

## V.F. Corporation (VFC)

**\$60.24** (As of 07/14/20)

Price Target (6-12 Months): **\$63.00**

Long Term: 6-12 Months

**Zacks Recommendation:**
**Neutral**

(Since: 07/13/20)

Prior Recommendation: Underperform

Short Term: 1-3 Months

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

**5-Strong Sell**

Zacks Style Scores:

VGM:D

Value: D

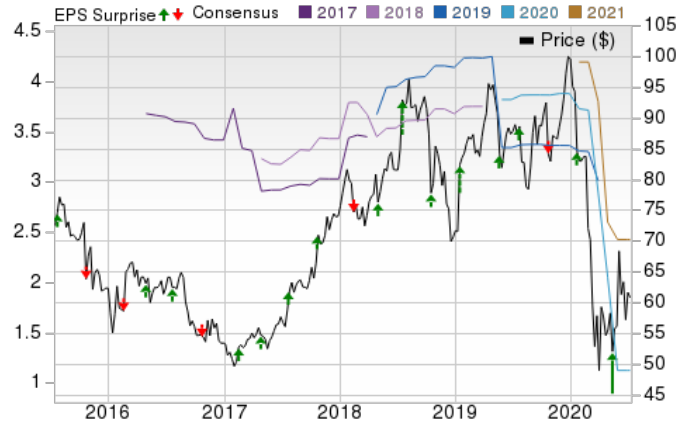
Growth: C

Momentum: C

### Summary

Shares of V.F. Corp have increased in the past three months. The stock is benefiting from the recently announced strategy to strengthen its Asia Pacific business and Emerging Brands platform. It appointed a new president who will look into operations in Mainland China, Hong Kong SAR and Taiwan. This is in sync with its global business strategy, announced in 2017. The company is also track on with the 2024 strategy focused on transitioning to a consumer-minded and retail-centric business in a hyper-digital way. Its digital business has been performing well amid the pandemic, which partly cushions the top line. However, its top and bottom line missed estimates in fourth-quarter fiscal 2020 on lower demand due to the coronavirus pandemic. Moreover, management foresees revenues to decline slightly more than 50% in first-quarter fiscal 2021.

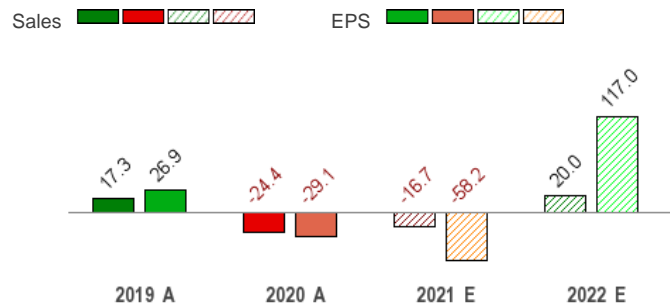
### Price, Consensus & Surprise



### Data Overview

52 Week High-Low	\$100.25 - \$45.07
20 Day Average Volume (sh)	2,694,615
Market Cap	\$23.5 B
YTD Price Change	-39.6%
Beta	1.22
Dividend / Div Yld	\$1.92 / 3.2%
Industry	<a href="#">Textile - Apparel</a>
Zacks Industry Rank	Bottom 9% (228 out of 251)

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



Last EPS Surprise	433.3%
Last Sales Surprise	3.7%
EPS F1 Est- 4 week change	0.0%
Expected Report Date	07/31/2020
Earnings ESP	0.0%
P/E TTM	20.8
P/E F1	53.8
PEG F1	4.7
P/S TTM	2.1

### Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	1,602 E	3,075 E	3,189 E	2,429 E	10,463 E
2021	963 E	2,481 E	2,917 E	2,266 E	8,722 E
2020	2,271 A	3,393 A	3,385 A	2,102 A	10,474 A

### EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	-\$0.15 E	\$0.79 E	\$1.09 E	\$0.32 E	\$2.43 E
2021	-\$0.64 E	\$0.51 E	\$0.91 E	\$0.24 E	\$1.12 E
2020	\$0.30 A	\$1.26 A	\$1.23 A	\$0.10 A	\$2.68 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 07/14/2020. The reports text is as of 07/15/2020.

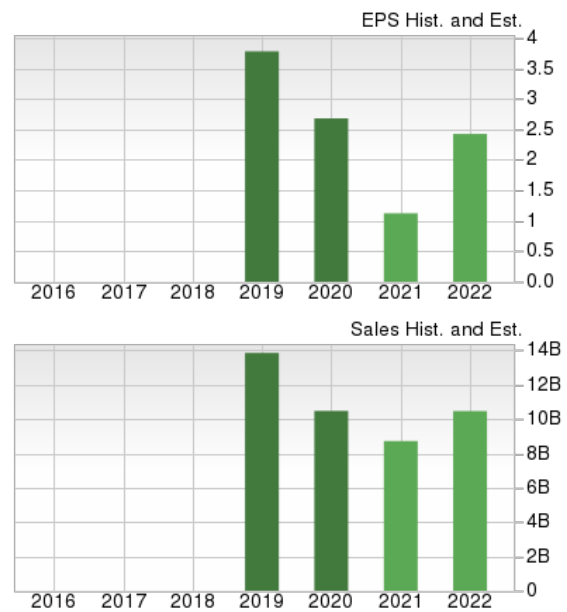
## Overview

Based in Greensboro, NC, V.F. Corporation designs, manufactures and markets branded apparel and related products in the United States and internationally. Its product line consists of denim and casual tops, bottoms, backpacks, book bags, luggage, outdoor gear, skateboard-inspired footwear and apparel, surf-inspired footwear and apparel, women's lingerie, occupational apparel, licensed sports apparel, athletic apparel and fashion sportswear. The company markets its products through specialty stores, department stores, national chains and mass merchants along with licensees and distributors.

On May 22, 2019, the company completed the spin-off of its Jeans business into an independent, publicly-traded company named as Kontoor Brands. The spin-off included Wrangler, Lee, and Rock & Republic brands, as well as the VF Outlet business. These businesses are now presented as discontinued operations.

The company reports operating results under three segments — Active, Outdoor and Work.

- **Outdoor** segment mainly comprises of outdoor apparel, footwear and equipment. The key brands sold under this segment are The North Face, Timberland (excluding Timberland PRO), Smartwool, Icebreaker and Altra.
- **Active** segment offers active apparel, footwear and accessories under brands like Vans, Kipling, Napapijri, JanSport, Reef, Eastpak and Eagle Creek.
- **Work** segment sells work and work-inspired lifestyle apparel and footwear and occupational apparel. The primary brands in this segment include Dickies, Bulwark, Red Kap, Timberland PRO, Wrangler RIGGS, Walls, Terra, Kodiak and Horace Small.



---

## Reasons To Buy:

- ▲ **Asia Pacific & Emerging Brands Growth Plan:** V.F. Corp focuses on strengthening foothold in the Asia-Pacific region, particularly China, by undertaking certain business strategies. This move is in sync with its global business strategy, which was announced in 2017. The company is appointing a new president who will look into operations in Mainland China, Hong Kong SAR and Taiwan. Notably, Greater China, which accounts for almost 65% of the company's total business in the Asia Pacific, is likely to grow roughly 80% by fiscal 2024. Additionally, V.F. Corp has recruited new positions for its Emerging Brands platform to provide enhanced leadership. The Emerging Brands platform boasts a strong product portfolio comprising Altra, Eagle Creek, JanSport and Smartwool brands as well as the Kipling and Icebreaker brands. Kevin Bailey will retain his position as the lead of the Asia Pacific region. In addition, he will join as the lead of the Emerging Brands platform in the Americas. In addition to other fundamentals, this announcement has boosted the stock. The stock gained 9.8% in the past three months.
- ▲ **2024 Growth Plan & Outlook:** V.F. Corp. is on track with its growth plan for the 2020-2024 period. The 2024 growth strategy primarily focuses on transitioning to a consumer-minded and retail-centric business in a hyper-digital way. The company's efforts will also focus on creating a dynamic and optimum portfolio, directing investments to Asia and uplifting direct channels by prioritizing digital. The strategy targets generating revenue growth of 7-8% at a five-year CAGR, through 2024. This growth will be primarily driven by its largest brands — The Vans, The North Face, Timberland and Dickies. Further, the company expects revenue growth through the period to be driven by strong contributions from the International and Direct-to-Consumer business platforms. It expects earnings per share growth of 12-14% at a five-year CAGR, from fiscal 2019 levels. In fiscal 2024, the company anticipates gross margin to exceed 55.5%, with an operating margin of more than 15%. Further, the company expects to generate cumulative free cash flows of nearly \$8 billion during the five years. Of this, the company plans to return about \$10 billion to shareholders in the form of dividend payouts and share repurchases. It anticipates delivering top quartile total shareholder return (TSR) performance with annual TSR of 14-16%.
- ▲ **Store Re-opening Efforts:** With almost all stores closed since the onset of this COVID-19 pandemic, V.F. Corp is now gearing up to re-open stores in a phased manner, in sync with the government guidelines. To this end, all its retail stores in the Asia Pacific region have re-opened with improved store traffic. Also, the company is on track with re-opening stores in the EMEA region and plans to re-open those in North America. V.F. Corp noted that majority of its stores will re-open by the second half of this year. That said, it is also considering re-opening its wholesale stores in North America and Europe, which remain shut as of now.
- ▲ **Focus on Digital Growth:** V.F. Corp is focused on selling directly to consumers and investing in digital platforms for its brands. This is likely to mitigate some of the sales lost due to store closures stemming from the COVID-19 situation. Notably, digital revenues were up 8%, with 9% growth in constant dollars during the fiscal fourth quarter. The uptick was mainly driven by double-digit growth in Vans, The North Face, Dickies and other emerging brands. Region-wise, the EMEA witnessed low-teen digital growth due to more than 40% growth in the North Face brand. Further, digital revenues at the APAC region rose 19% on the back of more than 20% growth in China, led by brand strength particularly in Vans and Dickies. Meanwhile, Americas digital revenues increased at low-single digit, driven by solid performance in Vans. Going ahead, the company has allotted 80% of its total investments in fiscal 2021 for enhancing digital capabilities.
- ▲ **Financial Flexibility:** V.F. Corp's cash and cash equivalents at the end of fourth-quarter fiscal 2020 increased significantly to \$1,369 million on a sequential basis. Notably, the company's cash position remains sufficient to fund its short term obligations of about \$1,230 million as of Mar 28, 2020. Although, its long-term debt of \$2,608.3 million (including non-current operating lease liabilities) increased 14.7% sequentially, its debt-to-capitalization ratio of 0.59 stands lower than the industry's ratio of 0.61. Moreover, the company's times interest earned ratio of 8.9 versus the industry's 3.5 indicates that it is better positioned to meet its debt obligations, compared to its peers.
- Moreover, it has issued \$3 billion worth bonds to ensure near-term liquidity and temporarily suspended share repurchase plan. Further, it is on track with the divestiture of its Occupational Workwear business, which can be additional source of cash. As of May 15, the company had nearly \$3 billion of cash in hand and \$2.2 billion available under its revolving credit facility.

Solid performance at the core (Vans and The North Face) brands drove third-quarter fiscal 2020 results. These brands display strength, with solid sales growth in all regions and product categories.

---

## Reasons To Sell:

- ▼ **Dismal Margins Hurt Q4 Bottom Line:** Although shares of V.F. Corp have gained 8.6% in the past three months, it underperformed the industry's growth of 24.1%. The company reported fourth-quarter fiscal 2020 results, wherein top and bottom lines missed the Zacks Consensus Estimate. Results were primarily hurt by the reduction in demand on account of the coronavirus pandemic. The bottom line plunged 70% and 69% year over year on a reported and constant-currency basis, respectively. Weakness in margins might have hurt the bottom line to some extent. Talking of margins, adjusted gross margin contracted 100 basis points (bps) year over year to 53.9%. Furthermore, adjusted operating margin decreased 350 bps to 4.1%.
- ▼ **Sluggish Sales Trend & Soft View, a Worry:** V.F. Corp has been witnessing declining sales for quite some time now. Notably, fourth-quarter revenues declined 11% and 10% year over year on a reported and constant-dollar basis, respectively. The decline can primarily be attributed to lower demand due to the coronavirus outbreak and the resulting government restrictions. Moreover, sales remained soft in most of its segments. The company refrained from providing any guidance for fiscal 2021, citing the uncertainties surrounding the duration of the pandemic. Management also expects to witness significant impact of the same on first-quarter fiscal 2021 performance, with revenues declining slightly more than 50%.
- ▼ **Soft Timberland Brand:** V.F. Corp's Timberland brand revenues continued to remain soft in fourth-quarter fiscal 2020. Timberland revenues decreased 19% in the fiscal fourth quarter due to dismal performance in all regions. Though the Timberland brand has witnessed a rebound since April, how this sustains is yet to be seen.
- ▼ **Competitive Pressure:** V.F. Corp faces intense competition from other well-established players in the apparel industry, on the basis of brand recognition, fashion, price, service, store location and quality. Failure to offer high-quality products at a competitive price may hamper V.F. Corp.'s market share and consequently, dent both top-line and bottom-line growth.
- ▼ **International Exposure Poses Currency Risks:** Owing to V.F. Corp's solid international presence (roughly 47% of revenues in fiscal 2020), the company remains exposed to the unfavorable 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 the country. We note that, currency headwinds can weigh on the company's revenues in the future.

V.F. Corp's Q4 results were affected by soft demand due to the coronavirus pandemic. Owing to uncertain impacts of COVID-19, the company refrained from providing guidance for fiscal 2021.

## Last Earnings Report

### V.F. Corp's Q4 Earnings & Sales Miss Estimates

V.F. Corporation reported fourth-quarter fiscal 2020 results, wherein top and bottom line missed the Zacks Consensus Estimate. The results were primarily hurt by the reduction in demand on account of the coronavirus pandemic.

Compelled by the pandemic, the company has taken several actions to safeguard employees, customers and its trade partners, including temporary closure of offices and retail stores, instituting travel bans and restrictions, and implementing health and safety measures like social distancing and quarantine.

Additionally, to preserve financial liquidity, the company temporarily reduced the CEO's base salary by 50% and the VF executive leadership team's base salaries by 25%. Moreover, its board members opted to temporarily forgo the cash retainers. The company also issued \$3 billion worth bonds to ensure near-term liquidity and temporarily suspended share repurchase plan. Further, it is on track with the divestiture of its Occupational Workwear business, which can be additional source of cash. As of May 15, the company had nearly \$3 billion of cash in hand and \$2.2 billion available under its revolving credit facility.

However, the company refrained from providing guidance for fiscal 2021 citing the uncertainty surrounding the duration of the pandemic and lifting of restrictions. Nevertheless, the company expects to witness significant impact of the same on first-quarter of fiscal 2021, with revenues declining slightly more than 50%. It also expects fiscal 2021 free cash flow to exceed \$600 million.

#### Q4 Highlights

V.F. Corp reported adjusted earnings of 10 cents per share, reflecting 70% decline year over year. Moreover, the bottom line missed the Zacks Consensus Estimate of 11 cents. In constant-currency, earnings per share declined 69%.

Net revenues of \$2,102.4 million declined about 11% year over year and lagged the Zacks Consensus Estimate of \$2,297.5 million. Constant-dollar revenues fell 10%. The decline can primarily be attributed to lower demand due to the coronavirus outbreak and resulting government restrictions.

Adjusted gross margin contracted 100 basis points (bps) year over year to 53.9%. Furthermore, adjusted operating income declined 51% to \$87 million. Adjusted operating margin decreased 350 bps to 4.1%.

#### Segmental Details

Revenues at the **Active** segment declined 9% to \$1,034.2 million (down 8% in constant-currency basis). For fiscal 2020, Active segment revenue increased 4% (up 6% in constant-currency). This included a 10% growth (11% in constant dollars) in Vans brand.

The **Outdoor** segment reported revenues of \$848.3 million, down 15% year over year (14% decline in constant-currency). For fiscal 2020, revenues for the Outdoor segment were flat (up 1% in constant-currency). This included 3% growth (5% in constant-currency) for the North Face brand.

Revenues at the **Work** segment fell 1% year over year to \$211.6 million and were flat in constant currency. For fiscal 2020, revenues for the Work segment were flat (1% increase in constant-currency). This included 3% growth (4% in constant-currency) in Dickies brand.

**Other** revenues were \$8.3 million compared with \$0.1 million reported in the year-ago quarter.

#### Financial Details

V.F. Corp ended fiscal 2020 with cash and cash equivalents of approximately \$1,369 million, long-term debt of \$2,608.3 million, and shareholders' equity of \$3,357.3 million. In fiscal 2020, the company generated cash flow from continuing operations of \$800.4 million, while adjusted cash flow was about \$900 million.

In fiscal 2020, the company returned \$1.7 billion to shareholders, including shares repurchases of \$1 billion and dividend payouts of nearly \$702 million. As of Mar 28, 2020, it had \$2.8 billion remaining under its current share repurchase authorization.

On May 12, the company declared a quarterly dividend of 48 cents per share, payable Jun 22 to shareholders with record as on Jun 10. However, as part of its liquidity preservation actions amid the coronavirus outbreak, the company has temporarily suspended share repurchase program.

Quarter Ending **03/2020**

Report Date	May 15, 2020
Sales Surprise	3.67%
EPS Surprise	433.33%
Quarterly EPS	0.10
Annual EPS (TTM)	2.89

## Recent News

### V.F Corp Outlines Asia Pacific Strategy to Tap Growth – Jun 29, 2020

V.F. Corporation focuses on strengthening foothold in the Asia-Pacific region, particularly China, by undertaking certain business strategies. This move is in sync with its global business strategy, which was announced in 2017. The company is appointing a new president who will look into operations in Mainland China, Hong Kong SAR and Taiwan. Notably, Greater China, which accounts for almost 65% of the company's total business in the Asia Pacific, is likely to grow roughly 80% by fiscal 2024.

Additionally, V.F. Corp has recruited new positions for its Emerging Brands platform to provide enhanced leadership. In this context, Kevin Bailey will retain his position as the lead of the Asia Pacific region. In addition, he will join as the lead of the Emerging Brands platform in the Americas. This platform boasts a strong product portfolio comprising Altra, Eagle Creek, JanSport and Smartwool brands as well as the Kipling and Icebreaker brands.

## Valuation

V.F. Corp shares down 39.6% in the year-to-date period and nearly 31.8% for the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Consumer Discretionary sector are down 23.7% and 9.4% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and the sector is down 20.6% and 6.9%, respectively.

The S&P 500 index is down 1.8% in the year-to-date period but up 5.8% in the past year.

The stock is currently trading at 40.15X forward 12-month earnings, which compares to 27.82X for the Zacks sub-industry, 34.28X for the Zacks sector and 22.45X for the S&P 500 index.

Over the past five years, the stock has traded as high as 50.32X and as low as 15.25X, with a 5-year median of 17.52X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$63 price target reflects 41.99X forward 12-month earnings.

The table below shows summary valuation data for VFC

Valuation Multiples - VFC					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	40.15	27.82	34.28	22.45
	5-Year High	50.32	28.19	34.28	22.45
	5-Year Low	15.25	13.32	16.21	15.25
	5-Year Median	17.52	17.99	19.92	17.52
P/S F12M	Current	2.54	2.18	2.26	3.51
	5-Year High	3.21	2.58	3.2	3.51
	5-Year Low	1.48	1.43	1.67	2.53
	5-Year Median	2.21	2.04	2.49	3.02
EV/EBITDA TTM	Current	12.72	17.75	10.29	11.72
	5-Year High	38.65	25.31	17.63	12.86
	5-Year Low	10.12	11.3	8.26	8.25
	5-Year Median	16.73	17.57	12.22	10.87

As of 07/14/2020

## Industry Analysis Zacks Industry Rank: Bottom 9% (228 out of 251)



## Top Peers

Company (Ticker)	Rec	Rank
Crocs, Inc. (CROX)	Outperform	2
Columbia Sportswear Company (COLM)	Neutral	3
Guess, Inc. (GES)	Neutral	3
GIII Apparel Group, LTD. (GIII)	Neutral	3
Hanesbrands Inc. (HBI)	Neutral	2
lululemon athletica inc. (LULU)	Neutral	3
PVH Corp. (PVH)	Underperform	5
Ralph Lauren Corporation (RL)	Underperform	5

Industry Comparison Industry: Textile - Apparel				Industry Peers		
	VFC	X Industry	S&P 500	GES	PVH	RL
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Underperform	Underperform
Zacks Rank (Short Term)	5	-	-	3	5	5
VGM Score	D	-	-	F	F	F
Market Cap	23.47 B	676.16 M	21.89 B	634.11 M	3.30 B	5.08 B
# of Analysts	9	4	14	4	8	6
Dividend Yield	3.19%	0.00%	1.86%	0.00%	0.32%	3.93%
Value Score	D	-	-	C	F	C
Cash/Price	0.06	0.24	0.07	0.69	0.25	0.42
EV/EBITDA	17.39	7.72	12.84	5.53	7.72	8.04
PEG Ratio	4.85	4.60	2.92	NA	NA	2.50
Price/Book (P/B)	7.08	1.47	3.06	1.30	0.73	1.91
Price/Cash Flow (P/CF)	13.93	5.79	11.89	3.32	3.28	6.63
P/E (F1)	55.11	39.18	21.54	NA	NA	24.87
Price/Sales (P/S)	2.10	0.56	2.27	0.26	0.37	0.83
Earnings Yield	1.86%	2.09%	4.38%	-13.97%	-6.47%	4.02%
Debt/Equity	1.08	0.77	0.76	2.06	0.96	0.73
Cash Flow (\$/share)	4.32	2.39	6.94	2.83	14.19	10.55
Growth Score	C	-	-	F	D	F
Hist. EPS Growth (3-5 yrs)	3.16%	0.90%	10.85%	-16.06%	3.81%	2.77%
Proj. EPS Growth (F1/F0)	-58.09%	-71.28%	-9.64%	-190.34%	-131.55%	-57.11%
Curr. Cash Flow Growth	-3.63%	9.79%	5.51%	24.83%	-3.91%	-10.72%
Hist. Cash Flow Growth (3-5 yrs)	-3.37%	4.03%	8.55%	0.67%	3.96%	-4.88%
Current Ratio	1.66	1.70	1.30	1.54	1.37	1.61
Debt/Capital	51.94%	48.32%	44.46%	67.45%	49.05%	42.18%
Net Margin	6.09%	2.23%	10.54%	-1.68%	-8.56%	6.24%
Return on Equity	27.75%	7.92%	15.75%	1.00%	5.56%	17.25%
Sales/Assets	1.02	1.02	0.54	1.00	0.66	0.84
Proj. Sales Growth (F1/F0)	-21.79%	-11.96%	-2.52%	-25.19%	-26.50%	-17.55%
Momentum Score	C	-	-	D	D	D
Daily Price Chg	0.32%	0.00%	1.60%	2.63%	2.47%	0.40%
1 Week Price Chg	-1.36%	-3.29%	-0.41%	-8.13%	-6.51%	-2.50%
4 Week Price Chg	-8.69%	-8.45%	-0.71%	-11.51%	-11.53%	-8.45%
12 Week Price Chg	12.94%	14.09%	15.18%	26.59%	18.26%	2.40%
52 Week Price Chg	-31.79%	-43.56%	-6.45%	-43.80%	-49.72%	-39.27%
20 Day Average Volume	2,694,615	117,748	2,246,780	1,518,263	1,606,713	958,488
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	-0.33%	-0.18%
(F1) EPS Est 4 week change	0.00%	0.00%	0.00%	-6.07%	-204.81%	-0.18%
(F1) EPS Est 12 week change	-54.02%	-54.02%	-6.22%	-1,646.67%	-186.90%	-57.88%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	0.00%	-10.24%	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	C
Momentum Score	C
VGM Score	D

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.