

## Service Corporation (SCI)

**\$78.83** (Stock Price as of 12/12/2025)

Price Target (6-12 Months): **\$84.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 12/06/23)

Prior Recommendation: Underperform

Short Term: 1-3 Months

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

**3-Hold**

Zacks Style Scores:

VGM: C

Value: C

Growth: C

Momentum: C

## Summary

Service Corporation has been benefiting from the resilience of its essential services model and the stable demand across funeral and cemetery offerings. The company delivered a solid performance in the third quarter of 2025, highlighted by steady revenue growth, improved profitability and healthy gains in preneed cemetery sales. A diversified portfolio, strong brand recognition under the Dignity Memorial umbrella and disciplined execution continue to reinforce Service Corporation's long-term growth positioning. A raised cash flow guidance and recent dividend increase further underscore confidence. While near-term headwinds in funeral volumes, merchandise revenue and higher tax burdens present challenges, the company remains well-positioned to benefit from demographic tailwinds, strategic market expansion and a robust preneed sales pipeline.

## Data Overview

52 Week High-Low	<b>\$86.83 - \$71.75</b>
20 Day Average Volume (sh)	<b>875,938</b>
Market Cap	<b>\$11.1 B</b>
YTD Price Change	<b>-1.2%</b>
Beta	<b>0.98</b>
Dividend / Div Yld	<b>\$1.36 / 1.6%</b>
Industry	<b><a href="#">Funeral Services</a></b>
Zacks Industry Rank	<b>Bottom 10% (218 out of 243)</b>

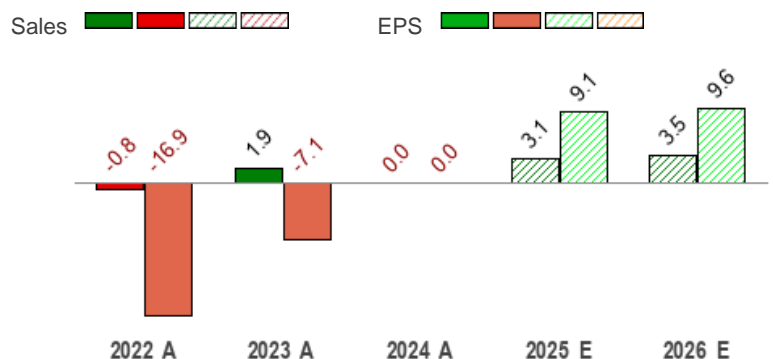
Last EPS Surprise	<b>4.8%</b>
Last Sales Surprise	<b>1.6%</b>
EPS F1 Est- 4 week change	<b>0.0%</b>
Expected Report Date	<b>02/11/2026</b>
Earnings ESP	<b>0.0%</b>

P/E TTM	<b>20.9</b>
P/E F1	<b>20.5</b>
PEG F1	<b>2.2</b>
P/S TTM	<b>2.6</b>

## Price, Consensus & Surprise<sup>(1)</sup>



## Sales and EPS Growth Rates (Y/Y %)<sup>(1)</sup>



## Sales Estimates (millions of \$)<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2026					4,465 E
2025	1,074 A	1,065 A	1,058 A		4,315 E
2024	1,045 A	1,034 A	1,014 A	1,093 A	4,186 A

## EPS Estimates<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2026					4.22 E
2025	0.96 A	0.88 A	0.87 A		3.85 E
2024	0.89 A	0.79 A	0.79 A	1.06 A	3.53 A

\*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 12/12/2025.

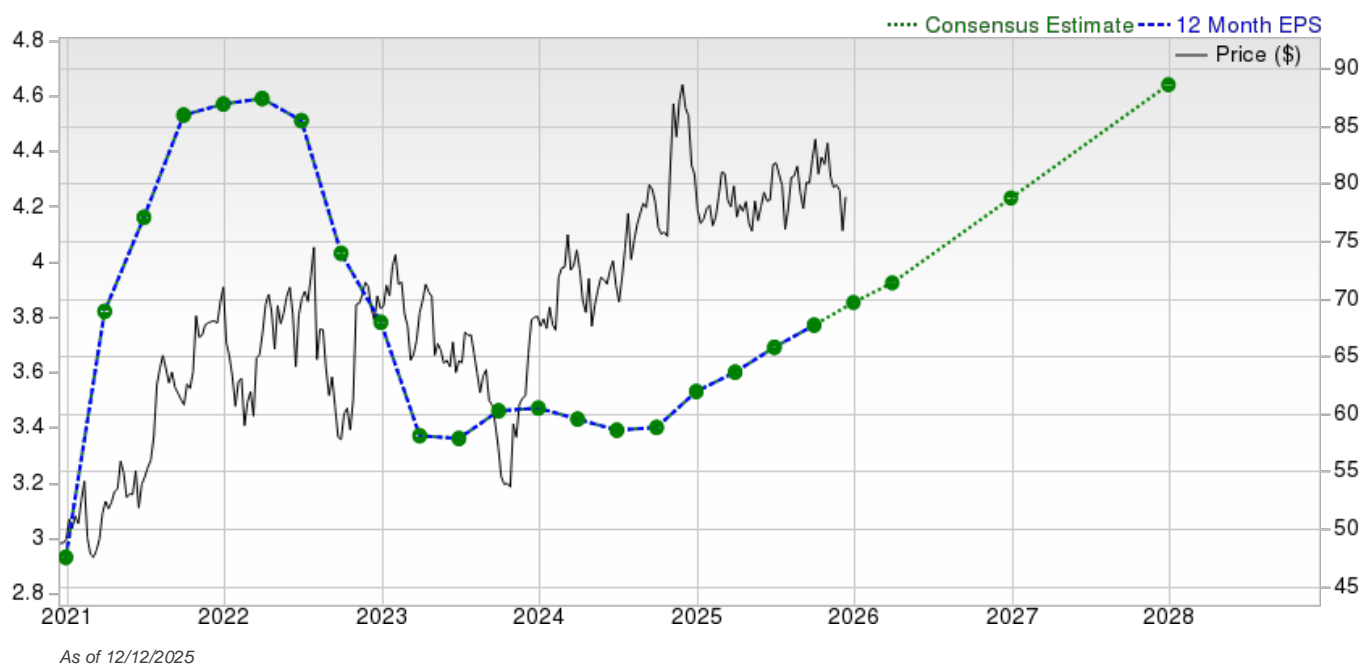
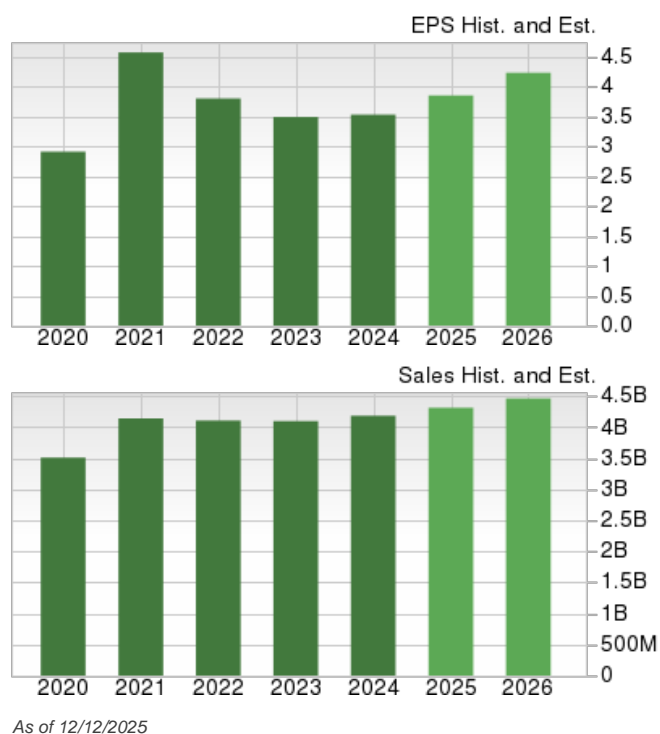
(2) The report's text and the price target are as of 12/12/2025.

## Overview

Known for its transcontinental brand namely Dignity Memorial, Service Corporation International has been strengthening its funeral and cemetery businesses for a while now. Notably, the company had a market share of 15-16% in North America's death care industry in 2019. With a wide repertoire of funeral service and cemetery operations, the company remains well-positioned to take advantage of the aging Baby Boomer generation. In this context, Service Corporation's funeral service locations, cemeteries, funeral service/cemetery combination locations, crematoria and other related businesses spread across geographies are noteworthy. Additionally, the company's active acquisition efforts have been accretive.

Further, Service Corporation's cemeteries offer cemetery property interment rights, including developed lots, mausoleum spaces, lawn crypts, niches, and other cremation memorialization and interment options. Additionally, cemetery merchandise and services, which includes memorial markers and bases, graveside services, flowers and floral placement, other ancillary merchandise, as well as interments among others, are provided at Service Corporation's cemeteries.

As of Sept. 30, 2025, Service Corporation operated and owned 1,487 funeral service locations and 499 cemeteries across 44 states, eight provinces in Canada, the District of Columbia and Puerto Rico. These include 312 funeral service/cemetery combination locations.



## Reasons To Buy:

- ▲ **Market Leadership in a Recession-Resilient Industry:** Service Corporation maintains a commanding position in the highly fragmented deathcare industry, benefiting from a business that is inherently resilient to economic cycles. As the largest funeral, cremation and cemetery services provider in North America, the company leverages its scale, trusted Dignity Memorial brand and extensive geographic reach to deliver stable, non-discretionary services that consumers rely on regardless of macroeconomic conditions. This structural advantage allows the company to consistently generate predictable revenue, steady cash flows and strong margins, even in periods marked by inflationary pressure or slowing consumer spending. Management emphasized during the third quarter of 2025 that the company's operational scale and consumer trust give it a durable competitive edge over smaller regional operators, reinforcing its ability to navigate near-term volatility while advancing long-term growth initiatives.
- ▲ **Demographic Tailwinds Support Long-Term Demand:** Service Corporation remains well-positioned to benefit from demographic trends that support multi-decade growth in the deathcare industry. The aging of the Baby Boomer population is expected to result in a sustained rise in mortality rates through the 2030s, creating a powerful underlying demand driver for funeral, cremation and cemetery services. Simultaneously, urbanization and land scarcity in major metropolitan centers elevate the value of premium interment rights, enabling Service Corporation to command higher prices for cemetery properties and specialty estates. The company's continued investment in exclusive memorial estates, cremation gardens and differentiated property offerings aligns with these trends and positions the company to capture long-term, high-margin revenue opportunities. Management also sees meaningful potential from educating consumers on cremation memorialization, an area where awareness gaps persist and where SCI believes it can drive incremental demand.
- ▲ **Strong Q3 Performance Led by Cemetery Momentum:** The company's results in the third quarter of 2025 showcased the resilience and strength of its business model. Total revenues increased 4.4% to approximately \$1.06 billion, supported primarily by momentum in cemetery operations. Comparable cemetery revenues rose 6.9%, driven by strong sales averages and a favorable mix of property sales. Cemetery gross profit increased 12.4% over the prior year, and gross margin expanded 160 basis points, reflecting both improved operational execution and demand for high-value products. While funeral volumes remained a headwind, the segment delivered stable revenue performance due to improving averages and strong non-funeral home growth tied to the timing of preneed contract maturities. Overall, Service Corporation demonstrated the ability to offset volume-driven pressure with mix, pricing and productivity gains, reinforcing the flexibility and durability of its operating model.
- ▲ **Improving Averages and Strength in Preneed Sales:** Service Corporation continues to benefit from favorable trends in average revenue per funeral service and strong preneed sales momentum. The company recorded a 3.1% increase in average revenue per funeral service in the third quarter, driven by a richer product mix, enhanced service offerings and the maturation of higher-value preneed contracts. Non-funeral home average revenues rose 13.4%, benefiting from the conversion of legacy contracts with strong profitability profiles. In the cemetery segment, sales averages reached record levels, supported by the rising demand for premium inventory, enhanced sales execution and strategic development of high-end properties. Management noted that preneed sales pipelines remain robust across both funeral and cemetery categories, positioning the company for healthy recognized revenue conversion in the coming years.
- ▲ **Disciplined Capital Investments and Robust Acquisition Pipeline:** Service Corporation remains committed to disciplined capital allocation aimed at strengthening its core operations and expanding its market footprint. During the third quarter, the company invested roughly \$140 million in maintenance improvements, cemetery development and new funeral home construction. Cemetery development continued to receive a meaningful share of capital due to its attractive return dynamics and strong consumer demand for high-value inventory. Acquisitions also remain a strategic priority for Service Corporation. With year-to-date acquisition spending of approximately \$65 million and a healthy pipeline of targets, management reiterated confidence in meeting its full-year acquisition target of \$75 million to \$125 million. These investments position Service Corporation to enhance its competitive position and capitalize on long-term secular trends.
- ▲ **Enhanced Cash Flow Outlook and Solid Financial Position:** Service Corporation strengthened its financial outlook by raising its full-year adjusted operating cash flow guidance to a range of \$910-\$950 million, reflecting strong operating income, lower interest expense and improving working capital efficiency. The company now anticipates generating adjusted free cash flow of approximately \$615 million for 2025, supporting continued reinvestment and shareholder returns. Service Corporation's consistent return of capital underscores management's confidence in the company's long-term cash flow profile. During the third quarter, the company returned \$123 million to shareholders through a combination of dividends and share repurchases. Year to date, Service Corporation has returned \$538 million, including the repurchase of 5.1 million shares. In November 2025, the company further demonstrated its commitment to shareholder value by increasing its quarterly dividend by 6.3% to 34 cents per share, payable at the end of December. This dividend increase, combined with ongoing share repurchases, enhances per-share growth and reflects the company's disciplined and shareholder-friendly capital allocation approach.

Favorable demographics, urbanization trends and strategic investments position Service Corporation benefits for long-term demand growth.

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## Reasons To Sell:

▼ **Soft Funeral Service Volumes and Pressure on Merchandise Revenues:** Service Corporation continues to face softness in funeral service volumes, which remains one of the most notable areas of near-term pressure. Comparable funeral services performed declined 3.1% in the third quarter of 2025, with at-need volumes down 6.1%. This reflects a normalization of mortality rates following pandemic-era volatility, as well as shifting consumer preferences toward simpler, lower-cost cremation services. Compounding the volume trend, funeral merchandise revenues — an important higher-margin contributor — remained under pressure, weighing on profitability. Funeral gross profit decreased by \$9.5 million year over year, while gross margin contracted by 170 basis points during the period. Although management expects these pressures to stabilize as the company progresses into 2025 and beyond, soft volumes and merchandise mix remain ongoing challenges to reaccelerating funeral segment growth.

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▼ **Moderation in Fourth-Quarter Cemetery Revenue Recognition:** Although cemetery operations were a highlight of the third quarter, management cautioned that recognized cemetery revenues are likely to moderate in the fourth quarter due to lower construction revenue recognition rates. This shift relates primarily to timing rather than underlying demand, but it may temporarily temper reported revenue and profit growth in the cemetery segment. Management expects cemetery gross margins in the fourth quarter to be relatively flat to slightly down versus the prior year. Although not indicative of structural weakness, this timing issue introduces a near-term headwind to the consistent momentum the cemetery segment has delivered throughout the year.

▼ **Transition Headwinds in Preneed Funeral Sales Productivity:** Service Corporation continues to move through a transition period within its preneed funeral business as it shifts from trust-funded products to insurance-funded offerings. Although this transition is expected to provide long-term benefits, including smoother cash flows and reduced merchandise delivery obligations, it has created temporary friction for the business. Non-funeral home preneed revenues declined 17% in the third quarter due to the shift in funding mix, longer licensing and training cycles for sales personnel and temporary productivity disruptions. Management noted that these pressures are likely to persist into early 2026 before sales productivity normalizes and the benefits of the new funding structure begin to flow through more meaningfully.

▼ **Macroeconomic and Mix-Shift Risks:** Service Corporation is not immune to broader macroeconomic pressures that influence consumer behavior and demand for premium funeral and cemetery offerings. Persistent inflation, elevated interest rates and growing consumer sensitivity to price have increased the likelihood that families opt for simpler, lower-cost cremation services rather than higher-margin traditional services or premium interment properties. Additionally, economic uncertainty may moderate demand for large, high-value cemetery property purchases, which have historically contributed positively to margin expansion. While Service Corporation's essential services model provides significant insulation relative to other consumer-facing industries, these macro-driven mix shifts could still weigh on profitability if cost-conscious behavior persists across key markets.

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## Last Earnings Report

### SCI Q3 Earnings & Revenues Top Estimates, 2025 Cash Flow View Raised

Service Corporation posted third-quarter 2025 adjusted earnings of 87 cents per share, which surpassed the Zacks Consensus Estimate of 83 cents. The metric increased from the year-ago quarter's adjusted earnings of 79 cents. Increased gross profit, lower administrative costs and a reduced share count offset the effect of a higher tax rate, driving a 10.1% year-over-year rise in adjusted earnings per share.

Total revenues of \$1,058.1 million increased 4.4% from \$1,014 million in the year-ago quarter. The top line beat the Zacks Consensus Estimate of \$1,041 million.

Gross profit increased 5.1% to \$265.5 million from \$252.6 million last year. The gross margin expanded by 30 basis points (bps) year over year to 25.1%.

Corporate general and administrative expenses decreased 12.4% year over year to \$38.3 million from \$43.7 million in the prior-year period. As a percentage of revenues, this metric declined 70 bps year over year to 3.6%.

Operating income rose 6.6% to \$226.4 million from \$212.4 million in the year-ago quarter. The operating margin improved 40 bps year over year to 21.4% in the quarter under review.

### SCI Provides Insights by Segments

**Funeral Operations:** Total funeral revenues reached \$574.1 million, beating the Zacks Consensus Estimate of \$573.8 million. This compares with \$566 million in the third quarter of 2024. Gross profit declined 7.7% year over year to \$99.6 million from \$107.9 million, with the gross margin contracting 180 bps to 17.3%. The segment performed 84,636 funeral services compared with 85,743 in the prior-year quarter, with average revenue per service rising 3.1% to \$5,843 from \$5,669.

Comparable funeral results showed that core revenues decreased 0.7% to \$454.2 million, led by a 3.6% decline in atneed revenues to \$274.7 million and a 4% increase in matured preneed revenues to \$179.5 million. Non-funeral home revenues increased 12.6% to \$26 million, whereas core general agency and other revenues grew 5.9% to \$56 million. Non-funeral home preneed sales revenues decreased 17.1% to \$22.3 million.

**Cemetery Operations:** Total cemetery revenues were \$484 million, surpassing the consensus estimate of \$467.7 million. This compares with \$448 million in the third quarter of 2024. Gross profit increased 14.6% to \$165.9 million from \$144.8 million, while the gross margin improved 200 bps year over year to 34.3%.

Comparable cemetery total comparable revenues increased 6.9% year over year to \$478.6 million, supported by a 6.7% rise in core revenues to \$441 million and a 10.3% increase in other revenues to \$37.6 million. Recognized preneed property revenues grew 10.5% to \$224.6 million, and recognized preneed merchandise and service revenues advanced 5.8% to \$109.5 million, leading to an 8.9% increase in total recognized preneed revenues to \$334.1 million.

### Service Corp's Guidance

Service Corporation confirmed the mid-point of its 2025 earnings guidance and raised its cash flow outlook based on improved expectations for cash taxes and working capital timing. The mid-point of earnings per share (EPS) guidance remains at \$3.85, while the range has been narrowed to \$3.80-\$3.90 from the previously stated \$3.70-\$4.00. At the mid-point, the company expects adjusted earnings growth within its long-term target of 8-12%.

The company's cash flow guidance has been increased, reflecting better visibility into operating performance and tax efficiency. Net cash provided by operating activities, excluding special items and cash taxes, is projected between \$1.05 billion and \$1.09 billion, up slightly from the prior stated \$1.03-\$1.09 billion. After accounting for cash taxes, net cash provided by operating activities, excluding special items, is expected between \$910 million and \$950 million, compared with the prior mentioned \$880-\$940 million. The total capital expenditure view for 2025 is unchanged at \$315 million.

**FY Quarter Ending** **12/31/2024**

Earnings Reporting Date	Oct 29, 2025
Sales Surprise	1.60%
EPS Surprise	4.82%
Quarterly EPS	0.87
Annual EPS (TTM)	3.77

## Recent News

### Service Corporation Hikes Dividend - Nov 5, 2025

Service Corporation raised its quarterly dividend by 6.3% to 34 cents. The dividend is scheduled for payment on Dec. 31, 2025, to its shareholders of record as of Dec.15.

## Valuation

Service Corporation's shares are up 1% in the past six months and down 7.7% over the trailing 12-month period. Stocks in the Zacks sub-industry are down 0.8% and the Zacks Consumer Staples sector declined 6.5% in the past six months. Over the past year, the Zacks sub-industry is down 10.1% and the sector is declined 4.6%.

The S&P 500 index is up 18% in the past six months and 16.1% in the past year.

The stock is currently trading at 18.83X forward 12-month earnings, which compares to 17.93X for the Zacks sub-industry, 16.2X for the Zacks sector and 23.61X the S&P 500 index.

Over the past five years, the stock has traded as high as 25.49X and as low as 14.58X, with a 5-year median of 19.6X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$84 price target reflects 19.96X forward 12-month earnings.

The table below shows summary valuation data for SCI

Valuation Multiples - SCI					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	18.83	17.93	16.2	23.61
	5-Year High	25.49	22.69	20.29	23.78
	5-Year Low	14.58	13.8	16.1	15.73
	5-Year Median	19.6	18.22	18	21.21
P/S F12M	Current	2.49	2.05	7.57	5.34
	5-Year High	3.27	2.86	10.8	5.5
	5-Year Low	1.93	1.61	6.51	3.83
	5-Year Median	2.59	2.18	8.69	5.05
EV/EBITDA TTM	Current	12.03	10.67	34.05	18.77
	5-Year High	14.16	12.67	44.89	22.41
	5-Year Low	8.91	8.32	33.2	13.87
	5-Year Median	11.58	10.64	39.69	17.96

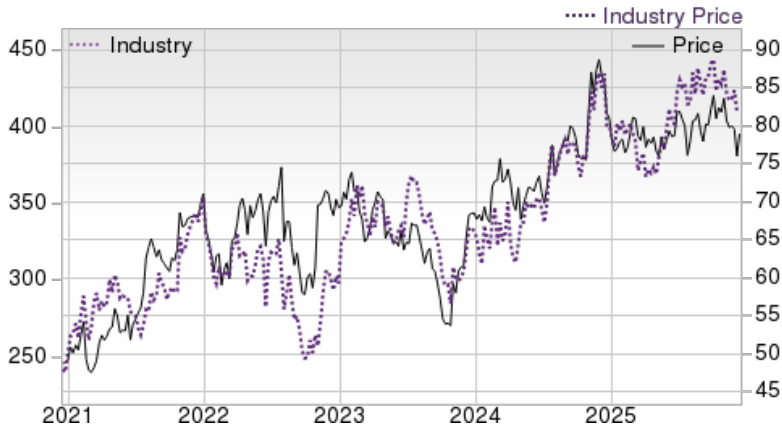
As of 12/11/2025

Source: Zacks Investment Research



## Industry Analysis<sup>(1)</sup> Zacks Industry Rank: Bottom 10% (218 out of 243)

## Top Peers<sup>(1)</sup>



Company (Ticker)	Rec	Rank
British American Tob... <b>(BTI)</b>	Neutral	3
Carriage Services, I... <b>(CSV)</b>	Neutral	4
Imperial Tobacco Gro... <b>(IMBBY)</b>	Neutral	4
JAPAN TOB <b>(JAPAY)</b>	Neutral	2
Matthews Internation... <b>(MATW)</b>	Neutral	4
Altria Group, Inc. <b>(MO)</b>	Neutral	3
Philip Morris Intern... <b>(PM)</b>	Neutral	3
1-800 FLOWERS.COM, I... <b>(FLWS)</b>	Underperform	4

Industry Comparison <sup>(1)</sup> Industry: Funeral Services				Industry Peers		
	SCI	X Industry	S&P 500	CSV	FLWS	MATW
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Underperform	Neutral
Zacks Rank (Short Term)	3	-	-	4	4	4
VGM Score	C	-	-	B	F	C
Market Cap	11.05 B	817.01 M	39.38 B	691.37 M	248.75 M	817.01 M
# of Analysts	4	4	22	3	3	1
Dividend Yield	1.62%	1.62%	1.41%	1.02%	0.00%	3.84%
Value Score	C	-	-	B	F	C
Cash/Price	0.02	0.02	0.04	0.00	0.03	0.04
EV/EBITDA	12.43	11.49	14.60	11.49	953.41	10.11
PEG Ratio	2.17	1.40	2.23	0.90	NA	NA
Price/Book (P/B)	7.05	2.86	3.35	2.86	1.14	1.70
Price/Cash Flow (P/CF)	13.36	10.10	15.20	10.10	1.71	7.37
P/E (F1)	20.31	20.48	19.78	13.47	NA	22.67
Price/Sales (P/S)	2.58	1.69	3.06	1.69	0.15	0.55
Earnings Yield	4.88%	4.88%	4.99%	7.42%	-23.27%	4.41%
Debt/Equity	3.17	2.23	0.57	2.23	0.59	1.46
Cash Flow (\$/share)	5.90	4.35	8.99	4.35	2.29	3.60
Growth Score	C	-	-	C	F	C
Hist. EPS Growth (3-5 yrs)	-3.00%	-3.00%	8.16%	2.23%	-54.30%	-16.61%
Proj. EPS Growth (F1/F0)	9.07%	20.62%	8.57%	23.02%	-10.98%	-7.14%
Curr. Cash Flow Growth	0.71%	0.71%	6.75%	15.53%	69.82%	-31.53%
Hist. Cash Flow Growth (3-5 yrs)	7.10%	7.10%	7.43%	9.89%	8.24%	-12.25%
Current Ratio	0.56	0.88	1.19	0.88	1.03	1.48
Debt/Capital	76.00%	69.04%	38.01%	69.04%	37.22%	59.40%
Net Margin	12.46%	11.98%	12.78%	11.98%	-13.19%	-1.63%
Return on Equity	33.60%	21.39%	17.00%	21.39%	-22.34%	8.65%
Sales/Assets	0.24	0.32	0.53	0.32	1.87	0.85
Proj. Sales Growth (F1/F0)	3.10%	2.71%	5.77%	2.70%	-7.90%	-22.00%
Momentum Score	C	-	-	C	B	F
Daily Price Chg	-0.58%	-0.58%	-1.07%	0.85%	-10.83%	-2.46%
1 Week Price Chg	3.86%	4.82%	-0.63%	4.82%	11.71%	8.24%
4 Week Price Chg	-1.05%	5.07%	1.39%	6.35%	22.57%	5.07%
12 Week Price Chg	-1.51%	-0.20%	2.45%	-0.20%	-29.42%	5.91%
52 Week Price Chg	-8.19%	-8.19%	12.83%	8.42%	-50.57%	-12.33%
20 Day Average Volume	875,938	306,952	2,728,366	65,439	1,019,498	306,952
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.00%	0.00%	0.00%	0.00%	0.00%	-1.68%
(F1) EPS Est 12 week change	0.72%	-0.15%	0.69%	-0.15%	-46.24%	-1.68%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	0.00%	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	C
Momentum Score	C
VGM Score	C

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

## Disclosures

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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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