

Whirlpool Corporation (WHR)

\$122.50 (As of 04/29/20)

Price Target (6-12 Months): **\$130.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 04/01/19)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:A

Value: A

Growth: A

Momentum: B

Summary

Whirlpool slid and lagged the industry in the past three months. Further, the stock has been under pressure due to the ongoing global COVID-19 situation. It expects disruption in production and soft demand stemming from the outbreak to significantly impact results. Consequently, the company withdrew its 2020 guidance. Further, it has been witnessing dismal sales trend, recording the second consecutive miss in the fourth quarter. Sales declines in Latin America, Asia and EMEA mainly hurt the top line. Going forward, the company expects sales to be hurt by the persistent softness in the United States, Canada and Mexico. However, Whirlpool's cost-containment efforts and margin expansion in North America are poised to drive growth. Also, restructuring actions to revive the EMEA business bodes well.

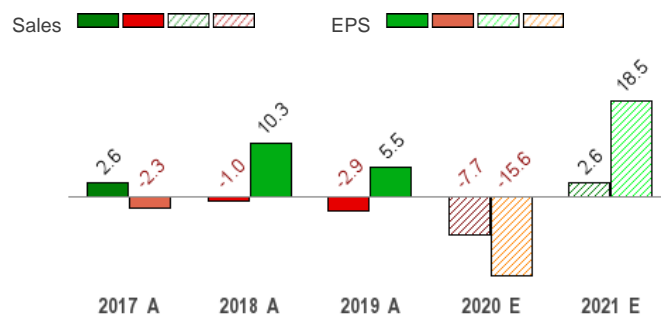
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$163.64 - \$64.00
20 Day Average Volume (sh)	926,912
Market Cap	\$7.7 B
YTD Price Change	-17.0%
Beta	1.88
Dividend / Div Yld	\$4.80 / 3.9%
Industry	Household Appliances
Zacks Industry Rank	Bottom 22% (198 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	14.2%
Last Sales Surprise	-2.7%
EPS F1 Est- 4 week change	-2.6%
Expected Report Date	04/30/2020
Earnings ESP	-1.9%

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	3,934 E	4,109 E	4,603 E	4,929 E	19,335 E
2020	4,377 E	4,243 E	4,861 E	5,368 E	18,849 E
2019	4,760 A	5,186 A	5,091 A	5,382 A	20,419 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$3.44 E	\$2.96 E	\$4.25 E	\$4.36 E	\$16.00 E
2020	\$2.75 E	\$2.60 E	\$3.72 E	\$4.48 E	\$13.50 E
2019	\$3.11 A	\$4.01 A	\$3.97 A	\$4.91 A	\$16.00 A

*Quarterly figures may not add up to annual.

P/E TTM	7.7
P/E F1	9.1
PEG F1	1.7
P/S TTM	0.4

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 04/29/2020. The reports text is as of 04/30/2020.

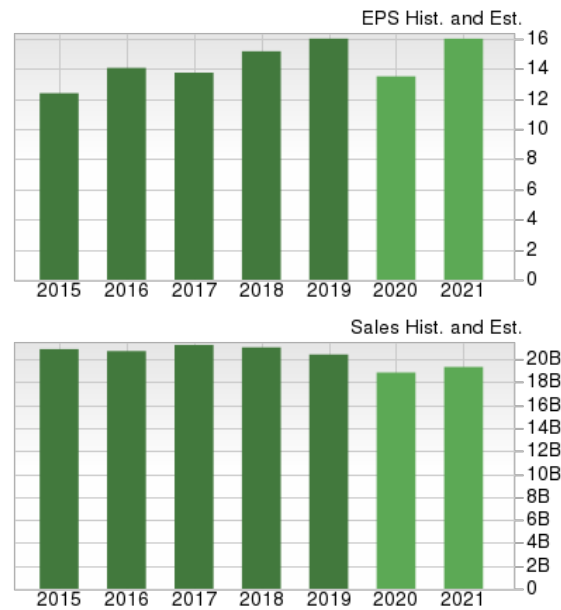
Overview

Benton Harbor, MI-based Whirlpool Corporation was founded in 1955 and is one of the largest manufacturers of home appliances in the world. The company manufactures products in 14 countries and markets products in nearly every country around the world.

Notably, the company's portfolio of products can be broadly classified into laundry appliances, refrigerators and freezers, cooking appliances, and other small household appliances such as dishwashers and mixers. It also produces hermetic compressors for refrigeration systems.

It markets brands including Whirlpool, KitchenAid, Maytag, Consul, Brastemp, Amana, Bauknecht, JennAir, Indesit and other major brand names. The company has the best brand portfolio in the industry, led by Whirlpool and KitchenAid. Of its brand portfolio, six brands generate more than \$1 billion in revenue.

Whirlpool, with its manufacturing and technology research centers spread globally, conducts its business through four reportable geographic segments. These are – North America; Latin America; Europe, Middle East and Africa (EMEA); and Asia. These regions contributed 56%, 16%, 21% and 7%, respectively, to total revenues in 2019.



Reasons To Buy:

- ▲ **Cost-Productivity Efforts Aid Operating Margins:** Whirlpool continues to gain from the successful execution of various measures undertaken to boost margins. These efforts included cost-based price increments and cost-reduction initiatives focused on improving business efficiency. To counter raw material inflation and other cost headwinds, the company implemented global cost-based pricing for trade customers along with initiatives to cut fixed overhead expenses by \$150 million. Backed by stringent cost discipline and driving positive mix through product innovation, the company reported operating margin expansion of 100 basis points (bps) in the fourth quarter. Additionally, its disciplined cost takeout approach and continued efforts to optimize the overall value chain, overcome significant tariffs headwinds and material cost inflation bode well.
- ▲ **Strong Q4 Earnings:** Whirlpool reported robust bottom-line results in fourth-quarter 2019 and provided a favorable outlook for 2020. Notably, the company's earnings beat the Zacks Consensus Estimate and improved year over year in fourth-quarter 2019. This marked its sixth straight earnings beat. Results benefited from organic sales growth of 1.2% and adjusted EBIT margin expansion on cost-saving initiatives.
- ▲ **Strength in North America Business:** Despite the industry softness in the United States and Canada, Whirlpool continued to post positive results for the North America division on agility and underlying strength in business. Though sales for the region remained nearly flat in the fourth quarter, operating margin expanded 110 bps to 13.3%. Meanwhile, adjusted operating profit in the quarter was \$362 million, with an operating margin of 11.8%. The segment gained from favorable product price/mix and disciplined cost management, offset by lower fixed cost leverage and continued cost inflation. This marked the ninth straight quarter of margin growth for the North America segment. Looking ahead, the company expects to continue delivering margin expansion in North America, driven by focused cost discipline and favorable price mix related to product introductions.
- ▲ **Actions to Revive EMEA:** Whirlpool has been taking measures to revive its soft EMEA segment. The company executed several strategic actions in 2019, including business exits in the first half, which resulted in benefits primarily in the second half. Some key steps to restore profitability at the EMEA segment include the exit of Turkey domestic sales operations and Hotpoint small appliances in second-quarter 2019 as well as the sale of its South Africa operations. Moreover, it witnessed gains from fixed cost reduction and volume returned to positive. Although revenues in the region declined 5.5% in fourth-quarter 2019, unit volumes were nearly flat, driven by growth in Italy, France and Eastern Europe. Moreover, the region reported operating profit of \$11 million in the fourth quarter against an operating loss of \$15 million in the year-ago quarter. Operating margin for EMEA was 0.9%. The segment's margins mainly benefited from the ongoing cost-reduction efforts and strategic initiatives. Notably, this marked the second straight quarter of sequential operating margin growth for the EMEA segment.
- ▲ **Long-term Targets Bode Well:** Whirlpool's robust product pipeline, solid innovations and cost productivity initiatives keep it on track to achieve its long-term targets through 2020. The company aims to deliver organic revenue growth of 3–5% every year. Additionally, the company targets EBIT margin to exceed 10% by 2020 and envisions earnings per share to grow by 10–15% each year. Furthermore, Whirlpool anticipates delivering roughly 4-5% margins along with 8% margin in Europe. It also remains committed to accomplishing gross debt-to-EBITDA of roughly 2 in the long term.
- ▲ **Balanced Capital Allocation Approach:** Whirlpool follows a balanced capital allocation approach that focuses on making appropriate capital allocations to fund capital needs as well as return value to shareholders. Consistent with the strategy, the company regularly returns cash to shareholders in forms of dividend payouts and share repurchases. Since 1983, it has increased dividend payout from \$0.225 to \$1.20 per share. In 2019, Whirlpool bought back shares worth \$148 million and paid out dividends worth \$305 million. We believe that regular dividend payments and increments, along with share repurchases reflect growth potential of the company's earnings and cash flow generation capabilities. Moreover, it generated operating cash flow of \$1,230 million and free cash flow of \$912 million in 2019. It incurred capital expenditure of \$532 million for the year.

Whirlpool posted strong results for the North America unit in the fourth quarter on favorable product price/mix and robust cost discipline.

Reasons To Sell:

- ▼ **COVID-19 Compels to Withdraw Outlook:** The crippling effect of the coronavirus outbreak has been leading to supply-chain disruptions, slowdown in production activities and reduced demand for several commodities. In the view of implementation of safety measures and a drop in store footfall, companies are temporarily shutting down their brick-and-mortar stores, curtailing work hours and operating in shifts, or permitting employees to work remotely. In response to the continued spread of COVID-19, Whirlpool has also chosen to withdraw its 2020 guidance. The ongoing pandemic has led the company to witness challenging conditions and significant disruptions in its operations as the government ordered shutdown of various facilities. Alongside disruptions in production, sluggish demand is anticipated to affect results. Further, the company now foresees earnings before interest and taxes during first-quarter 2020 to be marginally higher than its earlier guided view of \$25-\$40 million. Given this tough situation, shares of the company have plunged 20.8% in the past three months compared with the industry's decline of 16.4%.
- ▼ **Soft Sales Trend:** Despite reporting earnings beat, the company's sales lagged estimates and declined year over year in fourth-quarter 2019. This marked its second straight top-line miss. The decrease in the company's top line in the reported quarter was driven by declines across the Latin America, Asia and EMEA segments, somewhat offset by growth in North America.
- ▼ **Latin America Remains A Weak Spot:** Whirlpool has been witnessing softness across its Latin America segment primarily due to weak industry demand in Mexico. In fourth-quarter 2019, the segment's sales fell 21% year over year along with an operating income decline of 6.7%. Though a rebound in industry demand in Brazil and rise in unit volume aided results for the segment, weakness in Mexico remained a headwind. Moreover, gains from cost-productivity efforts and favorable raw material inflation were offset by currency devaluation in Brazil and Argentina, which hurt margins to some extent.
- ▼ **China Hurts Asia Operations:** Though strong growth in India on a healthy demand environment favored the Asia segment's results; soft China operations remained a deterrent to the top line and EBIT. Higher spending toward the transition of Sanyo-branded products to the Whirlpool brand in China continued to pressurize margins in the fourth quarter. Consequently, sales for Asia declined 4.3% year over year to \$356 million. The segment reported an operating profit of \$2 million, which declined 75% from the year-ago period. Operating margin also contracted 130 bps to 0.6% as gains from lower raw material inflation and cost-reduction efforts were more than offset by higher brand transition investments in China and soft demand. Going forward, the company expects industry demand trends in Asia to reflect growth in India, offset by persistent soft demand in China.
- ▼ **Cost Inflation & Currency Remain Headwinds:** Despite positive margins, Whirlpool continued to witness pressures from cost inflation, and tariffs and logistic expenses as well as increased marketing and technology investments, and adverse currency. These headwinds are partly offset by gains from improved price/mix. Persistence of such headwinds is likely to offset benefits from improved price/mix in 2020.

Whirlpool has a dismal sales surprise trend. In fourth-quarter 2019, the top line fell 4.9% on softness in Latin America, EMEA segments and China operations. Adverse currency also hurt sales.

Last Earnings Report

Whirlpool Q4 Earnings Surpass Estimates, Sales Miss

Whirlpool reported mixed fourth-quarter 2019 results, wherein earnings outpaced the Zacks Consensus Estimate, while sales missed the same. With this, the company delivered the sixth straight earnings beat. Driven by the strong demand for its innovative products and lower inflationary pressures, it provided a favorable view for 2020.

Q4 Highlights

The company delivered adjusted earnings of \$4.91 per share, outpacing the Zacks Consensus Estimate of \$4.30 and increasing 3.4% from the year-ago quarter's \$4.75. On a GAAP basis, it reported earnings of \$4.52 per share, significantly up from \$2.64 registered in the prior-year quarter.

Net sales of \$5,382 million declined 4.9% from the year-ago period and lagged the Zacks Consensus Estimate of \$5,528 million. However, organic net sales rose 1.2%.

Adjusted operating profit (EBIT) grew 11.8% to \$389 million from \$348 million in the year-ago quarter. Also, the operating margin expanded 100 basis points (bps) to 7.2%, backed by gains from favorable price/mix and stringent cost discipline.

Regional Performance

Sales from **North America** edged down 0.3% to \$3.1 billion. On a GAAP basis, the North America region sustained strong operating margin of 13.3%, representing an expansion of 110 bps year over year. In dollar terms, GAAP operating profit rose 9% to \$410 million. Adjusted operating profit in the quarter was \$362 million, with an operating margin of 11.8%. The segment gained from favorable product price/mix and disciplined cost management, offset by lower fixed cost leverage and continued cost inflation.

Sales from **Latin America** fell 21% year over year to \$782 million. Despite soft industry trends in Mexico, organic sales grew 16.7%. On a GAAP basis, operating margin of 5.3% expanded 80 bps. In dollar terms, GAAP operating income declined 6.7% to \$42 million. However, adjusted operating income was \$59 million, with an operating margin of 5.9%. The segment gained from higher unit volume and lower raw material inflation, offset by adverse currency in Brazil and Argentina.

Sales from **EMEA** declined 5.5% to \$1.2 billion. On a currency-neutral basis, sales for the region fell 4.2%. The segment reported an operating profit of \$11 million in the fourth quarter against an operating loss of \$15 million in the year-ago quarter. Operating margin for EMEA was 0.9%. The segment's margins mainly benefited from the ongoing cost-reduction efforts. Notably, this marked the second straight quarter of sequential operating margin growth for the EMEA segment.

Sales from **Asia** declined 4.3% to \$356 million from the prior-year quarter's figure. The segment reported an operating profit of \$2 million, which declined 75% from the year-ago period. Operating margin also contracted 130 bps to 0.6% as gains from lower raw material inflation and cost-reduction efforts were more than offset by higher brand transition investments in China and soft demand. Nonetheless, strong growth in India on a healthy demand environment favored the segment's results.

Financial Position

Whirlpool had cash and cash equivalents of \$1,952 million as of Dec 31, 2019, and long-term debt of \$4,140 million. In 2019, the company generated operating cash flow of \$1,230 million and free cash flow of \$912 million. Meanwhile, it incurred capital expenditure of \$532 million for the year.

Guidance

Based on the strength displayed in 2019 and momentum so far in 2020, the company remains on track to deliver on its long-term targets. Consequently, it provided strong view for 2020.

For 2020, management expects adjusted earnings per share of \$16-\$17. On a GAAP basis, the company anticipates earnings of \$14.80-\$15.80. Further, it expects to generate operating cash flow of \$1.3-\$1.4 billion and free cash flow of \$800-\$900 million in 2020. Moreover, it anticipates effective tax rate of 20-25%.

Quarter Ending **12/2019**

Report Date	Jan 27, 2020
Sales Surprise	-2.69%
EPS Surprise	14.19%
Quarterly EPS	4.91
Annual EPS (TTM)	16.00

Recent News

Whirlpool Approves Quarterly Dividend - Apr 21, 2020

Whirlpool's board approved a quarterly dividend of \$1.20 per share to be payable on Jun 15 as of shareholders record on May 15.

Whirlpool Withdraws 2020 Guidance on COVID-19 Impact – Mar 24, 2020

Whirlpool withdrew its 2020 financial guidance, citing the uncertainty regarding the coronavirus pandemic, which is impacting global business and consumer activities. Also, management borrowed \$2.2 billion on Mar 13 from its current revolving credit facility.

Further, disruptions in production, sluggish demand is anticipated to affect results. The company now foresees earnings before interest and taxes during first-quarter 2020 to be marginally higher than its earlier guided view of \$25-\$40 million.

Whirlpool's New Distribution Center Expands Footprint in Tulsa - March 10, 2020

Whirlpool opened a new state-of-the-art factory distribution center ("FDC") in Tulsa, OK. The facility is located adjacent to its existing manufacturing plant in the region. This plant produces freestanding and slide-in ranges under the Whirlpool, Amana, Maytag, KitchenAid and JennAir brand names.

The company has invested \$55 million in the new facility, which is likely to double the size of its presence in Tulsa. Moreover, the 800,000-square-foot facility will create additional 150 manufacturing jobs within the plant, once fully operational. The plant currently employs 1,710 people. Further, the new FDC will improve the production capacity of the Tulsa plant and enhance supply-chain efficiencies across North America.

The factory distribution center is equipped with a climate control system for regulating the temperature and humidity content to provide an optimal working and storage environment. It also features a unique dock-loading equipment for the operator's safety and a better conveyor equipment to manage inventory effectively and lower potential damage. Further, the new information systems at the facility should help control inventory, offer real-time information and enhance labor efficiency in the warehouse.

Valuation

Whirlpool shares are down 21% in the year-to-date period and 16.5% for the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Consumer Discretionary sector are down 17.5% and 18.1% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and the sector are down 12.6% and 14.8%, respectively.

The S&P 500 index is down 8.9% in the year-to-date period but up 0.3% in the past year.

The stock is currently trading at 8.56X forward 12-month earnings, which compares to 8.04X for the Zacks sub-industry, 23.8X for the Zacks sector and 20.81X for the S&P 500 index.

Over the past five years, the stock has traded as high as 14.67X and as low as 4.17X, with a 5-year median of 10.2X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$130 price target reflects 9.08X forward 12-month earnings.

The table below shows summary valuation data for WHR

Valuation Multiples - WHR					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	8.56	8.04	23.8	20.81
	5-Year High	14.67	12.89	23.8	20.81
	5-Year Low	4.17	5.62	16.15	15.19
	5-Year Median	10.2	9.57	19.89	17.45
P/S F12M	Current	0.4	0.35	1.98	3.3
	5-Year High	0.71	0.46	3.19	3.44
	5-Year Low	0.2	0.33	1.67	2.54
	5-Year Median	0.54	0.38	2.52	3.01
EV/EBITDA TTM	Current	5.25	4.61	9.88	10.76
	5-Year High	9.39	9.03	17.6	12.87
	5-Year Low	3.22	2.89	8.27	8.27
	5-Year Median	7.05	6.31	12.24	10.78

As of 04/29/2020

Industry Analysis Zacks Industry Rank: Bottom 22% (198 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
HOWDEN JOINERY (HWDJY)	Outperform	4
AO WORLD PLC (AOWDF)	Neutral	NA
Best Buy Co., Inc. (BBY)	Neutral	3
Electrolux AB (ELUXY)	Neutral	3
Hamilton Beach Brands Holding Company (HBB)	Neutral	3
Illinois Tool Works Inc. (ITW)	Neutral	3
Target Corporation (TGT)	Neutral	3
Walmart Inc. (WMT)	Neutral	3

Industry Comparison Industry: Household Appliances				Industry Peers		
	WHR	X Industry	S&P 500	ELUXY	HBB	HWDJY
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Outperform
Zacks Rank (Short Term)	3	-	-	3	3	4
VGM Score	A	-	-	B	A	D
Market Cap	7.68 B	2.27 B	20.82 B	4.36 B	183.59 M	4.19 B
# of Analysts	5	1	14	2	1	2
Dividend Yield	3.92%	1.46%	2.07%	5.14%	2.65%	1.29%
Value Score	A	-	-	A	A	D
Cash/Price	0.30	0.30	0.06	0.30	0.01	NA
EV/EBITDA	4.58	4.89	12.12	4.89	5.23	NA
PEG Ratio	1.60	2.41	2.51	4.26	NA	NA
Price/Book (P/B)	1.88	1.90	2.74	1.83	3.42	6.78
Price/Cash Flow (P/CF)	4.80	5.16	11.23	5.16	6.48	15.49
P/E (F1)	8.54	16.07	19.26	35.28	7.34	18.37
Price/Sales (P/S)	0.38	0.33	2.16	0.33	0.27	NA
Earnings Yield	11.02%	6.22%	5.03%	2.83%	13.63%	5.44%
Debt/Equity	1.19	0.47	0.72	0.47	0.64	NA
Cash Flow (\$/share)	25.53	2.14	7.01	5.47	2.09	1.77
Growth Score	A	-	-	C	A	D
Hist. EPS Growth (3-5 yrs)	7.04%	4.19%	10.88%	5.54%	NA	NA
Proj. EPS Growth (F1/F0)	-15.65%	-12.31%	-6.94%	-62.26%	1.09%	-11.83%
Curr. Cash Flow Growth	-33.06%	1.93%	5.92%	-7.73%	11.58%	NA
Hist. Cash Flow Growth (3-5 yrs)	1.93%	-0.14%	8.55%	-2.39%	NA	NA
Current Ratio	0.88	1.27	1.23	0.98	1.27	NA
Debt/Capital	54.43%	35.38%	43.90%	31.89%	38.86%	NA
Net Margin	5.80%	1.98%	11.15%	1.98%	-0.53%	NA
Return on Equity	26.57%	14.29%	16.47%	10.44%	32.74%	NA
Sales/Assets	1.06	1.06	0.54	1.20	2.11	NA
Proj. Sales Growth (F1/F0)	-7.69%	-2.11%	-1.52%	-21.79%	0.00%	-4.23%
Momentum Score	B	-	-	D	A	A
Daily Price Chg	7.60%	6.11%	2.91%	4.62%	12.99%	-0.83%
1 Week Price Chg	-0.71%	0.00%	-1.74%	-1.43%	0.46%	2.55%
4 Week Price Chg	51.99%	28.46%	21.33%	14.62%	62.13%	36.85%
12 Week Price Chg	-20.69%	-18.33%	-16.28%	-40.94%	-15.98%	-22.99%
52 Week Price Chg	-12.35%	-14.24%	-7.57%	-42.72%	-22.99%	1.35%
20 Day Average Volume	926,912	16,795	2,658,107	12,243	37,171	96
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	-21.99%
(F1) EPS Est 4 week change	-2.64%	-2.64%	-6.32%	-46.84%	0.00%	-21.99%
(F1) EPS Est 12 week change	-17.71%	-17.23%	-12.93%	-76.85%	-2.63%	-16.76%
(Q1) EPS Est Mthly Chg	-8.70%	-4.35%	-11.84%	NA	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	A
Growth Score	A
Momentum Score	B
VGM Score	A

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.