperformed its industry in the past year. On the flip side, high expenses on the operational side dented both margins in the quarter. Intense competition and a saturating life sciences market are concerning.

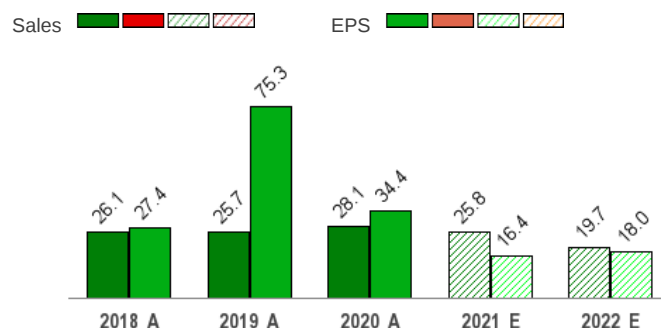
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$263.52 - \$118.11
20 Day Average Volume (sh)	941,317
Market Cap	\$39.0 B
YTD Price Change	85.9%
Beta	0.95
Dividend / Div Yld	\$0.00 / 0.0%
Industry	Internet - Software
Zacks Industry Rank	Top 35% (89 out of 252)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	13.8%
Last Sales Surprise	3.8%
EPS F1 Est- 4 week change	0.6%
Expected Report Date	08/25/2020
Earnings ESP	0.4%
P/E TTM	111.3
P/E F1	102.5
PEG F1	6.9
P/S TTM	32.6

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	395 E	405 E	417 E	441 E	1,663 E
2021	337 A	340 E	347 E	366 E	1,389 E
2020	245 A	267 A	281 A	312 A	1,104 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	\$0.72 E	\$0.74 E	\$0.78 E	\$0.79 E	\$3.01 E
2021	\$0.66 A	\$0.64 E	\$0.63 E	\$0.62 E	\$2.55 E
2020	\$0.50 A	\$0.55 A	\$0.60 A	\$0.54 A	\$2.19 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 07/20/2020. The reports text is as of 07/21/2020.

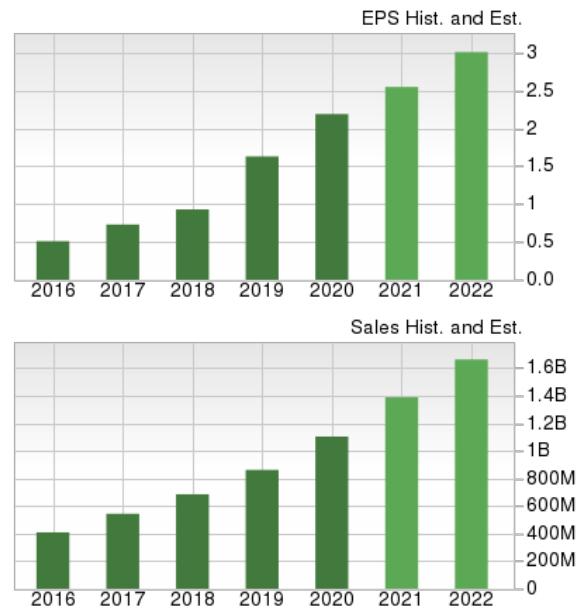
Overview

Headquartered in Pleasanton, CA, Veeva Systems Inc. (VEEV) offers cloud-based software applications and data solutions for the life sciences industry. The company's product portfolio includes Veeva CRM (customer relationship management), Veeva Vault (content and information management), Veeva Network (customer master and product data management) and Veeva data services (Veeva OpenData and Veeva KOL data).

Veeva CRM is the company's flagship product and runs on salesforce.com's SaaS platform. The contract between Veeva and salesforce.com extends till 2025.

Veeva Systems has also released its advanced Veeva Commercial Cloud offering, Veeva CRM Engage Webinar, at the Veeva Commercial Summit Europe. Veeva Systems also released Veeva Vault PromoMats Brand Portal — a new digital asset management capability that helps brand managers create portals, organize and showcase content within Veeva Vault PromoMats.

In March 2020, the company commercially launched Veeva Data Cloud, a world-class technology platform, designed for the development and delivery of large-scale patient data and analytics. Veeva Data Cloud's longitudinal patient and prescriber data solution for the U.S. market is expected to be available by December 2020.



FY20 at a Glance

Fiscal 2020 revenues totaled \$1.10 billion, up 28.1%.

Subscription Service revenues were \$896.3 million (81.2% of net sales), while Professional services and other revenues grossed \$207.8 million (18.8%).



Reasons To Buy:

▲ **Share Price Movement:** Veeva Systems has outperformed its industry in the past year. The stock has gained 55%, compared with the industry's 32.8% rise. Growing demand for cloud-based vault applications, an industry-focus approach, need-oriented products and international expansion are key positives. A solid view for fiscal 2021 is also heartening.

▲ **View Impressive:** For the second quarter of fiscal 2021, Veeva Systems expects revenues between \$339 million and \$341 million. Adjusted EPS is projected between 63 and 64 cents. Adjusted operating income is estimated between \$126 million and \$128 million.

Growing demand for cloud-based and vault applications, new product launches, Veeva Systems' industry focus approach and international expansion are key positives.

For fiscal 2021, revenues are expected within \$1.38-\$1.39 billion. Adjusted EPS is expected in the range of \$2.50-\$2.55. Adjusted operating income is expected between \$500 million and \$510 million. Subscription revenues are expected to be roughly \$1.135 billion for the full fiscal year, with Commercial Cloud projected to contribute about \$580 million. Vault subscription revenues are now expected to be roughly \$555 million. Professional Services revenues are anticipated to be \$245 million to \$260 million.

▲ **Focus on Cloud-Based Software:** The life sciences industry has been quite slow in adopting cloud-based software as compared to other industries. However, we believe that the industry is gradually realizing the benefits of cloud-based applications particularly due to the rising regulations and budgetary constraints. The cost-effectiveness of cloud-based applications over in-premise applications is attracting life science companies. However, these companies are also looking for vendors that effectively address their commercial as well as research & development (R&D) operational needs.

Moreover, Veeva Systems has also released its advanced Veeva Commercial Cloud offering, Veeva CRM Engage Webinar, at the Veeva Commercial Summit Europe. Veeva Systems also released Veeva Vault PromoMats Brand Portal — a new digital asset management capability that helps brand managers create portals, organize and showcase content within Veeva Vault PromoMats. Notably, in the fiscal fourth quarter, Vault accounted for 49% of net revenues, closing fiscal 2020 with 715 Vault customers.

Veeva CRM continued to gain market share as the company added 10 new SMB logos in the fiscal first quarter and saw further expansion of enterprise customer base. OpenData also had a record number of wins in the quarter. Adoption of Approved Email and Engage Meeting was impressive. The company is set to bring Veeva CRM field activity data into CrossixVeeva marketing analytics solutions to give brand marketers insights into how sales and marketing activities are conducted. The acquisition of Crossix continues to boost the Commercial Cloud portfolio.

In March 2020, the company commercially launched Veeva Data Cloud, a world-class technology platform, designed for the development and delivery of large-scale patient data and analytics. Veeva Data Cloud's longitudinal patient and prescriber data solution for the U.S. market is expected to be available by December 2020.

In May 2020, the company announced MyVeeva for clinical trials. It is a software designed to enable clinical research sites to interact more remotely with their patients when they need to so that they can have a mix of in-office and virtual visits.

▲ **Veeva Nitro - A Major Milestone:** In recent times, management announced a major new product Veeva Nitro. Built on Amazon Redshift, the platform offers an industry-specific database that merges key data sources of companies in the HCIT industry and ensures faster performance, even on the largest datasets. Per management, Nitro was well received at the summit because of its potential to eliminate another major custom system that has been a real burden for customers. The company expects its first true analytics application to prove profitable in the long run. Furthermore, Nitro is currently available in Japan for early adopters.

▲ **Industry Collaborations:** Veeva Systems has been taking consistent efforts to support industry collaborations in life sciences. This is done to launch new products and market them easily. The company has been investing in resources to participate on a variety of development committees and industry associations groups. For example, Align Biopharma is a life sciences industry standards group founded by Veeva Systems and technology leaders from the world's largest global pharmaceutical companies. Its mission is to create open technology standards that make it easier for healthcare professionals to work with life sciences companies.

Align Biopharma leadership sets the group's priorities, dedicates expert resources to standards initiatives, and contributes to the review and authoring of standards. Veeva Systems has dedicated resources to the ongoing operations of Align Biopharma and to establish the highest quality technology standards. The group has posted its first standard for identity management.

In April 2020, the company announced industry collaborations to expedite the industrywide shift toward digital engagement. Together with Accenture, Deloitte, and other industry partners, Veeva is helping life sciences companies develop and deploy new digital engagement strategies. The Digital Field Engagement offering will help the industry utilize digital channels such as remote meetings, virtual events, and email as the primary way for field reps to connect with healthcare professionals.

In May 2020, the company announced that Alvotech, a biopharmaceutical company specializing in biosimilars, adopted Veeva Vault Training for more effective role-based training across its organization.

▲ **Product Portfolio Strong:** Veeva Systems' unique solutions include Veeva Vault, Veeva CRM, Veeva Network and Veeva OpenData. Veeva Vault is the first cloud-based content management system built specifically for the life sciences. Veeva CRM is a customer relationship management platform that offers cloud-based solutions to reach customers on any channel. Notably, the company has announced mobile innovations in the Veeva CRM platform, which provides information to field teams from any device.

Another new cloud application of the company is Veeva Vault Training, designed to simplify role-based training across life sciences organizations and help quality teams remain audit-ready and compliant. Recently, Veeva Systems released its new AI application, Veeva Andi, that delivers insights and next best action suggestions right in Veeva CRM. The company also announced it is embedding AI in Veeva CRM with Approved Notes and in Veeva Vault PromoMats with Auto Claims Linking. Additionally, the company added 50 new Vault

customers. Notably, management saw strength across each Vault application area. Furthermore, Veeva Systems signed a multi-product deal with a top 20 pharma in Europe for Vault in the clinical and regulatory areas.

Customer adoption for Vault application continued through the fiscal first quarter. Vault QualitySuite had a strong quarter as yet another Top 20 pharma selected QualityDocs as its enterprise standard. The newly-added and existing Top 20 pharma customer bases for CDMS, eTMF, and Study Startup are expected to round out the full Vault clinical portfolio by adopting CTMS.

The company recently announced that five of the seven top CROs joined the Vault CDMS Partner Program. In the first quarter, the Services segment was primarily driven by robust Vault demand and solid contribution from Veeva CRM Engage meeting projects. During the quarter, the company executed its first ever entirely remote product releases in both CRM and Vault.

▲ **Strategic Partnerships to Drive Growth:** Veeva Systems and Accenture PLC recently announced a strategic partnership to provide Veeva Vault RIM solutions to life sciences and pharma companies. The collaboration reflects growing demand for the company's solutions among major life sciences and pharmaceutical companies. Strategic deals with companies like Accenture will strengthen Veeva Systems' customer base which in turn will drive subscription revenues. In recent times, a top 50 pharma selected Veeva Systems as their CRM standard for Europe.

In recent times, Veeva Systems acquired Crossix and Physicians World, which have proven to be accretive. Notably, the acquisitions jointly contributed more than \$19 million to total revenues in the fiscal fourth quarter.

Management now expects Crossix and Physicians World to contribute \$90 million to \$95 million in fiscal 2021.

▲ **Industry Specific Focus:** Veeva Systems' industry specific focus gives it a significant leverage, in our view. The company's knowledge base about the different components of the life sciences industry is helping it to build targeted products. Product like Veeva OpenData provides customer data for all healthcare professionals (HCP), healthcare organizations (HCO) and affiliations across life sciences' major markets. Veeva OpenData aims at obliterating complexities involved with customer data management with the help of data access agreements and partnerships with other third-party providers. Similarly, the company's CRM and vault applications look after the respective marketing and content management operations of life sciences companies. In the fiscal fourth quarter, a top 20 pharma selected Veeva OpenData in the United States.

In the fiscal first quarter, another Top 20 pharma selected QualityDocs as its enterprise standard, becoming the 11th one to do so. Another European Top 20 decided to adopt eTMF and Study Startup as its enterprise standard.

▲ **Explores New Markets:** Veeva Systems has planned to enter the drug safety and pharmacovigilance market. Vault Safety will make Vault Development Cloud a comprehensive suite of unified cloud applications with Vault Clinical, Vault Quality, and Vault RIM. In recent past, in addition to the 50 RIM win, the company had a top 5 pharma go-live with the first phase of their Vault RIM project. Per management, this latest development is a big milestone for Veeva Systems' regulatory products.

▲ **Strong Liquidity Position:** Veeva Systems exited first-quarter fiscal 2021 with cash and cash equivalents and short-term investments of \$1.38 billion, up from \$1.08 billion sequentially. The company's long-term debt was \$42 million, down from \$45 million in the prior quarter, while current-year debt was \$10 million, flat sequentially. Both the long-term debt level and current-year debt level are considerably lower than the cash and cash equivalent level. This is good news in terms of the company's solvency level as, at least during this year of economic downturn, as the company is holding sufficient cash for debt repayment. The quarter's total debt-to-capital of 2.8% represents a slight sequential decrease from 3.2%. The total-debt-to-capital is also lower than that of the industry, which stands at 33.7%.

Reasons To Sell:

- ▼ **Macroeconomic Sluggishness:** The life sciences are coping with a sluggish economy, less revenue and reduced productivity. The company's industry-specific focus is also its weakness, as any sector specific movement can adversely affect its performance. Moreover, growth opportunity in the life sciences industry is slowing down as the market saturates, which can hurt Veeva Systems' CRM sales growth rate going forward. Furthermore, compliance is a very important factor in the highly-regulated life sciences industry. In current times, regulations have grown increasingly difficult for global companies. These standards are constantly evolving, making compliance even more challenging. We believe, unfavorable regulatory tides in the life sciences industry might mar Veeva System's growth trajectory in the long haul.
- ▼ **Escalating Costs and Dented Margins:** High expenses on the operational side raise concern. Expenses increased 43.1% in the fiscal first quarter. Gross margin was 71.9%, which contracted 138 basis points (bps). Adjusted operating margin fell 310 bps to 25.9% in the quarter.
- ▼ **Integration Risks:** A series of acquisitions might pose integration risks for Veeva Systems. For instance, the company expects a headwind of 250 bps from the acquisitions of Crossix and Physicians World in fiscal 2021.
- ▼ **Cutthroat Competition:** Veeva Systems faces significant competition across most of its product lines. The competitors include the likes of Oracle Corporation, Cegedim SA and IMS Health Holding in the CRM solutions market. In the content management market, its Vault product competes with products from EMC, Microsoft and OpenText. We believe that intensifying competition will impact the company's market share going forward.

Significant customer concentration, foreign exchange headwinds, high operational expenses and intensifying competition are the primary headwinds.

Last Earnings Report

Veeva Systems Q1 Earnings and Revenues Beat Estimates

Veeva Systems, Inc. reported first-quarter fiscal 2021 adjusted earnings per share of 66 cents, beating the Zacks Consensus Estimate of 58 cents by 13.8%. The metric surged 32% on a year-over-year basis.

The company's revenues totaled \$337.1 million outpaced the Zacks Consensus Estimate by 3.8%. On a year-over-year basis, the top line improved 54%.

Quarter Ending **04/2020**

Report Date	May 28, 2020
Sales Surprise	3.82%
EPS Surprise	13.79%
Quarterly EPS	0.66
Annual EPS (TTM)	2.35

Segmental Details

Subscription Service

Fiscal first-quarter subscription service revenues summed \$270.2 million, up 36% year over year.

Professional Service and Others

Professional Service revenues rose almost 43.6% to \$66.9 million from the year-ago figure.

Per management, outperformance by Veeva Commercial Cloud and Veeva Vault drove revenues across all segments.

Margin Details

In the reported quarter, gross profit increased 35.1% year over year to \$242.2 million. Gross margin was 71.9%, which contracted 138 basis points (bps).

Operating profit totaled \$87.6 million, up 23% year over year. In the quarter under review, adjusted operating margin fell 310 bps to 25.9%.

Guidance

For the second quarter of fiscal 2021, Veeva Systems expects revenues between \$339 million and \$341 million. The Zacks Consensus Estimate for the same stands at \$335.1 million.

Adjusted earnings per share is projected between 63 and 64 cents. The Zacks Consensus Estimate for the metric is pegged at 60cents.

Adjusted operating income is estimated between \$126 million and \$128 million.

For fiscal 2021, revenues are expected within \$1.38-\$1.39 billion. The Zacks Consensus Estimate for the same is pinned at \$1.38 billion.

Adjusted earnings per share is expected in the range of \$2.50-\$2.55. The Zacks Consensus Estimate for the same stands at \$2.46.

Adjusted operating income is expected between \$500 million and \$510 million.

Recent News

On **May 19**, Veeva announced MyVeeva for Clinical Trials, a new application for clinical research sites.

Valuation

Veeva Systems' shares are up 85.9% and 55% in the year-to-date period and the trailing 12-month periods, respectively. Stocks in the Zacks sub-industry are up 49.7% in the year-to-date period while that in the Zacks Medical Market are up 14.7%. Over the past year, the Zacks sub-industry and sector are up 32.8% and 25.6%, respectively.

The S&P 500 index is up 0.3% in the year-to-date period while up 8.7% the past year.

The stock is currently trading at 25.7X Forward 12-months sales, which compares to 8.6X for the Zacks sub-industry, 3.9X for the Zacks sector and 3.6X for the S&P 500 index.

Over the past five years, the stock has traded as high as 25.7X and as low as 5.4X, with a 5-year median of 11.9X.

Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$275 price target reflects 27X forward 12-months sales.

The table below shows summary valuation data for VEEV.

Valuation Multiples - VEEV					
		Stock	Sub-Industry	Sector	S&P 500
P/S F12M	Current	25.71	8.56	3.92	3.58
	5-Year High	25.71	8.59	3.92	3.58
	5-Year Low	5.41	3.07	2.32	2.53
	5-Year Median	11.98	5.28	3.14	3.02
P/B TTM	Current	21.67	10.13	5.97	4.41
	5-Year High	21.67	10.77	6.04	4.56
	5-Year Low	5.45	2.3	3.16	2.83
	5-Year Median	11.2	5.25	4.38	3.71

As of 07/20/2020

Industry Analysis Zacks Industry Rank: Top 35% (89 out of 252)



Top Peers

Company (Ticker)	Rec	Rank
Amazon.com, Inc. (AMZN)	Neutral	3
salesforce.com, inc. (CRM)	Neutral	4
International Business Machines Corporation (IBM)	Neutral	4
IQVIA Holdings Inc. (IQV)	Neutral	4
Allscripts Healthcare Solutions, Inc. (MDRX)	Neutral	4
Microsoft Corporation (MSFT)	Neutral	3
Oracle Corporation (ORCL)	Neutral	3
Premier, Inc. (PINC)	Neutral	4

Industry Comparison Industry: Internet - Software				Industry Peers		
	VEEV	X Industry	S&P 500	AMZN	MSFT	ORCL
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	C	-	-	C	B	C
Market Cap	39.03 B	779.83 M	22.29 B	1,594.51 B	1,604.66 B	170.00 B
# of Analysts	11	5	14	14	15	12
Dividend Yield	0.00%	0.00%	1.85%	0.00%	0.96%	1.73%
Value Score	D	-	-	D	C	B
Cash/Price	0.04	0.10	0.06	0.03	0.09	0.26
EV/EBITDA	107.44	-0.57	13.06	41.98	26.48	11.52
PEG Ratio	6.78	4.19	2.98	5.86	2.43	1.25
Price/Book (P/B)	21.67	6.65	3.12	24.43	14.01	13.37
Price/Cash Flow (P/CF)	132.64	25.75	12.03	47.68	33.30	11.85
P/E (F1)	100.39	78.11	22.15	158.18	33.93	13.72
Price/Sales (P/S)	32.62	4.64	2.35	5.38	11.57	4.35
Earnings Yield	0.98%	0.29%	4.30%	0.63%	2.95%	7.29%
Debt/Equity	0.02	0.14	0.75	0.36	0.61	5.44
Cash Flow (\$/share)	1.97	-0.00	6.94	67.05	6.35	4.68
Growth Score	A	-	-	C	B	D
Hist. EPS Growth (3-5 yrs)	43.97%	16.26%	10.82%	102.38%	18.74%	9.05%
Proj. EPS Growth (F1/F0)	16.32%	-4.33%	-9.08%	-12.17%	9.53%	4.87%
Curr. Cash Flow Growth	31.34%	4.17%	5.51%	31.33%	19.70%	-2.42%
Hist. Cash Flow Growth (3-5 yrs)	43.63%	19.20%	8.55%	49.26%	11.99%	-0.39%
Current Ratio	3.04	1.47	1.30	1.08	2.90	3.03
Debt/Capital	2.30%	20.11%	44.41%	26.42%	37.98%	84.48%
Net Margin	26.26%	-16.66%	10.54%	3.56%	33.36%	25.94%
Return on Equity	16.28%	-14.52%	15.74%	17.83%	40.37%	72.76%
Sales/Assets	0.57	0.61	0.54	1.42	0.49	0.37
Proj. Sales Growth (F1/F0)	25.82%	5.97%	-2.36%	25.29%	9.85%	0.22%
Momentum Score	C	-	-	B	B	C
Daily Price Chg	4.47%	0.92%	-0.77%	7.93%	4.30%	0.91%
1 Week Price Chg	-1.52%	-1.55%	3.82%	-7.44%	-5.05%	-4.34%
4 Week Price Chg	9.44%	3.14%	2.71%	17.80%	5.50%	0.51%
12 Week Price Chg	40.89%	27.55%	9.79%	34.55%	21.57%	3.80%
52 Week Price Chg	54.92%	1.24%	-3.79%	61.00%	52.86%	-3.82%
20 Day Average Volume	941,317	630,680	2,095,914	5,385,832	31,864,244	14,181,139
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	4.98%	0.00%	0.00%
(F1) EPS Est 4 week change	0.63%	0.00%	0.09%	5.28%	0.00%	-0.25%
(F1) EPS Est 12 week change	2.67%	0.00%	-4.60%	-24.45%	1.06%	-2.23%
(Q1) EPS Est Mthly Chg	1.11%	0.00%	0.00%	0.79%	0.00%	0.00%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	D
Growth Score	A
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.