

Viasat, Inc. (VSAT)

\$38.57 (As of 08/07/20)

Price Target (6-12 Months): **\$36.00**

Long Term: 6-12 Months

Zacks Recommendation: Underperform

(Since: 07/27/20)

Prior Recommendation: Neutral

Short Term: 1-3 Months

Zacks Rank: (1-5)

4-Sell

Zacks Style Scores:

VGM:C

Value: C

Growth: B

Momentum: D

Summary

Viasat operates in a highly dynamic and competitive market. High R&D expenses related to the commercial launch of Viasat-3 satellites are a headwind. In-Flight Connectivity (IFC) weakness resulting from the COVID-19 pandemic will likely hinder revenue growth in fiscal 2021. IFC is expected to continue witness negative impacts until air travel recovers. Moreover, Viasat faces high customer concentration risks that limit its growth potential to some extent. While it targets mid-2021 for the launch of the first ViaSat-3 class satellite, the coronavirus-induced disruptions pose risk to the payload completion and the final spacecraft assembly, integration and test schedule. However, it reported relatively healthy first-quarter fiscal 2021 results with solid subscriber base and cash flow driven by sustained momentum in the Satellite Services segment.

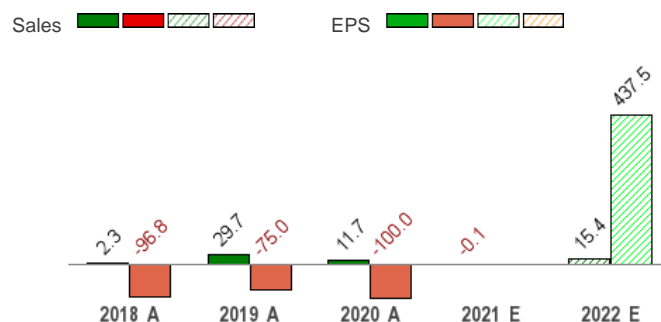
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$82.10 - \$25.10
20 Day Average Volume (sh)	457,735
Market Cap	\$2.7 B
YTD Price Change	-42.5%
Beta	1.12
Dividend / Div Yld	\$0.00 / 0.0%
Industry	Wireless Equipment
Zacks Industry Rank	Top 49% (123 out of 252)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	53.5%
Last Sales Surprise	3.0%
EPS F1 Est- 4 week change	-37.3%
Expected Report Date	NA
Earnings ESP	55.9%

P/E TTM	NA
P/E F1	482.1
PEG F1	23.5
P/S TTM	1.2

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	620 E	633 E	738 E	772 E	2,662 E
2021	530 A	579 E	610 E	624 E	2,306 E
2020	537 A	592 A	588 A	592 A	2,309 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	\$0.12 E	\$0.14 E	\$0.24 E	-\$0.05 E	\$0.43 E
2021	-\$0.20 A	-\$0.11 E	\$0.12 E	\$0.19 E	\$0.08 E
2020	\$0.10 A	\$0.05 A	\$0.10 A	\$0.03 A	\$0.00 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 08/07/2020. The reports text is as of 08/10/2020.

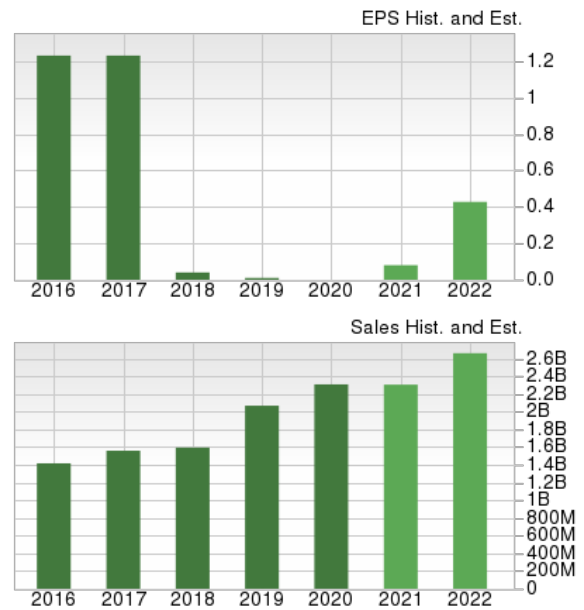
Overview

Headquartered in Carlsbad, CA, Viasat designs, develops and markets advanced digital satellite telecommunications and other wireless networking and signal processing equipment. The company serves its high-bandwidth, high-performance communications solutions to public as well as military, enterprises and governments enterprises.

Viasat provides broadband services named 'Exede' in North America. This features the world's highest capacity satellite – ViaSat-1; satellite broadband networking systems; global mobile satellite services comprising high-speed in-flight Internet as well as global tracking and messaging; and Wi-Fi and other hotspot support, operations and management systems. Apart from these, the company offers cybersecurity and network-centric military communication systems for the U.S. government and its alliances.

Viasat has three operating segments that are as follows:

- **Satellite Services** (38.1% of total revenues in first-quarter fiscal 2021): Under this segment, Viasat offers retail and wholesale satellite-based broadband services to mobile broadband customers and enterprises mainly in the U.S. Apart from providing Exede broadband services, the company presents a platform for network management services provision to national and international satellite service providers.
- **Commercial Networks** (12.7%): The segment creates and produces a varied range of comprehensive and advanced satellite and other wireless communication systems as well as ground networking equipment and products. These offerings are aimed at addressing five key market segments: consumer, enterprise, maritime, in-flight and ground mobile applications.
- **Government Systems** (49.3%): Through this segment, Viasat creates and presents network-centric IP-based fixed and mobile secure government communications systems and solutions for its federal customers such as DoD, armed forces, public safety first-responders and remote government employees. The segment offering is strategized at aiding the collection and distribution of secure real-time digital information between communications nodes, command centers and air defense systems.



Reasons To Sell:

- ▼ Viasat operates in a dynamic and competitive market, which includes stalwarts from varied industries. In its Satellite Services segment, the company faces competition from companies like AT&T, CenturyLink, Comtech and DISH Network. On the other hand, its Government Systems segment faces threats from manufacturers of defense electronics products and systems such as General Dynamics. Hence, to combat such competitive pressure, Viasat has to continuously customize its network offering as per needs, enhance cost-effectiveness of its products and services, and boost the satellite data networks. Increased competition results in price reductions, reduced margins, and loss of market share, which has an adverse effect on the results of operations.
- ▼ Although Viasat's acquisition strategy has significant long-term impact, it has led to integration risks in the near term. Failure to successfully integrate the newly acquired companies into its own business model is likely to hurt the company's financials. Moreover, though the company's research and development activities promise long-term prospects, they weigh on net income in the near term. This apart, the company anticipates incurring huge rise in research and development activities related to the launch of ViaSat-3 satellites that can materially impact its margins and bottom line. In-Flight Connectivity (IFC) weakness resulting from the COVID-19 pandemic will likely hinder Viasat's revenue growth in fiscal 2021. IFC is expected to continue witness negative impacts until air travel recovers. While the company targets mid-2021 for the launch of the first ViaSat-3 class satellite, the coronavirus-induced disruptions pose risk to the payload completion and the final spacecraft assembly, integration and test schedule.
- ▼ Viasat's Satellite Services segment is highly affected by seasonality of demand due to traditional retail selling periods. Historically, March through May of any year proves to be expensive months for the company in terms of subscriber acquisition. Additionally, the sales activity is mostly high during the second half of every calendar year. Any failure in promotional and subscriber retention efforts, changes in third parties, changes in subscribers' approval processes will likely magnify the sales activity and churn rate. In addition, there may be a number of technical problems in relation with the performance of satellites, as they utilize highly complex technology and operate in the harsh environment, which may pose concerns for Viasat's future profitability. For instance, problems associated with the power sub-systems, control sub-systems and degradation or unforeseen anomalies in space can pose material threats to profitability.
- ▼ Viasat depends on U.S. Government contracts for a major part of its revenues. In future, any additional Federal budgetary pressure will likely lead to deeper-than-expected cuts in defense spending, significantly impacting the company's business prospects. A shift in the U.S. Government's foreign policy may result in the termination of some major international contracts. Moreover, as the company's international sales and operations are subject to laws related to trade, export controls and foreign corrupt practices and others, failures to comply with them are expected to hurt its financials.

In-Flight Connectivity (IFC) weakness resulting from the COVID-19 pandemic will likely hinder Viasat's revenue growth in fiscal 2021.

Risks

- Viasat enjoys a leading position in the satellite and wireless communications market. With the rapid proliferation of the smartphone market and usage of mobile broadband, the user demand for coverage speed and quality has increased, which in turn is fueling the demand for network tuning and optimization to maintain high data traffic. The company attracts millions of U.S. consumers and enterprises by its high-quality broadband service. Encouragingly, Viasat's blue-chip customer base, which comprises of the U.S. Department of Defense, civil agencies, allied foreign governments, satellite network integrators as well as large communications service providers and enterprises adds to its strength. Currently, the company's Government Systems is acting as a major profit churner. Despite supply chain disruptions stemming from the COVID-19 pandemic, revenues from Government Systems held its fort in the last reported quarter owing to new orders under IDIQ agreements. Going forward, Viasat is eyeing opportunities to extend broadband satellite mobility to rotary wing aircraft, as it is a large addressable market that can emerge as a key profit churner.
 - Viasat's Satellite Services business is progressing well, with key metrics including steady growth of ARPU (average revenue per user) and revenues showing impressive growth. ARPU is growing on the back of solid retail distribution network, which accounts for a growing proportion of high value and high bandwidth subscriber base. In the last reported quarter, revenues from Satellite Services increased 2.6% year over year to \$202 million, driven by the addition of new subscribers to premium broadband service plans due to increased COVID-19 shelter-in-place orders. Further, growing adoption of in-flight Wi-Fi services in commercial aircrafts are proving conducive to the growth of the Satellite Services business. Viasat's impressive bandwidth productivity sets it apart from conventional and lower-yield satellites providers who run on incumbent business models. Also, Viasat has a competitive advantage in bandwidth economics, global coverage, flexibility and bandwidth allocation, which makes it believe that mobile broadband will act as a profit churner.
 - Viasat is ramping up investments in the development of its revolutionary ViaSat-3 broadband communications platform, which will boast nearly 10 times the bandwidth capacity of ViaSat-2. The ViaSat-3 payload program has begun its transition to the construction phase. These satellites will be capable of covering one-third of the world, including all Americas. The second ViaSat-3 will cover the Europe, the Middle East and Africa region. The ViaSat-3 platform will help to form a global broadband network with sufficient network capacity to allow better consumer choices with an affordable, high-quality, high-speed Internet and video streaming service. In a nutshell, Viasat has garnered enough economics of scale and scope to serve vast emerging markets in South America, Africa, the Middle East and Western Asia. Hence, momentous market traction of ViaSat-1 and ViaSat-2 satellites, coupled with strategically planned ViaSat 3 satellites, are expected to provide Viasat with a solid competitive edge over its peers, thereby bolstering growth in long run.
 - As of Jun 30, 2020, Viasat had \$232.4 million in cash and equivalents with \$134.6 million of other long-term debt. The company currently has a debt-to-capital ratio of 0.51 compared with 0.35 of the sub-industry. Notably, its times interest earned ratio has improved slightly to 1.1 sequentially, higher than 0.9 recorded at the end of the previous quarter. This shows that the company is more likely to clear its debt obligations. However, its cash ratio has declined sequentially from 0.5 to 0.41. This puts forth a doubt about whether the company will likely have sufficient cash reserves to meet its current liabilities in the near term amid disruptions caused by the COVID-19 pandemic, although it generated a record high of \$157 million of cash from operations during the quarter.
-

Last Earnings Report

Viasat Records Narrower-Than-Expected Q1 Loss

Viasat reported relatively healthy first-quarter fiscal 2021 results, with the top and bottom lines surpassing the respective Zacks Consensus Estimate. An accretive subscriber base, prudent working capital management and solid progress in ViaSat-3 constellation, coupled with sustained momentum in the Government Systems and Satellite Services segments, supported the quarterly results.

Quarter Ending 06/2020

Report Date	Aug 06, 2020
Sales Surprise	3.03%
EPS Surprise	53.49%
Quarterly EPS	-0.20
Annual EPS (TTM)	-0.02

Net Income

On a GAAP basis, net loss for the June quarter was \$12.4 million or a loss of 20 cents per share compared with net loss of \$11.5 million or a loss of 19 cents in the year-ago quarter. The wider loss was primarily driven by top-line contraction. Nevertheless, the bottom line was narrower than the Zacks Consensus Estimate of a loss of 43 cents.

Non-GAAP net income came in at \$4.8 million or 8 cents per share compared with \$6.4 million or 10 cents per share in the prior-year quarter.

Revenues

Quarterly total revenues decreased 1.2% year over year to \$530.5 million. The decline was primarily driven by a steep fall in commercial air traffic due to the virus outbreak and associated lockdown measures, partially offset by modest revenue growth in the Satellite Services backed by a record backlog. While product revenues totaled \$250.6 million, down 4.9% year over year, service revenues rose 2.4% to \$279.9 million. The top line surpassed the consensus mark of \$515 million.

Segment Results

Revenues from **Satellite Services** increased 2.6% year over year to \$202 million, driven by more subscribers and incremental bandwidth demand per subscriber. Markedly, the segment witnessed high demand for video streaming services and high-speed data for coronavirus-induced social-distancing measures. Average revenue per user was up 18% year over year to \$99, primarily driven by the addition of new subscribers to premium broadband service plans due to increased COVID-19 shelter-in-place orders. However, the IFC business, which comprises less than 10% of annual revenues, suffered a major setback due to reduced air travel.

Impressively, Viasat added about 9,000 new subscribers in the reported quarter. The company ended the quarter with 45% of 1,390 aircraft inactive in the commercial IFC business due to the adverse impact of the virus outbreak. The segment's operating loss was \$1.9 million compared with an operating loss of \$2.1 million in the year-ago quarter. Adjusted EBITDA was \$71.4 million, up 6.4% driven by a diversified service portfolio.

Commercial Networks revenues were down 14.9% to \$67.2 million with sales of commercial air equipment falling 90% year over year. However, this was partially offset by 36% growth in antenna systems with strong demand for remote sensing and earth observation. Markedly, the segment continues to invest in R&D to reinforce high-priority, long-term strategic growth opportunities. The segment's operating loss was \$51.4 million compared with a loss of \$49.9 million in the year-ago quarter. Adjusted EBITDA was negative \$34.1 million compared with negative \$35.2 million in the year-ago quarter.

Despite supply-chain disruptions, stemming from the COVID-19 pandemic, revenues from **Government Systems** remained flat at \$261.3 million. The company secured new orders worth \$334 million in the quarter under IDIQ agreements. The segment's operating profit was \$49.5 million, up 7.8% year over year on stringent cost-cutting initiatives. Adjusted EBITDA was \$67.5 million, up 4% year over year, mainly due to better business mix and lower R&D expenses.

Other Details

Total operating loss was \$5.3 million compared with an operating loss of \$8.1 million in the year-earlier quarter. Adjusted EBITDA came in at \$104.7 million compared with \$96.8 million a year ago. New contract awards during the quarter aggregated \$736.9 million, up from \$505.8 million, while sales backlog was a record high at \$2,114.6 million, up from \$1,839.8 million a year ago.

Cash Flow & Liquidity

During first-quarter fiscal 2021, Viasat generated a record high of \$157 million of cash from operations, driven by robust earnings performance and working capital management. The company issued a secondary offering worth \$400 million and utilized the proceeds to repay debt under its revolving credit facility.

As of Jun 30, 2020, the satellite and wireless networking technology provider had \$232.4 million in cash and equivalents with \$134.6 million of other long-term debt.

Moving Forward

Despite uncertainties pertaining to the COVID-19 pandemic, Viasat delivered impressive results in first-quarter fiscal 2021 and continues to hold a leading position in the satellite and wireless communications market. With the rapid proliferation of the smartphone market and usage of mobile broadband, the user demand for coverage speed and quality has increased, which in turn is fueling demand for network tuning and optimization to maintain high data traffic. Backed by a robust vertically-integrated business model, the company remains focused on the launch of ViaSat-3 class satellite in mid-2021.

Markedly, the company has also undertaken cost-reduction initiatives to tackle softness in the IFC business and increase its market-share post the COVID-19 crisis. With major shifts in satellite and broadband connectivity, Viasat expects to witness increasing demand for broadband services globally. Equipped with a resilient business portfolio, the company expects to maintain financial prudence in capital investments and witness potential strategic growth opportunities with augmented geographic presence.

Recent News

On Jul 23, 2020, Viasat announced the deployment of its Ka-band In-Flight Connectivity business aviation services in two Bombardier Challenger business jets — Challenger 300 and Challenger 350 aircrafts. The Ka-band services will enable Viasat to strengthen business-critical productivity and promote enhanced customer experience. This will enable more efficient utilization of passenger and flight crew applications. Viasat's Ka-band solutions enable business jet customers to enjoy high-speed Internet connectivity from takeoff to touchdown. It empowers aviation clients to reinforce their IFC investments and helps customers to stay connected with streamlined web browsing and streaming services.

On Jul 16, Viasat announced that its U.K. counterpart joined forces with a leading cybersecurity solutions provider, Cyber1st, to reinforce crypto capabilities and deploy reliable communications services to the government. Apart from catering to the security demands of commercial customers, the collaboration will deliver data and voice services to the U.K. Ministry of Defence. Viasat UK is leading player in the delivery of resilient satellite communications. It enables defense customers to deter threat attacks with an active cyber defense and hybrid adaptive network. It also maximizes operational capabilities with an unparalleled bandwidth capacity for improved connectivity. The UK subsidiary is focused on the establishment of a sovereign Network and Cyber Security Operations Centre for the delivery of leading cybersecurity services.

On Jun 10, Viasat and Honeywell announced a partnership adding Viasat's VR-12T shipset to Honeywell's Maintenance Service Plan (MSP). Honeywell's MSP is a well-established maintenance protection plan that offers full coverage options for avionics across a wide range of platforms and operations. The move will likely enhance Viasat's In-Flight Connectivity offering by giving Viasat Ku-Advanced customers the option to add their Ku system to their MSP contract.

Valuation

Viasat shares are down 47.4% over the trailing 12-month period. Stocks in the Zacks sub-industry are up 22.6% over the past year, and stocks in the Zacks Computer and Technology sector are up 37.3% in the same period.

The S&P 500 Index is up 16.4% in the past year.

The stock is currently trading at 12.27X trailing 12-month EV/EBITDA, which compares to 27.72X for the Zacks sub-industry, 13.36X for the Zacks sector and 12.62X for the S&P 500 Index.

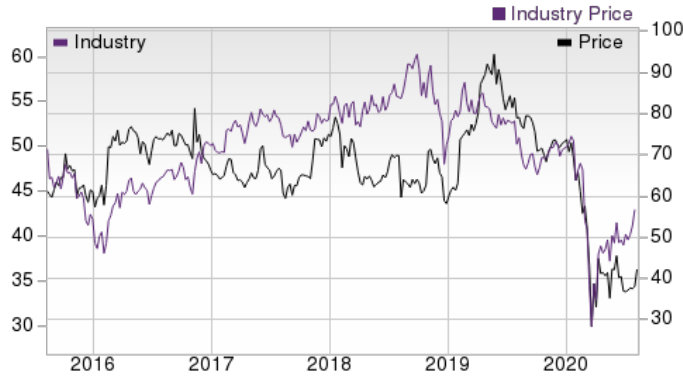
Over the past five years, the stock has traded as high as 32.3X and as low as 9.77X, with a 5-year median of 16.29X. Our Underperform recommendation indicates that the stock will perform worse than the market. Our \$36 price target reflects 28.6X trailing 12-month book value.

The table below shows summary valuation data for VSAT

Valuation Multiples - VSAT					
		Stock	Sub-Industry	Sector	S&P 500
EV/EBITDA TTM	Current	12.27	27.72	13.36	12.62
	5-Year High	32.3	28.12	13.51	12.84
	5-Year Low	9.77	9.84	7.59	8.24
	5-Year Median	16.29	16.57	10.9	10.9
P/B TTM	Current	1.26	7.6	6.27	4.67
	5-Year High	3.36	7.71	6.34	4.67
	5-Year Low	0.84	2.62	3.16	2.83
	5-Year Median	2.24	3.89	4.42	3.73
P/S F12M	Current	1.09	3.68	4.07	3.66
	5-Year High	2.6	3.68	4.07	3.66
	5-Year Low	0.67	2.07	2.32	2.53
	5-Year Median	2.06	2.8	3.14	3.05

As of 08/07/2020

Industry Analysis Zacks Industry Rank: Top 49% (123 out of 252)



Top Peers

Company (Ticker)	Rec	Rank
Aviat Networks, Inc. (AVNW)	Neutral	3
Comtech Telecommunications Corp. (CMTL)	Neutral	3
InterDigital, Inc. (IDCC)	Neutral	3
Juniper Networks, Inc. (JNPR)	Neutral	3
Sonim Technologies, Inc. (SONM)	Neutral	3
Sierra Wireless, Inc. (SWIR)	Neutral	3
Ubiquiti Inc. (UI)	Neutral	3
The Boeing Company (BA)	Underperform	4

Industry Comparison Industry: Wireless Equipment				Industry Peers		
	VSAT	X Industry	S&P 500	BA	SWIR	UI
Zacks Recommendation (Long Term)	Underperform	-	-	Underperform	Neutral	Neutral
Zacks Rank (Short Term)	4	-	-	4	3	3
VGM Score	C	-	-	F	C	B
Market Cap	2.65 B	451.83 M	23.30 B	95.97 B	469.59 M	12.23 B
# of Analysts	4	2	14	7	3	1
Dividend Yield	0.00%	0.00%	1.76%	0.00%	0.00%	0.63%
Value Score	C	-	-	F	D	D
Cash/Price	0.13	0.14	0.07	0.36	0.15	0.01
EV/EBITDA	11.66	11.25	13.32	153.26	-17.52	31.86
PEG Ratio	25.07	2.14	2.94	NA	NA	2.39
Price/Book (P/B)	1.28	1.80	3.19	NA	1.32	NA
Price/Cash Flow (P/CF)	7.65	14.48	12.51	314.03	NA	39.03
P/E (F1)	515.00	20.25	22.02	NA	NA	29.95
Price/Sales (P/S)	1.15	1.52	2.53	1.44	0.72	9.74
Earnings Yield	0.19%	4.20%	4.37%	-5.55%	-7.35%	3.34%
Debt/Equity	1.03	0.19	0.77	-5.14	0.19	-1.90
Cash Flow (\$/share)	5.50	0.49	6.94	0.54	-0.10	4.92
Growth Score	B	-	-	F	B	A
Hist. EPS Growth (3-5 yrs)	-97.89%	-5.34%	10.46%	-7.63%	-25.11%	26.05%
Proj. EPS Growth (F1/F0)	900.00%	18.51%	-6.80%	-697.28%	NA	300.62%
Curr. Cash Flow Growth	36.25%	-14.66%	5.39%	-97.35%	-108.17%	18.36%
Hist. Cash Flow Growth (3-5 yrs)	5.53%	5.53%	8.55%	-48.30%	NA	14.25%
Current Ratio	1.73	1.67	1.33	1.41	1.30	2.72
Debt/Capital	50.70%	22.60%	44.50%	NA	15.73%	NA
Net Margin	-0.05%	2.32%	10.13%	-4.27%	-10.68%	28.56%
Return on Equity	-0.06%	4.66%	14.39%	-3.08%	-11.00%	-191.57%
Sales/Assets	0.50	0.76	0.51	0.47	1.01	1.72
Proj. Sales Growth (F1/F0)	-0.14%	0.00%	-1.51%	-21.91%	-12.17%	10.00%
Momentum Score	D	-	-	F	C	D
Daily Price Chg	9.15%	0.00%	0.90%	-1.27%	4.62%	-1.52%
1 Week Price Chg	1.55%	2.16%	0.14%	-9.07%	18.15%	2.16%
4 Week Price Chg	16.48%	14.07%	8.95%	-1.88%	48.34%	4.03%
12 Week Price Chg	21.85%	30.89%	18.90%	38.77%	65.64%	10.61%
52 Week Price Chg	-45.87%	2.87%	1.18%	-49.45%	8.39%	60.18%
20 Day Average Volume	457,735	141,031	2,057,775	35,120,648	437,320	66,254
(F1) EPS Est 1 week change	-28.89%	0.00%	0.00%	-26.50%	0.00%	0.00%
(F1) EPS Est 4 week change	-37.26%	0.00%	1.36%	-55.14%	0.00%	0.00%
(F1) EPS Est 12 week change	159.26%	0.00%	1.57%	-87.00%	0.00%	0.00%
(Q1) EPS Est Mthly Chg	-3.03%	0.00%	0.54%	-19.35%	0.00%	NA

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	C
Growth Score	B
Momentum Score	D
VGM Score	C

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

Disclosures

This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock. The EPS and revenue forecasts are the Zacks Consensus estimates, unless indicated otherwise on the reports first page. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment. This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time. ZIR is not a broker-dealer. ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients. Zacks and its staff are not involved in investment banking activities for the stock issuer covered in this report.

ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.

No part of this report can be reprinted, republished or transmitted electronically without the prior written authorization of ZIR.