

Vulcan Materials (VMC)

\$179.60 (As of 06/04/21)

Price Target (6-12 Months): **\$189.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 02/16/21)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:C

Value: C

Growth: C

Momentum: A

Summary

Although shares of Vulcan have underperformed the industry in the past six months, the trend is likely to reverse in the near term backed by aggregates price growth and effective cost management. Vulcan has been benefitting from growth in heavy industrial projects such as data centers and warehouses. Residential end markets remain a bright spot. Vulcan intends to improve 2021-unit profitability in aggregates. Vulcan-served markets should continue to benefit from public construction demand, primarily led by significantly higher levels of highway funding in key states. Furthermore, its raised view for aggregate shipments, adjusted EBITDA, and earlier earnings guidance are encouraging. Vulcan has bolstered liquidity to manage the coronavirus pandemic. However, uncertainties in demand and weather-related disruption are risks.

Price, Consensus & Surprise



Data Overview

52-Week High-Low	\$194.17 - \$107.00
20-Day Average Volume (Shares)	747,941
Market Cap	\$23.8 B
Year-To-Date Price Change	21.1%
Beta	0.59
Dividend / Dividend Yield	\$1.48 / 0.8%
Industry	Building Products - Concrete and Aggregates
Zacks Industry Rank	Top 14% (36 out of 250)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	68.3%
Last Sales Surprise	5.5%
EPS F1 Estimate 4-Week Change	1.9%
Expected Report Date	08/03/2021
Earnings ESP	1.0%
P/E TTM	36.5
P/E F1	34.3
PEG F1	2.0
P/S TTM	4.9

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	1,154 E	1,502 E	1,532 E	1,350 E	5,521 E
2021	1,068 A	1,387 E	1,415 E	1,260 E	5,140 E
2020	1,049 A	1,323 A	1,310 A	1,175 A	4,857 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	\$0.77 E	\$1.99 E	\$2.06 E	\$1.40 E	\$6.19 E
2021	\$0.69 A	\$1.75 E	\$1.75 E	\$1.13 E	\$5.24 E
2020	\$0.47 A	\$1.60 A	\$1.56 A	\$1.07 A	\$4.68 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 06/04/2021. The report's text and the analyst-provided price target are as of 06/07/2021.

Overview

Based in Birmingham, AL, Vulcan Materials Company is engaged in the production, distribution and sale of construction aggregates and other construction materials in the U.S. and Mexico. The company has four operating segments going by the principal product lines: Aggregates, Concrete, Asphalt mix and Calcium.

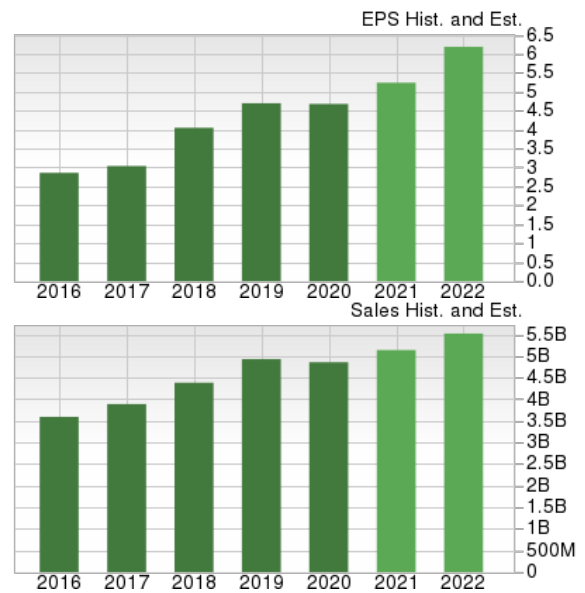
Aggregates (81.2% of 2020 total revenues): The segment produces and sells aggregates like crushed stone, sand and gravel and other aggregates. The segment serves markets in 20 U.S. states, Washington D.C., the Bahamas and Mexico. The end uses of Vulcan's aggregates include public construction (such as bridges, highways, airports, schools and prisons) as well as private residential (single-family houses, duplexes, apartment buildings and condominiums) and private non-residential (manufacturing, retail, offices, industrial and institutional) construction.

Concrete (7.9%): The Concrete segment deals with the production and sale of ready-mix concrete in six U.S. states, Washington D.C. and the Bahamas. This segment functions as a customer of the Aggregates segment as aggregates are a major component in ready-mix concrete. In Mar 2014, the company sold its concrete business in the Florida area.

Asphalt Mix (16.3%): The Asphalt Mix segment produces and sells asphalt mix in mid-Atlantic, Georgia, Southwestern and Western markets. In Jan 2015, Vulcan Materials swapped some of its ready-mix concrete operations for CEMEX's 13 asphalt plants, primarily in Arizona.

Calcium (0.2%): Vulcan Materials exited the Cement business with the sale of the Florida facilities in Mar 2014. The company, however, retained the calcium operation at the Brooksville, FL facility and renamed the segment as Calcium. The Florida calcium facility mines, produces and sells calcium products.

Notably, aggregates inter-segment sales accounted for 5.6% of its total revenues in 2020.



Reasons To Buy:

- ▲ **Rising Construction Activity in Public & Residential Sectors:** Increasing public construction demand and a resurgence in demand on the private side, particularly residential, have been benefiting Vulcan. Even projects that were paused at the onset of the coronavirus pandemic have started executing on their backlog of projects.

The company has been witnessing strong pricing, underpinned by growing public demand (mainly transport) and operational discipline. Vulcan-served markets should continue to benefit from public construction demand, primarily led by significantly higher levels of highway funding in key states. Public sector construction includes spending by federal, state and local governments for construction of highways, bridges, airports, dams, roads and other infrastructure construction. Publicly-funded construction accounts for significant part (approximately 45-55%) of Vulcan's total aggregate shipments. Generally, public sector spending is much more stable than the private because the public construction projects are less affected by general economic cycles. On the federal front, the government has signed into law a continuing resolution that included a one-year extension at the Fixing America's Surface Transportation Act or FAST Act at the current funding levels. This provides state and local governments with the visibility needed to plan, design and lead transportation projects through the 2021 construction season. Continuous recovery in these fundamentals points to construction activity stabilization over the course of 2021.

Strong public construction activity along with its strong aggregate reserve position, pricing power and bolt-on acquisitions are encouraging

Meanwhile, private consumer demand in Vulcan-served markets has also been recovering steadily. Privately-funded construction accounts for approximately 56% of total aggregate shipments. Also, during the first quarter of 2021, the company continues to see strength in residential construction activity, driven by higher demand for single-family housing. Residential construction continues to be the strongest end market. There is pent-up demand for houses and new subdivisions driven by lower mortgage rates and desire to own a home amid this pandemic

- ▲ **Four Strategic Initiatives:** The company remains focused on creating long-term value by compounding unit margins through four strategic initiatives — Commercial Excellence, Operational Excellence, Strategic Sourcing and Logistics Innovation — that enhance price growth and operating efficiencies. Higher price realizations and its four strategic initiatives should continue to increase unit profitability. Regardless of volume swings, the company intends to improve 2021-unit profitability in aggregates. Improvement in pricing helped it achieve 12% growth in unit profitability and adjusted EBITDA (up 21.5%) in first-quarter 2021. Notably, gross profit per ton grew 12% on modest growth in volume and price as well as effective cost control. This growth marks the 11th consecutive quarter of year-over-year improvement in the company's trailing 12-month unit profitability.

During the first quarter earnings call, the company increased its views for adjusted EBITDA. For 2021, the company now anticipates adjusted EBITDA in the range of \$1.380-\$1.460 billion versus \$1.340-\$1.440 billion expected earlier. Also, the company raised the lower range of earnings per diluted share guidance from \$4.80 to \$4.85. Notably, adjusted EBITDA in first-quarter 2021 came in at \$244.3 million, up 21.5% year over year.

- ▲ **Expansion Via Acquisitions:** Since becoming a public company in 1956, Vulcan followed a systematic inorganic strategy for expansion and has wrapped up various bolt-on acquisitions that had contributed significantly to its growth. Big or small acquisitions have been a key strategy for the company. As of Mar 31, 2021, it completed more than two dozen value-enhancing acquisitions since 2014, in some of the fastest-growing markets in the country. During 2020, Vulcan purchased businesses that will support aggregates operations for a total consideration of \$73,416,000 (both cash and non-cash). Meanwhile, Vulcan completed two acquisitions — one aggregate operation in Tennessee and another ready-mixed concrete operation in Virginia — in 2019.

During the first quarter of 2021, the company incurred \$71 million in capital expenditure, including core operating, maintenance and growth projects. In 2021, Vulcan expects to spend between \$450 and \$475 million on capital expenditures, including growth projects. This includes fully restarting and advancing the growth projects that were delayed during 2020 spring such as the opening of a new quarry in California, capacity expansion at other quarries, and improvements to logistics and distribution network. It also reflects a catch-up of operating capex that was postponed at the start of the pandemic. During 2020, the company invested \$361 million in internal growth projects to enhance distribution capabilities, develop new production sites, and enhance existing production facilities as well as other growth opportunities.

- ▲ **Stable Balance Sheet & Enhancing Shareholders' Return:** Of late, Vulcan has bolstered liquidity to manage the coronavirus pandemic. As of Mar 31, 2021, cash and cash equivalents were \$744.3 million compared with \$1,197.1 million as of Dec 31, 2019. The company paid off \$500 million of its debt maturities in March 2021. At first quarter 2021-end, long-term debt was \$2.77 billion, slightly down from \$2.78 billion in the prior year's first quarter. Return on invested capital increased 90 basis points or bps from the prior year to 14.8%. Operating cash flow was \$169.3 million at the end of first-quarter 2021, up 105.2% year over year.

Meanwhile, Vulcan has been actively managing cash flows, returning considerable free cash to investors through share repurchases and dividends. In first-quarter 2021, the company returned \$49.1 million to shareholders through dividends.

Reasons To Sell:

- ▼ **Coronavirus-Related Woes:** During the first quarter of 2021, the company faced uncertainty regarding proper visibility of demand due to the ongoing effects of pandemic. The company incurred COVID-19 direct incremental costs of \$2,468 during the quarter compared to \$648 million the prior year's first quarter. Although it expects the trends to gradually improve through 2021, volumes are more difficult to gauge, given timing uncertainties.
- ▼ **Weather Woes:** Vulcan is susceptible to bad weather conditions, including hurricanes, tornadoes and other weather events, as most of its products are used outdoors in the public or private construction industry. Also, the company's production and distribution facilities are located outdoors. Inclement weather affects both the company's ability to produce and distribute products and affects demand as construction work can be hampered by weather. Although aggregate shipments during first-quarter 2021 increased 3% from the prior year's first quarter, average daily shipping rates were lower year over year in February. Lower shipment is primarily impacted by winter weather from Texas to southeast and mid-Atlantic regions during the month of February. Also, loss in the Asphalt segment expanded during the quarter due to the decreased demand, thanks to the severe weather conditions in Alabama, Tennessee and Texas. For the first quarter, concrete segments shipment decreased 16% year over year mainly due to bad weather in Virginia.
- ▼ **Uncertainty in Aggregates Demand in Public Construction:** Dependency on the timing and amount of federal as well as local funding for infrastructure work for its business is a cause of concern. Vulcan's products are used in a variety of public infrastructure projects that are funded and financed by federal, state and local governments.
- ▼ **Price Fluctuation of Resources:** The company uses large amounts of electricity, diesel fuel, liquid asphalt and other petroleum-based resources, subject to potential supply constraints and significant price fluctuation, which could affect operating results and profitability. The availability and pricing of these resources are subject to market forces. Variability in the supply and prices of these resources could affect the company's operating costs and the rising costs could erode profitability. During the first quarter of 2021, the company witnessed inflationary pressure and challenges with respect to both logistics and labor supply. Also, for 2021, the company anticipates cost of diesel fuel to increase approximately \$25 million from the beginning of the year.

Coronavirus-related woes and seasonal influences on construction activity, inflation and logistic challenges are causes of concerns

Last Earnings Report

Vulcan Materials (VMC) Q1 Earnings Top, View Up, Shares Rise

Vulcan Materials Company reported first-quarter 2021 results, with earnings and revenues surpassing the Zacks Consensus Estimate. Notably, both the top and bottom lines beat the consensus mark for the second straight quarter.

Tom Hill, chairman and chief executive officer of Vulcan, said, "Our first quarter results are a testament to the resiliency of our best-in-class aggregates business. While severe winter weather conditions in February resulted in an uneven start to the year, strong execution from our teams allowed us to drive earnings growth and margin expansion. As the construction season got underway during March, many of our key markets began to see shipments rebound. Our four strategic disciplines helped us grow our aggregates cash gross profit by 9 percent to \$6.56 per ton."

Quarter Ending	03/2021
Report Date	May 04, 2021
Sales Surprise	5.51%
EPS Surprise	68.29%
Quarterly EPS	0.69
Annual EPS (TTM)	4.92

Inside the Headlines

Vulcan Materials reported adjusted earnings of 69 cents per share, beating the consensus mark of 41 cents by 68.3%. The company's bottom line also grew 46.8% on a year-over-year basis.

Total revenues of \$1,068.3 million surpassed the consensus mark of \$1,013 million by 5.5%. The top line also advanced 1.8% year over year.

Segments in Detail

Aggregates

For the first quarter, revenues in the segment grew 3% year over year to \$894.9 million. Aggregate shipments (volumes) were up 3% year over year.

For the quarter under review, freight-adjusted average sales price increased 1.9% from the prior-year quarter. Prices are expected to increase sequentially for the remainder of the year as well. Freight-adjusted revenues also increased 5.1% year over year to \$681.2 million.

Gross profit of \$223.6 million was up 15.2% year over year. Adjusted gross margin — as a percentage of segment sales — expanded 260 basis points (bps) to 20.5% (excluding freight & delivery).

Asphalt, Concrete and Calcium

Revenues in the Asphalt segment were \$147.2 million, up 5.3% year over year. The segment incurred gross loss of \$3 million, wider than the year-ago loss of \$2.4 million. This was mainly due to the impact of weather conditions in Alabama, Tennessee and Texas.

Total revenues in the Concrete segment were \$81.4 million, down 14.1% year over year. Gross profit totaled \$7.8 million, down from \$9.2 million a year ago. For the first quarter, shipments fell 16% year over year, thanks to inclement weather in Virginia. Nonetheless, average selling prices rose 3% year over year.

Total revenues in the Calcium segment were up 1.7% year over year to \$2.1 million. The segment reported gross profit of \$0.9 million, unchanged from the prior-year level.

Operating Highlights

For the quarter, Selling, Administrative and General or SAG expenses — as a percentage of total revenues — remained unchanged from the year-ago level of 8.3%.

Adjusted EBIT increased 36.3% from the prior-year quarter to \$143.9 million. Adjusted EBITDA also rose 21.5% year over year to \$244.3 million. Adjusted EBITDA margin improved 370 bps year over year to 22.9%. Notably, the improvement was backed by aggregates price growth and effective cost management.

Financials

As of Mar 31, 2021, cash and cash equivalents were \$744.3 million, down from \$1,197.1 million at 2020-end. Long-term debt was \$2,772.9 million, slightly up from \$2,772.2 million at 2020-end.

Raised 2021 View

For 2021, the company now anticipates adjusted EBITDA in the range of \$1.380-\$1.460 billion versus \$1.340-\$1.440 billion expected earlier. SAG expenses are expected in the range of \$365-\$375 million. EPS for 2021 are anticipated between \$4.85 and \$5.30 versus prior expectation of \$4.80-\$5.40. Also, it expects aggregates shipments to grow between 1% and 4%. Earlier, it expected shipment growth between (2%) and 2%.

Meanwhile, the company expects year-over-year growth in aggregates freight-adjusted price between 2% and 4%. Depreciation, depletion, accretion and amortization expense is expected to be \$400 million. It remains optimistic about the pricing environment for 2021.

For 2021, Vulcan Materials expects to spend between \$450 and \$475 million on capital expenditures, including growth projects.

Valuation

Vulcan Materials' shares are up 21.6% in the year-to-date period and 46.1% in the and trailing 12-month period. Stocks in the Zacks sub industry and the Zacks Construction sector are up 33.4% and 21.8%, in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and the sector are up 72.7% and 50.7%, respectively

The S&P 500 index is up 14% in the year-to-date period and 35.3% in the past year.

The stock is currently trading at 31.77X forward 12-month earnings, which compares to 21.59X for the Zacks sub-industry, 15.88 for the Zacks sector and 21.85X for the S&P 500 index.

Over the past five years, the stock has traded as high as 44.5X and as low as 13.41X, with a 5-year median of 26.34X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$189 price target reflects 33.45X forward 12-month earnings.

The table below shows summary valuation data for VMC

Valuation Multiples - VMC					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	31.77	21.59	15.88	21.85
	5-Year High	44.5	26.28	19.03	23.83
	5-Year Low	13.41	12.89	10.81	15.31
	5-Year Median	26.34	20.35	16.15	18.05
P/S F12M	Current	4.49	2.76	2.36	4.72
	5-Year High	4.89	2.76	2.39	4.74
	5-Year Low	1.9	1.59	1.23	3.21
	5-Year Median	3.64	2.22	1.68	3.72
EV/EBITDA TTM	Current	18.34	46.88	22.16	16.49
	5-Year High	28	111	24.91	17.7
	5-Year Low	10.05	13.03	11.57	9.61
	5-Year Median	18.32	18.19	17.67	13.39

As of 06/04/2021

Source: Zacks Investment Research

Industry Analysis Zacks Industry Rank: Top 14% (36 out of 250)



Top Peers

Company (Ticker)	Rec	Rank
Cornerstone Building Brands, Inc. (CNR)	Outperform	1
Eagle Materials Inc (EXP)	Outperform	2
CRH PLC (CRH)	Neutral	3
Forterra, Inc. (FRTA)	Neutral	NA
Martin Marietta Materials, Inc. (MLM)	Neutral	2
Summit Materials, Inc. (SUM)	Neutral	3
U S Concrete, Inc. (USCR)	Neutral	2
Arcosa, Inc. (ACA)	Underperform	5

The positions listed should not be deemed a recommendation to buy, hold or sell.

Industry Comparison Industry: Building Products - Concrete And Aggregates				Industry Peers		
	VMC	X Industry	S&P 500	EXP	MLM	SUM
Zacks Recommendation (Long Term)	Neutral	-	-	Outperform	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	2	2	3
VGM Score	C	-	-	A	C	B
Market Cap	23.83 B	3.13 B	30.49 B	6.23 B	21.94 B	4.08 B
# of Analysts	5	2.5	12	7	8	5
Dividend Yield	0.82%	0.00%	1.29%	0.00%	0.65%	0.00%
Value Score	C	-	-	B	D	B
Cash/Price	0.04	0.11	0.06	0.04	0.02	0.09
EV/EBITDA	20.14	11.04	17.32	11.67	17.28	12.18
PEG F1	1.94	1.94	2.16	NA	2.27	NA
P/B	3.88	2.50	4.24	4.55	3.70	2.51
P/CF	23.32	10.80	17.90	14.85	19.66	12.30
P/E F1	34.06	15.88	21.66	17.49	28.17	26.97
P/S TTM	4.89	1.68	3.52	3.84	4.61	1.70
Earnings Yield	2.92%	6.30%	4.47%	5.72%	3.55%	3.71%
Debt/Equity	0.45	0.54	0.66	0.74	0.44	1.17
Cash Flow (\$/share)	7.70	5.85	6.83	9.91	17.90	2.82
Growth Score	C	-	-	A	C	C
Historical EPS Growth (3-5 Years)	15.16%	6.38%	9.44%	11.57%	15.10%	-7.89%
Projected EPS Growth (F1/F0)	12.01%	48.69%	21.30%	22.66%	8.19%	59.01%
Current Cash Flow Growth	1.97%	8.21%	0.98%	19.14%	13.33%	-2.57%
Historical Cash Flow Growth (3-5 Years)	12.47%	12.47%	7.34%	8.56%	14.49%	10.10%
Current Ratio	3.52	2.43	1.39	3.91	3.73	2.67
Debt/Capital	31.12%	34.88%	41.53%	42.60%	30.71%	53.95%
Net Margin	14.05%	9.03%	11.95%	20.91%	15.99%	6.70%
Return on Equity	11.00%	12.80%	16.36%	24.40%	13.18%	7.20%
Sales/Assets	0.42	0.58	0.51	0.57	0.45	0.56
Projected Sales Growth (F1/F0)	5.83%	5.60%	9.30%	9.10%	10.36%	12.14%
Momentum Score	A	-	-	C	A	A
Daily Price Change	-1.85%	0.00%	0.34%	0.53%	-2.17%	-1.03%
1-Week Price Change	-2.03%	0.13%	0.58%	0.25%	-3.27%	-0.23%
4-Week Price Change	-6.32%	0.00%	0.29%	0.07%	-7.01%	12.25%
12-Week Price Change	4.45%	3.12%	8.01%	10.17%	2.31%	14.47%
52-Week Price Change	44.69%	92.16%	33.62%	92.16%	56.04%	95.17%
20-Day Average Volume (Shares)	747,941	49,773	1,797,059	485,526	388,573	1,235,749
EPS F1 Estimate 1-Week Change	0.61%	0.00%	0.00%	0.00%	0.00%	0.31%
EPS F1 Estimate 4-Week Change	1.87%	2.54%	0.07%	5.50%	2.54%	14.18%
EPS F1 Estimate 12-Week Change	3.25%	12.88%	3.32%	8.35%	10.45%	25.05%
EPS Q1 Estimate Monthly Change	-0.66%	1.74%	0.00%	6.67%	1.21%	2.26%

Source: Zacks Investment Research

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 maintain a 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	C
Growth Score	C
Momentum Score	A
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

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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.

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Additional Disclosure

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Returns quoted represent past performance which is no guarantee of future results. Investment returns and principal value will fluctuate so that when shares are redeemed, they may be worth more or less than their original cost. Current performance may be higher or lower than the performance shown.

Investing involves risk; principal loss is possible. There is no guarantee that companies that can issue dividends will declare, continue to pay or increase dividends.

Glossary of Terms and Definitions

52-Week High-Low: The range of the highest and lowest prices at which a stock has traded during the past year. This range is determined based on the stock's daily closing price which may differ from the intra-day high or low. Many investors use it as a technical indicator to determine a stock's current value and future price movement. The idea here is that if price breaks out from the 52-week range, in either direction, the momentum may continue in the same direction.

20-Day Average Volume (Shares): The average number of shares of a company traded in a day over the last 20 days. It is a direct indication of a security's overall liquidity. The higher the average daily trading volume, the easier it is to enter or exit the stock at a desired price with more buyers and sellers being available.

Daily Price Change: This is the percentage difference between a trading day's closing price and the prior trading day's closing price. This item is updated at 9 p.m. EST each day.

1-Week Price Change: This is the percentage change in a stock's closing price over the last 5 trading days. This change reflects the collective buying and selling sentiment over the 1-week period.

A strong weekly price increase for the stock, especially when accompanied by increased volume, is an indication of it gaining momentum.

4-Week Price Change: This is the percentage change in a stock's closing price over the last 20 trading days or past 4 weeks. This is a medium-term price change metric and an indication of the stock gaining momentum.

12-Week Price Change: This is the percentage change of a stock's closing price over the last 60 trading days or past 12 weeks. Similar to 4-week price change, this is a medium-term price change metric. It shows whether a stock has been enjoying strong investor demand, or if it has been in consolidation, or distress over this period.

52-Week Price Change: This is the percentage change in a stock's closing price over the last 260 trading days or past 52 weeks. This long-term price change metric is a good reference point for investors. Some investors seek stocks with the best percentage price change over the last 52 weeks, expecting the momentum to continue.

Market Cap: The number of outstanding common shares of a company times its latest price per share. This figure represents a company's size, which indicates various characteristics, including price stability and risk, in which investors could be interested.

Year-To-Date Price Change: Change in a stock's daily closing price in the period of time beginning the first day of the current calendar year through to the previous trading day.

of Analysts: Number of EPS estimates used in calculating the current-quarter consensus. These estimates come from the brokerage analysts tracking this stock. However, the number of such analysts tracking this stock may not match the number of estimates, as all brokerage analysts may not come up with an estimate or provide it to us.

Beta: A measure of risk commonly used to compare the volatility of a stock to the overall market. The S&P 500 Index is the base for calculating beta and carries a value of 1. A stock with beta below 1 is less risky than the market as a whole. And a stock with beta above 1 is riskier.

Dividend: The portion of earnings a company is expected to distribute to its common shareholders in the next 12 months for each share they own. Dividends are usually paid quarterly. Dividend payments reflect positively on a company and help maintain investors' trust. Investors typically find dividend-paying stocks appealing because the dividend adds to any market price appreciation to result in higher return on investment (ROI). Moreover, a steady or increasing dividend payment provides investors a cushion in a down market.

Dividend Yield: The ratio of a company's annual dividend to its share price. The annual dividend used in the ratio is calculated based on the most recent dividend paid by the company. Dividend yield is an estimate of the dividend-only return from a stock in the next 12 months. Since dividend itself doesn't change frequently, dividend yield usually changes with a stock's price movement. As a result, often an unusually high dividend yield is a result of weak stock price.

S&P 500 Index: The Standard & Poor's 500 (S&P 500) Index is an unmanaged group of securities considered to be representative of the stock market in general. It is a market-capitalization-weighted index of stocks of the 500 largest U.S. companies. Each stock's weight in the index is proportionate to its market value.

Industry: One of the 250+ groups that Zacks classifies all stocks into based on the nature of business. These groups are termed as expanded (aka "X") industries and map to their respective (economic) sectors; Zacks has 16 sectors.

Zacks Industry Rank: The Zacks Industry Rank is determined by calculating the average Zacks Rank for all stocks in the industry and then assigning an ordinal rank to it. For example, an industry with an average Zacks Rank of 1.6 is better than an industry with an average Zacks Rank of 2.3. So, the industry with the better average Zacks Rank would get a better Zacks Industry Rank. If an industry has the best average Zacks Rank, it would be considered the top industry (1 out of 250+), which would place it at the top 1% of Zacks-ranked industries. Studies have shown that roughly half of a stock's price movement can be attributed to the industry group it belongs to. In fact, the top 50% of Zacks-ranked industries outperforms the bottom 50% by a factor of more than 2 to 1.

Last EPS Surprise: The percentage deviation of a company's last reported earnings per share from the Zacks Consensus Estimate. Companies with a positive earnings surprise are more likely to surprise again in the future (or miss again if they recently missed).

Last Sales Surprise: The percentage deviation of a company's last reported sales from the Zacks Consensus Estimate.

Expected Report Date: This is an estimated date of a company's next earnings release. The information originated or gathered by Zacks Investment Research from its information providers or publicly available sources is the basis of this estimate.

Earnings ESP: The Zacks Earnings ESP compares the Most Accurate Estimate to the Zacks Consensus Estimate for the yet-to-be reported quarter. The Most Accurate Estimate is the most recent version of the Zacks Consensus EPS Estimate. The idea here is that analysts revising their estimates closer to an earnings release have the latest information, which could potentially be more accurate than what they and others contributing to the consensus had predicted earlier. Thus, a positive or negative Earnings ESP reading theoretically indicates the likely deviation of the actual earnings from the consensus estimate. However, the model's predictive power is significant for positive ESP readings only. A positive Earnings ESP is a strong predictor of an earnings beat, particularly when combined with a Zacks Rank #1 (Strong Buy), #2 (Buy) or #3 (Hold). Our research shows that stocks with this combination produce a positive surprise nearly 70% of the time.

Periods:

TTM: Trailing 12 months. Using TTM figures is an effective way of analyzing the most-recent financial data in an annualized format that helps neutralize the effects of seasonality and other quarter-to-quarter variation.

F1: Current fiscal year. This period is used to analyze the estimates for the ongoing full fiscal year.

F2: Next fiscal year. This period is used to analyze the estimates for the next full fiscal year.

F12M: Forward 12 months. Using F12M figures is an effective way of analyzing the near-term (the following four unreported quarters) estimates in an annualized manner. Instead of typically representing estimates for the full fiscal year, which may not represent the nitty-gritty of each quarter, F12M figures suggest an all-inclusive annualized estimate for the following four quarters. The annualization helps neutralize the potential effects of seasonality and other quarter-to-quarter variations.

P/E Ratio: The price-to-earnings ratio measures a company's current market price per share relative to its earnings per share (EPS). Usually, the trailing-12-month (TTM) EPS, current-fiscal-year (F1) EPS estimate, or forward-12-month (F12M) EPS estimate is used as the denominator. In essence, this ratio shows what the market is willing to pay today for each dollar of EPS. In other words, this ratio gives a sense of what the relative value of the company is at the already reported level of earnings or at a future level of earnings.

It is one of the most widely-used multiples for determining the value of a company and helps comparing its valuation with that of a competitor, the industry group or a benchmark.

PEG Ratio: The price/earnings to growth ratio is a stock's P/E ratio using current fiscal year (F1) EPS estimate divided by its expected EPS growth rate over the coming 3 to 5 years. This ratio essentially determines a stock's value by factoring in the company's expected earnings growth and is thus believed to provide a more complete picture than just the P/E ratio, particularly for faster-growing companies.

P/S Ratio: The price-to-sales ratio is calculated as a company's current price per share divided by trailing 12 months (TTM) sales or revenues per share. This ratio shows what the market is willing to pay today for each dollar of TTM sales per share. The P/S ratio is at times the only valuation metric when the company has yet to become profitable.

Cash/Price Ratio: The cash-to-price ratio or Cash Yield is calculated as cash and marketable securities per share divided by the company's current share price. Like the earnings yield, which shows the anticipated yield (or return) on a stock from earnings for each dollar invested, the cash yield does the same, with cash being the source of return instead of earnings. For example, a cash/price ratio of 0.08 suggests a return of 8% or 8 cents for every \$1 investment.

EV/EBITDA Ratio: The EV/EBITDA ratio, also known as Enterprise Multiple, is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by EBITDA (earnings before interest, taxes, depreciation and amortization). Usually, trailing-12-month (TTM) or forward-12-month (F12M) EBITDA is used as the denominator.

EV/Sales Ratio: The enterprise value-to-sales ratio is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by annual sales. It is an expansion of the P/S valuation, which uses market value instead of enterprise value. The EV/Sales ratio is perceived as more accurate than P/S, in part, because the market capitalization does not take a company's debt into account when valuing it.

EV/CF Ratio: The enterprise value-to-cash flow ratio is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by the trailing-12-month (TTM) operating cash flow. It's a measure of how long it would take to buy the entire business if you were able to use all the company's operating cash flow.

The EV/CF ratio is perceived as more accurate than the P/CF ratio, in part, because the market price does not take a company's debt into account when valuing it.

EV/FCF Ratio: The enterprise value-to-free cash flow metric compares a company's enterprise value to its trailing-12-month (TTM) free cash flow (FCF). This metric is very similar to the EV/CF ratio, but is considered a more exact measure owing to the fact that it uses free cash flow, which subtracts capital expenditures (CAPEX) from a company's total operating cash flow, thereby reflecting the actual cash flow available for funding growth activities and payments to shareholders.

P/EBITDA Ratio: The P/EBITDA ratio is calculated as a company's per share market value divided by EBITDA (earnings before interest, taxes, depreciation, and amortization). This metric is very similar to the EV/EBITDA ratio, but is considered a little less exact measure as it uses market price, which does not take a company's debt into account. However, since EBITDA is often considered a proxy for cash income, the metric is used as a measure of what the market is willing to pay today for each dollar of the company's cash profitability in the trailing 12 months (TTM) or forward 12 months (F12M).

P/B Ratio: The price-to-book ratio is calculated as a company's current price per share divided by its book value (total assets – liabilities – preferred stocks) per share. In short, the book value is how much a company is worth. In other words, it reflects the total value of a company's assets that its common shareholders would receive if it were to be liquidated. So, the P/B ratio indicates whether you're paying higher or lower than what would remain if the company went bankrupt immediately. Investors typically use this metric to determine how a company's stock price stacks up to its intrinsic value.

P/TB Ratio: The price-to-tangible-book value ratio is calculated as a the per share market value of a company divided by the value of its tangible assets (total assets – liabilities – preferred stocks – intangible assets) per share. Tangible book value is the same thing as book value except it excludes the value of intangible assets to get a step closer to the baseline value of the company.

P/CF Ratio: The price-to-cash flow ratio measures a company's per share market price relative to its trailing-12-month (TTM) operating cash flow per share. This metric is used to determine whether a company is undervalued or overvalued relative to another stock, industry or sector. And like the P/E ratio, a lower number is typically considered better from the value perspective.

One of the reasons why P/CF ratio is often preferred over P/E ratio is the fact that operating cash flow adds back non-cash expenses such as depreciation and amortization to net income. This feature helps valuing stocks that have positive cash flow but are not profitable because of large noncash charges.

P/FCF Ratio: The price-to-free cash flow ratio is an extension of P/CF ratio, which uses trailing-12-month (TTM) free cash flow per share instead of operating cash flow per share. This metric is considered a more exact measure than P/CF ratio, as free cash flow subtracts capital expenditures (CAPEX) from a company's total operating cash flow, thereby reflecting the actual cash flow available for funding activities that generate additional revenues.

Earnings Yield: The earnings yield is calculated as current fiscal year (F1) EPS estimate divided by the company's current share price. The ratio, which is the inverse of the P/E ratio, measures the anticipated yield (or return) from earnings for each dollar invested in a stock today.

For example, earnings yield for a stock, which is trading at \$35 and expected to earn \$3 per share in the current fiscal year (F1), would be 0.0857 ($3/35 = 0.0857$) or 8.57%. In other words, for \$1 invested in the stock today, the yield from earnings is anticipated to be 8.57 cents.

Investors most commonly compare the earnings yield of a stock to that of a broad market index (such as the S&P 500) and prevailing interest rates, such as the current 10-year Treasury yield. Since bonds and stocks compete for investors' dollars, stock investors typically demand a higher yield for the extra risk they assume compared to investors of U.S. Treasury-backed securities that offer virtually risk-free returns. This additional return is referred to as the risk premium.

Debt/Equity Ratio: The debt-to-equity ratio is calculated as a company's total liabilities divided by its shareholder equity. This metric is used to gauge a company's financial leverage. In other words, it is a measure of the degree to which a company is financing its operations through debt versus its own funds. The higher the ratio, the higher the risk for shareholders.

However, this ratio is difficult to compare across industry groups where ideal amounts of debt vary. Some businesses are more capital intensive than others and typically require higher debt to finance their operations. So, a company's debt-to-equity ratio should be compared with other companies in the same industry.

Cash Flow (\$/share): Cash flow per share is calculated as operating cash flow (after-tax earnings + depreciation + other non-cash charges) divided by common shares outstanding. It is used by many investors as a measure of a company's financial strength. Since cash flow per share takes into consideration a company's ability to generate cash by adding back non-cash expenses, it is regarded by some as a more accurate measure of a company's financial situation than earnings per share, which could be artificially deflated.

Current Ratio: The current ratio or liquidity ratio is a company's current assets divided by its current liabilities. It measures a company's ability to pay short-term obligations. A current ratio that is in line with the industry average or slightly higher is generally considered acceptable. A current ratio that is lower than the industry average would indicate a higher risk of distress or default. A higher number is usually better. However, a very high current ratio compared to the industry average could be an indication of inefficient use of assets by management.

Debt/Capital Ratio: Debt-to-capital ratio is a company's total debt (interest-bearing debt + both short- and long-term liabilities) divided its total capital (interest-bearing debt + shareholders' equity). It is a measure of a company's financial leverage. All else being equal, the higher the debt-to-capital ratio, the riskier the stock.

However, this ratio can vary widely from industry to industry, the ideal amount of required debt being different. Some businesses are more capital intensive than others and typically require higher debt to finance their operations. So, a company's debt-to-capital ratio should be compared with the same for its industry.

Net Margin: Net margin is calculated as net income divided by sales. It shows how much of each dollar in sales generated by a company translates into profit. For example, if a company's net margin is 15%, its net income is 15 cents for every \$1 of sales it makes.

A change in margin can reflect either a change in business conditions, or a company's cost controls, or both. If a company's expenses are growing faster than sales, its net margin will decline. However, different net margin rates are considered good for different industries, so it's better to compare net margin rates of companies in the same industry group.

Return on Equity: Return on equity (ROE) is calculated as trailing-12-month net income divided by trailing-12-month average shareholder equity (including reinvested earnings). This metric is considered a measure of how effectively management is using a company's assets to generate profits. For example, if a company's ROE is 10%, it creates 10 cents profits for every \$1 shareholder equity, which is basically the company's assets minus debt. A company's ROE deemed good or bad depends on what's normal for its peers or industry group.

Sales/Assets Ratio: The sales-to-assets ratio or asset utilization ratio or asset turnover ratio is calculated as a company's annual sales divided by average assets (average of assets at the beginning of the year and at the year's end). This metric helps investors understand how effectively a company is using its assets to generate sales. For example, a sales-to-assets ratio of 2.5 indicates that the company generated \$2.50 in sales for every \$1 of assets on its books.

The higher the sales-to-assets ratio, the better the company is performing. However, similar to many other ratios, the asset turnover ratio tends to be higher for companies in certain industries/sectors than in others. So, a company's sales-to-assets ratio should be compared with the same for its industry/sector.

Historical EPS Growth (3-5 Years): This is the average annual (trailing-12-month) EPS growth rate over the last 3-5 years. This metric helps investors see how a company's EPS has grown from a long-term perspective.

Note: There are many factors that can influence short-term numbers — a recession will reduce this number, while a recovery will inflate it. The longterm perspective helps smooth out short-term events.

Projected EPS Growth (F1/F0): This is the estimated EPS growth rate for the current financial year. It is calculated as the consensus estimate for the current fiscal year (F1) divided by the reported EPS for the last completed fiscal year (F0).

Current Cash Flow Growth: It measures the latest year-over-year change in operating cash flow. Cash flow growth tells an investor how quickly a company is generating inflows of cash from operations. A positive change in the cash flow is desired and shows that more 'cash' is coming in than going out.

Historical Cash Flow Growth (3-5 Years): This is the annualized change in cash flow over the last 3-5 years. The change in a longer period helps put the current reading into proper perspective. By looking at the rate, rather than the actual dollar value, the comparison across the industry and peers becomes easier.

Projected Sales Growth (F1/F0): This metric looks at the estimated sales growth for the current year. It is calculated as sales estimate for the current fiscal year (F1) divided by the reported sales for the last completed fiscal year (F0).

Like EPS growth, a higher rate is better for sales growth. A look at a company's projected sales growth instantly tells you what the outlook is for their products and services. However, different sales growth rates are considered good for different industries, so it's better to compare sales growth rates of companies in the same industry group.

EPS F1 Estimate 1-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past week. The change in a company's consensus EPS estimate (or earnings estimate revision) has proven to be strongly correlated with the near-term price movement of its shares. It is an integral part of the Zacks Rank.

If a stock's consensus EPS estimate is \$1.10 now versus \$1.00 a week ago, that will be reflected as a 10% upward revision. If, on the other hand, it went from \$1.00 to 90 cents, that would be a 10% downward revision.

EPS F1 Estimate 4-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past four weeks.

A stock's earnings estimate revision in a 1-week period is important. But it's more meaningful to look at the longer-term revision. And, of course, the 4-week change helps put the 1-week change into proper perspective.

EPS F1 Estimate 12-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past 12 weeks.

This metric essentially shows how the consensus EPS estimate has changed over a period longer than 1 week or 4 weeks.

EPS Q1 Estimate Monthly Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal quarter over the past four weeks.

While the revision in consensus EPS estimate for the current fiscal year is strongly correlated with the near-term price movement of its shares, the estimate revision for the current fiscal quarter is an important metric as well, especially over the short term, and particularly as a stock approaches its earnings date. If a stock's Q1 EPS estimate decreases ahead of its earnings release, it's usually a negative sign, whereas an increase is a positive sign.