

Digital Realty Trust (DLR)

\$133.42 (As of 05/13/20)

Price Target (6-12 Months): **\$141.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 08/08/18)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:D

Value: F

Growth: B

Momentum: B

Summary

Shares of Digital Realty have outperformed its industry over the past year. The company's first-quarter 2020 performance reflects decent leasing activities. It recently announced launching of Data Hub featuring NVIDIA DGX™ systems. The move will help in the fast deployment of artificial intelligence and machine-learning workloads on PlatformDIGITAL™. Notably, solid fundamental of the data-center market is expected to help Digital Realty ride on its growth curve. Furthermore, data centers are poised to benefit from the heightening reliance on technology in the wake of the coronavirus pandemic. Accretive acquisitions and development efforts backed by a healthy balance sheet augur well. However, the company faces intense competition in the industry. Amid this, an aggressive pricing pressure will likely persist in the upcoming period.

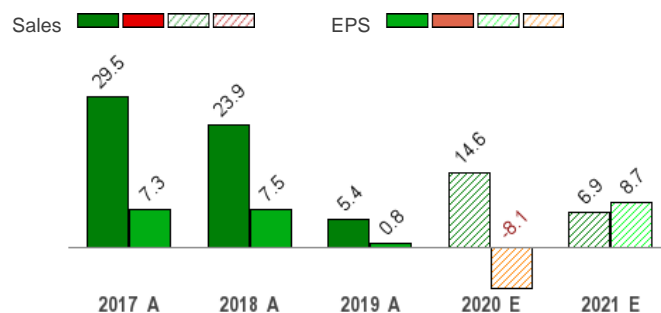
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$158.36 - \$105.00
20 Day Average Volume (sh)	2,064,042
Market Cap	\$35.8 B
YTD Price Change	11.4%
Beta	0.21
Dividend / Div Yld	\$4.48 / 3.4%
Industry	REIT and Equity Trust - Other
Zacks Industry Rank	Top 28% (70 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-0.7%
Last Sales Surprise	5.5%
EPS F1 Est- 4 week change	-6.6%
Expected Report Date	08/04/2020
Earnings ESP	-0.8%

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	928 E	960 E	977 E	1,000 E	3,932 E
2020	823 A	884 E	912 E	940 E	3,677 E
2019	815 A	801 A	806 A	787 A	3,209 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$1.59 E	\$1.63 E	\$1.68 E	\$1.70 E	\$6.64 E
2020	\$1.53 A	\$1.49 E	\$1.51 E	\$1.57 E	\$6.11 E
2019	\$1.73 A	\$1.64 A	\$1.67 A	\$1.62 A	\$6.65 A

*Quarterly figures may not add up to annual.

P/E TTM	20.7
P/E F1	21.8
PEG F1	3.2
P/S TTM	11.1

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 05/13/2020. The reports text is as of 05/14/2020.

Overview

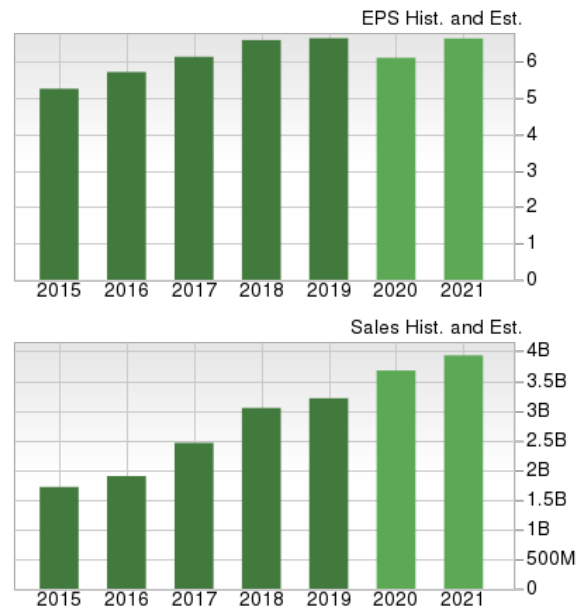
Digital Realty Trust is engaged in the ownership, acquisition, repositioning and management of the technology-related real estate. Specifically, the company offers data center, colocation and interconnection solutions for domestic and international tenants through its portfolio of data centers located throughout North America, Europe, Asia and Australia. The tenants belong to a wide variety of industry verticals, ranging from financial services, cloud and information technology services, to manufacturing, energy, healthcare and consumer products.

The company is headquartered in San Francisco, CA. It has regional U.S. offices in Boston, Chicago, Dallas, Los Angeles, New York, Northern Virginia and Phoenix, as well as regional international offices in Amsterdam, Dublin, London, São Paulo, Singapore, Sydney, Tokyo and Hong Kong.

As of Mar 31, 2020, the company's portfolio comprised 213 data centers. This included 40 properties held as investments in unconsolidated joint ventures. Out of these, 122 data centers are situated throughout North America, while 41 are located in Europe, 19 in Latin America, 10 in Asia, five in Australia. The portfolio contains 29.75 million square feet, including about 4.3 million square feet of space under active development and 1.7 million square feet of space held for future development.

In recent years, Digital Realty has opted for strategic acquisitions which helped the company gain scale. Particularly, in March 2020, the company announced that it has completed the acquisition of Interxion, a provider of carrier and cloud-neutral colocation data-center services. The acquisition deal, which was announced last October and valued at \$8.4 billion, including debt, aids Digital Realty to gain a strong presence in Europe and capitalize on Interxion's expertise in the colocation and interconnection space in the region.

*Note**: All EPS numbers presented in this report represent funds from operations ("FFO") per share. FFO, a widely used metric to gauge the performance of REITs, is obtained after adding depreciation and amortization and other non-cash expenses to net income.*



Reasons To Buy:

- ▲ Digital Realty has a high-quality diversified customer base comprising tenants from Cloud, Content, Information technology, Network and Enterprise, and Financial industries. Tenant roster includes names like Facebook, IBM, Oracle, LinkedIn, Uber, Verizon, Comcast and others. Majority of its tenants are investment grade and numerous customers use multiple locations across the portfolio.
- ▲ Digital Realty is expected to ride on its growth curve backed by strategic acquisitions. The company recently completed the previously-announced acquisition of Interxion, a European provider of carrier and cloud-neutral colocation data-center services for a total consideration of \$8.4 billion, including debt. The combined company will enjoy enhanced presence in major European metro areas, and its size and scale is expected to result in an efficient cost structure and superior EBITDA margins. During the March-end quarter, Digital Realty also closed on the previously-announced buyout of 49% stake in the Westin Building Exchange in Seattle, WA, for around \$368 million. Also, the company enhanced its presence in Europe, Australia and Asia in recent years through the development of high-quality facilities. We believe such expansion efforts will drive the company's top and bottom lines in the years ahead.
- ▲ With growth in cloud computing, Internet of Things and big data, and an increasing number of companies opting for third-party IT infrastructure; data-center REITs are experiencing a boom market. Also, the estimated growth rates for the artificial intelligence, autonomous vehicle and virtual/augmented reality markets will remain robust over the next five to six years. In fact, demand is outpacing supply in top-tier data center markets and despite enjoying high occupancy, the top-tier markets are absorbing new construction at a faster pace. These are anticipated to drive demand for data centers. Apart from these, data centers are poised to benefit from the heightening reliance on technology in the wake of the coronavirus pandemic.
- ▲ Moreover, the company delivered a healthy performance in first-quarter 2020 on solid data-center demand. Signed total bookings during the reported quarter are estimated to generate \$75 million of annualized GAAP rental revenues. This marked the second highest quarter on record. In addition, the company signed renewal leases, marking \$92 million of annualized GAAP rental revenues.
- ▲ The company focuses on maintaining a solid balance sheet and enjoys ample liquidity, with diversified sources of capital. As a result of its proactive balance-sheet management, the company had \$250 million of cash on the balance sheet as of Mar 31, together with \$1.7 billion of additional equity following the quarter-end and \$2 billion of availability on its global revolving credit facilities. Its debt maturity schedule is well-laddered, with weighted average maturity of 6.2 years and 3.0% weighted average coupon. Net debt to adjusted EBITDA is in line with the company's targeted range. Further, 98% of its total debt is unsecured, offering flexibility for capital recycling.
- ▲ Additionally, solid dividend payouts are the biggest enticement for REIT shareholders and Digital Realty remains committed to that. Furthermore, in February 2020, the company announced a 4% hike in dividend to \$1.12 per share. The company has raised dividend every year since its initial public offering and the latest dividend hike marked the 15th consecutive year of increase. Given its solid operating platform and balance sheet management efforts, the company remains well poised to sustain the dividend payment.

Digital Realty is well poised to grow amid robust demand for data centers, accretive acquisitions, development efforts and solid balance-sheet strength. Rising dividends augur well for shareholders.

Reasons To Sell:

- ▼ Digital Realty faces stiff competition in its industry. In fact, the company competes with several data center developers, owners and operators, many of whom enjoy ownership of similar assets in locations same as Digital Realty. Also, there are a number of local developers in the United States, and several regional operators in Europe, Asia and Australia. Given the solid growth potential of the data center real estate market, competition is expected to increase in the upcoming period from existing players, as well as the entry of new players. Amid this, there is likely to be aggressive pricing pressure in the data center market.
- ▼ Digital Realty has a significant number of properties situated outside the United States. The company is also considering making additional international acquisitions. Although a sound global footprint helps the company meet rising data center requirements of customers around the world, the process exposes the company's earnings to foreign currency translation.
- ▼ While data centers are largely unaffected by the coronavirus pandemic, the company noted that though its April rent collections were in line with historical averages, tenants accounting for roughly 2% of total revenues, have requested for rent relief. Also, there is likely to be a modest drag from development delivery delays in select markets. The company expects 13 cents per share headwind in the current-year attributable to FX and COVID-19 impacts.
- ▼ Shares of Digital Realty have outperformed its industry over the past year. The stock has gained 13.5%, compared with the industry's decline of 15.7%. However, the recent trend in estimate revision of current-year FFO per share does not indicate an upbeat outlook. In fact, over the past week, the Zacks Consensus Estimate for 2020 FFO per share moved 2.2% downward. Therefore, given the above-mentioned factors and downward estimate revisions, the stock has limited upside potential.

Digital Realty faces cut-throat competition in the industry, leading to aggressive pricing pressure. In addition, notable exposure to foreign currency translation is a concern for the company.

Last Earnings Report

Digital Realty Lags Q1 FFO Estimates, Offers '20 View

Digital Realty reported first-quarter 2020 core FFO per share of \$1.53, lagging the Zacks Consensus Estimate of \$1.54. Moreover, the reported figure compared unfavorably with the year-ago quarter's \$1.73.

The lower-than-expected performance reflects the impact of higher share count. However, the company experienced decent leasing activities and strong signed total bookings.

The company reported operating revenues of \$823.3 million in the first quarter, marking a 1% year-over-year rise. The revenue figure also surpassed the Zacks Consensus Estimate of \$780.2 million.

Quarter Ending **03/2020**

Report Date	May 07, 2020
Sales Surprise	5.53%
EPS Surprise	-0.65%
Quarterly EPS	1.53
Annual EPS (TTM)	6.46

Quarter in Detail

Signed total bookings during the reported quarter are estimated to generate \$75 million of annualized GAAP rental revenues. This is expected to include a \$9-million contribution from interconnection. Notably, the weighted-average lag between leases signed during first-quarter 2020 and the contractual commencement date was five months.

Moreover, the company signed renewal leases, marking \$92 million of annualized GAAP rental revenues. Rental rates on renewal leases signed during the quarter rolled down 1.5% on a cash basis and up 0.7% on a GAAP basis.

Portfolio Activity

During the March-end quarter, Digital Realty closed on the previously-announced buyout of 49% stake in the Westin Building Exchange in Seattle, WA, for around \$368 million. The amount included the assumption of existing debt. The facility is anticipated to generate aggregate cash NOI of around \$43 million in 2020. This indicates a 5.8% cap rate.

It also wrapped up the previously-announced combination with Interxion. This will allow the combined company to cater to customers' full spectrum of data-center requirements across its global platform.

Balance Sheet

Digital Realty exited first-quarter 2020 with cash and cash equivalents of around \$246.5 million, up from \$89.8 million recorded at the end of 2019.

Further, during first-quarter 2020, the company issued 264,765 shares of common stock under its at-the-market ("ATM") equity offering program, generating around \$37 million in gross proceeds. Subsequent to the quarter end, it issued additional 4.3 million shares, resulting in gross proceeds of nearly \$615 million.

Additionally, as of Mar 31, 2020, the company had \$12.3 billion of total debt outstanding, of which \$12.1 billion was unsecured debt and \$0.2 billion was secured debt. Also, as of the same date, its net debt-to-adjusted EBITDA was 6.6x, while fixed charge coverage was 3.8x.

Guidance

Digital Realty has provided guidance for 2020 core FFO per share and expects the same to be \$5.90-\$6.10. It expects total revenues to be between \$3.725 billion and \$3.825 billion, and adjusted EBITDA to be \$2.075-\$2.125 billion for 2020. It expects year-end portfolio occupancy of 85-86% and "Same-capital" cash NOI to decline 2.5-3.5%.

Recent News

Digital Realty Quickens Deployment of AI Solution - May 5, 2020

Digital Realty announced launching of Data Hub featuring NVIDIA DGXTM systems. The move helps in fast deployment of artificial intelligence and machine learning workloads on PlatformDIGITAL™. The Data Hub solution speeds up digital transformation through removal of data gravity barriers for enterprises.

Based on typical customer-deployment scenarios on NVIDIA DGX and DGX PODTM configurations, a pre-configured Data Hub footprint has been developed by Digital Realty. With deployment of Data Hubs on PlatformDIGITAL, enterprises create centers of data exchange to solve global coverage, capacity and connectivity requirements and such centers of data exchange emerge as an ideal place to securely implement organizational AI and machine learning initiatives.

Digital Realty Unit Begins Paris Digital Park Construction – Apr 21, 2020

Digital Realty's recently-acquired unit — Interxion — has started building a major expansion project in Paris. This move will provide an impetus to the PlatformDIGITAL™ expansion in France.

Referred as Interxion Digital Park, this new location has access to up to 85 megawatts (MW) of customer available power. Spanning an area of about 40,000 square meters, the site will house four data centers.

The first data center on this location, which also represents Interxion's eighth in Paris, has been named PAR8. Being built in three phases, PAR8 will offer 9,600 square meters of equipped space and 19 MW of customer available power when fully constructed. The total capital expenditure, excluding land and other related costs, is projected to be €207 million. The first phase of PAR8, which would likely offer about 3200 square meters, is slated to open in late 2021.

Being located near to the PAR7 facility, Interxion Paris Digital Park will gain from the network connectivity of its seven existing data centers which are all inter-connected.

The latest expansion in Paris seems a strategic fit because there is a solid demand for such facilities in Europe. The cloud and content platform providers have been expanding their presence continuously in major European cities.

Interxion, which recently concluded its combination with Digital Realty, already had a strong presence in the colocation and interconnection space in Europe, with business in more than 50 carrier-and cloud-neutral facilities across 11 countries and several metro areas, including Frankfurt, Amsterdam and Paris, as well as its Internet Gateway in Marseille.

Digital Realty Banks on Singapore Tech Boom, Powers On New Unit - Apr 7, 2020

Digital Realty "powered on" its third data center — Digital Loyang II (SIN12) — in Singapore. The move comes as part of the company's expansion strategy to capitalize on the country's digital economy, rapidly-growing FinTech industry, and aid in the operation of crucial industries.

The new, 50-megawatt SIN12 facility offers a total footprint of 34,000 square meters. It provides scope for global enterprise customers to grow their core digital assets on PlatformDIGITAL™ in the Singapore market. This facility is located neighboring to Digital Loyang I, or SIN11, with diverse high-count fiber routes connecting both data centers.

Strategically situated close to the Changi North Cable landing station, a vital sub-sea internet hub for the region, as well as less than 25 kilometers from Singapore's central business district, the Digital Loyang campus will offer up to 50 megawatts of critical power capacity to regional and global customers. The facility has already drawn solid attention from tenants. It has been partially pre-leased to a major Singaporean multinational banking corporation as well as a leading global cloud provider.

Specifically, Digital Realty is poised to benefit from the solid data-center demand, as well as accretive acquisitions, expansions and development efforts. In fact, in the Digital Capitals Index, Singapore is placed in the sixth spot and is anticipated to move up to the fifth place overall in the global rankings by 2024.

Already established as a key digital economy hub, Singapore has earned its reputation for being one of the world's leading centers for business and finance, transportation and logistics, along with technology manufacturing. It also has a superior position with respect to development and adoption of emerging technologies, with usage of artificial intelligence, IoT and blockchain technology in several industries, while use of 5G is projected to grow in the near future.

Particularly, the four emerging technologies — Artificial Intelligence (AI), Internet of Things (IoT), 5G and Blockchain — combined added S\$12.5 billion to Singapore's economy in 2019. Specifically, IoT contributed the most at 51% of the total or S\$6.4 billion. Furthermore, these new technologies are expected to contribute an estimated S\$29.4 billion to Singapore's economy in 2024, and reach a whopping \$49.8 billion by 2029.

Digital Realty Boosts European Presence on InterXion Buyout – Mar 13, 2020

Digital Realty completed its previously announced combination with InterXion. With this, Digital Realty, which is a major provider of data center, colocation and interconnection solutions, is expected to enjoy an increased presence in major European metro areas.

The transaction was completed, following the expiration of the related exchange offer. As part of the transaction, 70.9 million shares of InterXion, representing 92.3% of total shares outstanding, were tendered.

Non-tendering shareholders will receive shares of Digital Realty common stock (and/or cash in lieu of fractional shares of Digital Realty) in accordance with a liquidation distribution, which is generally subjected to a 15% Dutch dividend-withholding tax as less than 95% of InterXion's

total shares outstanding were acquired in the exchange offer. Furthermore, the shareholders will no longer be able to trade the shares on any stock exchange and their transferability will also be subjected to certain restrictions.

The move is expected to be accretive to Digital Realty's long-term growth trajectory, as it capitalizes on InterXion's European colocation and interconnection expertise. InterXion's European business comprised more than 50 carrier-and cloud-neutral facilities across 11 countries and several metro areas, including Frankfurt, Amsterdam and Paris, as well as its Internet Gateway in Marseille. InterXion's European business is likely to strengthen the footprint of Digital Realty, which already has solid presence in London and Dublin.

Dividend Update

On May 12, the company announced a quarterly cash dividend to \$1.12 per share. The dividend will be paid on Jun 30, to the common stockholders as of Jun 15, 2020.

Valuation

Digital Realty shares have been up 13.5% in the trailing 12 months. Stocks in the Zacks sub-industry and the Zacks Finance sector are down 15.7% and 21.4% in the past year, respectively.

The S&P 500 index is up 0.4% in the past year.

The stock is currently trading at 21.11X forward 12-month FFO, which compares to 16.23X for the Zacks sub-industry, 14.77X for the Zacks sector and 20.75X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 23.50X and as low as 11.51X, with a 5-year median of 16.96X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$141 price target reflects 22.31X FFO.

The table below shows summary valuation data for DLR.

Valuation Multiples - DLR					
		Stock	Sub-Industry	Sector	S&P 500
P/E F 12M	Current	21.11	16.23	14.77	20.75
	5-Year High	23.5	18.1	16.18	20.79
	5-Year Low	11.51	14.32	11.58	15.19
	5-Year Median	16.96	16.08	13.94	17.45
P/S F12M	Current	10.8	7.1	5.81	3.24
	5-Year High	12.08	8.14	6.7	3.44
	5-Year Low	4.48	5.91	4.99	2.54
	5-Year Median	7.21	6.88	6.05	3.02
P/B TTM	Current	2.27	2.31	2.03	3.77
	5-Year High	5.88	3.01	2.9	4.55
	5-Year Low	2.05	1.8	1.71	2.84
	5-Year Median	2.97	2.51	2.53	3.65

As of 05/13/2020

Industry Analysis Zacks Industry Rank: Top 28% (70 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
American Tower Corporation REIT (AMT)	Neutral	3
Crown Castle International Corporation (CCI)	Neutral	3
CyrusOne Inc (CONE)	Neutral	3
CoreSite Realty Corporation (COR)	Neutral	2
Equinix, Inc. (EQIX)	Neutral	3
Iron Mountain Incorporated (IRM)	Neutral	3
QTS Realty Trust, Inc. (QTS)	Neutral	3
SBA Communications Corporation (SBAC)	Neutral	3

Industry Comparison Industry: Reit And Equity Trust - Other				Industry Peers		
	DLR	X Industry	S&P 500	CONE	COR	EQIX
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	2	3
VGM Score	D	-	-	B	D	C
Market Cap	35.80 B	1.64 B	18.76 B	8.15 B	4.59 B	58.33 B
# of Analysts	9	4	14	9	10	7
Dividend Yield	3.36%	5.13%	2.23%	2.83%	4.03%	1.57%
Value Score	F	-	-	D	C	F
Cash/Price	0.01	0.06	0.06	0.01	0.00	0.02
EV/EBITDA	23.08	12.52	11.39	21.03	20.75	28.18
PEG Ratio	3.11	3.28	2.54	0.83	1.12	1.32
Price/Book (P/B)	2.27	1.02	2.56	3.45	27.92	6.73
Price/Cash Flow (P/CF)	15.37	8.56	10.04	18.97	19.69	30.41
P/E (F1)	21.52	12.42	18.48	18.42	23.52	27.76
Price/Sales (P/S)	11.12	3.93	1.91	8.13	7.90	10.34
Earnings Yield	4.58%	7.99%	5.09%	5.43%	4.25%	3.60%
Debt/Equity	0.87	0.92	0.75	1.40	9.56	1.44
Cash Flow (\$/share)	8.68	2.03	7.01	3.73	6.15	22.33
Growth Score	B	-	-	A	C	B
Hist. EPS Growth (3-5 yrs)	6.60%	2.38%	10.82%	13.77%	16.68%	15.90%
Proj. EPS Growth (F1/F0)	-8.09%	-2.22%	-10.51%	5.75%	0.98%	7.22%
Curr. Cash Flow Growth	14.13%	3.36%	5.83%	24.40%	4.75%	12.38%
Hist. Cash Flow Growth (3-5 yrs)	19.36%	12.74%	8.52%	30.81%	17.21%	22.24%
Current Ratio	0.45	1.78	1.27	1.20	0.17	1.26
Debt/Capital	44.41%	48.38%	44.25%	58.41%	90.53%	59.00%
Net Margin	21.35%	14.25%	10.59%	-3.32%	12.74%	9.00%
Return on Equity	7.65%	4.04%	16.36%	1.54%	32.98%	5.80%
Sales/Assets	0.13	0.13	0.54	0.17	0.28	0.24
Proj. Sales Growth (F1/F0)	10.56%	0.00%	-2.55%	5.17%	5.77%	7.20%
Momentum Score	B	-	-	A	F	C
Daily Price Chg	0.37%	-4.02%	-2.85%	-1.49%	0.28%	2.28%
1 Week Price Chg	-0.59%	1.44%	3.23%	5.49%	1.69%	1.09%
4 Week Price Chg	-5.31%	-7.89%	-0.28%	9.47%	3.05%	0.48%
12 Week Price Chg	0.76%	-37.39%	-23.80%	7.17%	6.26%	5.45%
52 Week Price Chg	13.41%	-33.24%	-13.31%	13.64%	4.63%	39.49%
20 Day Average Volume	2,064,042	791,914	2,552,088	1,419,127	452,260	582,753
(F1) EPS Est 1 week change	-5.68%	0.00%	0.00%	0.00%	0.08%	-1.57%
(F1) EPS Est 4 week change	-6.55%	-2.17%	-6.15%	0.07%	-0.45%	-2.70%
(F1) EPS Est 12 week change	-8.27%	-5.59%	-16.21%	-3.67%	-0.22%	-3.73%
(Q1) EPS Est Mthly Chg	-6.82%	-2.67%	-12.28%	-0.97%	-0.67%	-3.44%

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	F
Growth Score	B
Momentum Score	B
VGM Score	D

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

Disclosures

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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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