

Digital Realty Trust (DLR)

\$153.96 (As of 08/26/20)

Price Target (6-12 Months): **\$163.00**

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: D

Growth: C

Momentum: C

Summary

Shares of Digital Realty have outperformed its industry in the past year. The company's impressive results for second-quarter 2020 were supported by robust leasing activity and strong signed total bookings. In July, it completed the expansion of its One Century Place facility in Toronto. The expansion is anticipated to add 6,000 square feet of space and 1,500 kilowatts of colocation capacity. Notably, solid fundamentals of the data-center market are anticipated to help Digital Realty ride its growth curve. Heightening reliance on technology amid the pandemic is also driving the demand for the company's facilities. Accretive acquisitions and development efforts, backed by a healthy balance sheet, augur well. Yet, the company faces stiff competition in the industry and an aggressive pricing pressure might prevail in the upcoming period.

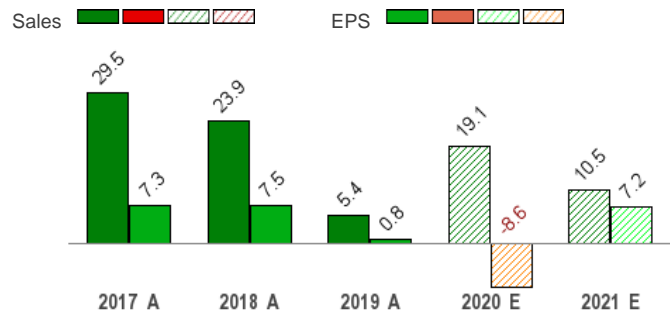
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$165.49 - \$105.00
20 Day Average Volume (sh)	1,311,674
Market Cap	\$41.4 B
YTD Price Change	28.6%
Beta	0.24
Dividend / Div Yld	\$4.48 / 2.9%
Industry	REIT and Equity Trust - Other
Zacks Industry Rank	Bottom 13% (218 out of 252)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	4.1%
Last Sales Surprise	6.7%
EPS F1 Est- 4 week change	0.4%
Expected Report Date	11/03/2020
Earnings ESP	-0.1%
P/E TTM	24.2
P/E F1	25.3
PEG F1	3.7
P/S TTM	12.1

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	1,012 E	1,048 E	1,063 E	1,084 E	4,224 E
2020	823 A	993 A	997 E	1,011 E	3,823 E
2019	815 A	801 A	806 A	787 A	3,209 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$1.58 E	\$1.64 E	\$1.66 E	\$1.70 E	\$6.52 E
2020	\$1.53 A	\$1.54 A	\$1.47 E	\$1.52 E	\$6.08 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.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 08/26/2020. The reports text is as of 08/27/2020.

Overview

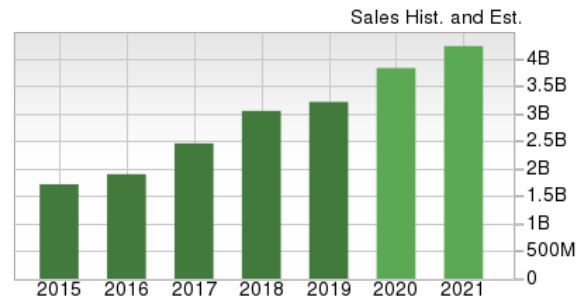
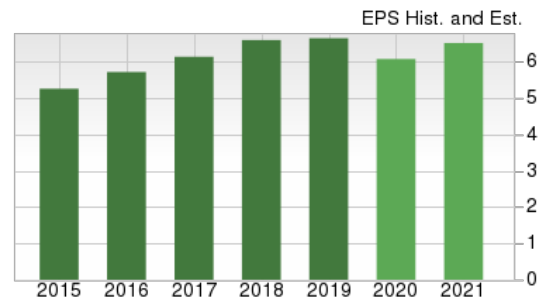
Digital Realty Trust is engaged in the ownership, acquisition, repositioning and management of the technology-related real estate. Specifically, the company offers data center, colocation and interconnection solutions for domestic and international tenants through its portfolio of data centers located 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 Jun 30, 2020, the company's total portfolio comprised 281 data centers. This included 43 properties held as investments in unconsolidated joint ventures. Specifically, 137 data centers are situated throughout the United States, while 102 are located in Europe, 22 in Latin America, 11 in Asia, five in Australia, two in Africa and two in Canada. The portfolio contains 34 million square feet of space, excluding about 6 million square feet under active development and 2.2 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 was announced in October 2019 and was valued at \$8.4 billion, including debt. It 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, other enterprise, and financial industries. Tenant roster includes names like Facebook, IBM, Oracle, LinkedIn, 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. In March, the company 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. In July, the company announced the development of its second data center in Hong Kong. The facility — to be named Digital Realty Kin Chuen (HKG11) — will accommodate 24 megawatts of critical IT capacity. It will be a carrier-neutral data center in a purpose-built facility and is scheduled for a mid-2021 completion. 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. Demand is strong 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 second-quarter 2020 on solid data-center demand. Signed total bookings during the reported quarter are estimated to generate \$144 million of annualized GAAP rental revenues. The company signed renewal leases, marking \$169 million of annualized GAAP rental revenues during the same period.
- ▲ 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 \$505 million of cash on the balance sheet as of Jun 30 together with \$2.5 billion of availability on its global revolving credit facilities. Its debt maturity schedule is well-laddered, with weighted average maturity of 6.7 years and 3% 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. Also, Digital Realty currently enjoys BBB/BBB/Baa2 credit rating, with stable outlook from S&P Global, Fitch and Moody's.
- ▲ Additionally, solid dividend payouts are the biggest enticement for REIT shareholders and Digital Realty remains committed to that. 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. 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 tenants accounting for roughly 3% of annualized recurring rent, have requested for rent deferrals. Also, there is likely to be a modest drag from development delivery delays in select markets.
- ▼ Shares of Digital Realty have outperformed its industry over the past year. The stock has gained 26.9% compared with the industry's decline of 7.3% in the same period. However, the trend in estimate revision of current-year FFO per share does not indicate an upbeat outlook. Over the past month, the Zacks Consensus Estimate for third-quarter 2020 FFO per share moved 1.3% 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 Surpasses Q2 FFO & Revenue Estimates

Digital Realty reported second-quarter 2020 core FFO per share of \$1.54, beating the Zacks Consensus Estimate of \$1.48. However, the reported figure compared unfavorably with the year-ago quarter's \$1.64.

The company reported operating revenues of \$993 million in the second quarter, marking a 24% year-over-year rise. The revenue figure also outpaced the Zacks Consensus Estimate of \$931.1 million.

Decent leasing activities and strong signed total bookings aided results.

Quarter in Detail

Signed total bookings during the reported quarter are estimated to generate \$144 million of annualized GAAP rental revenues. This is expected to include a \$12-million contribution from interconnection. Notably, the weighted-average lag between leases signed during second-quarter 2020 and the contractual commencement date was seven months.

Moreover, the company signed renewal leases, marking \$169 million of annualized GAAP rental revenues in the second quarter. Rental rates on renewal leases signed during the second quarter rolled down 2.8% on a cash basis and up 7.2% on a GAAP basis.

Portfolio Activity

During the June-end quarter, Digital Realty's company, Interxion, purchased a land parcel in Madrid, Spain, spanning an area of 3.6 acres for \$37 million. The new facility will encompass an area of about 375,000 square feet upon completion and is projected to support up to 34 megawatts of critical IT capacity.

Balance Sheet

Digital Realty exited second-quarter 2020 with cash and cash equivalents of \$505.2 million, up from \$89.8 million recorded at the end of 2019.

Further, during the second quarter, the company issued 4.5 million shares of common stock under its at-the-market ("ATM") equity offering program, generating around \$645 million in gross proceeds.

Additionally, as of Jun 30, 2020, the company had \$12.4 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 5.7X, while fixed charge coverage was 4.6X.

Guidance

Digital Realty updated its guidance for 2020 core FFO per share to \$6-\$6.10 from the prior estimate of \$5.90-\$6.10.

It expects total revenues to be between \$3.775 billion and \$3.825 billion, and adjusted EBITDA to be \$2.100-\$2.125 billion for the ongoing year.

Quarter Ending 06/2020

Report Date	Jul 30, 2020
Sales Surprise	6.65%
EPS Surprise	4.05%
Quarterly EPS	1.54
Annual EPS (TTM)	6.36

Recent News

Digital Realty Adds Colocation Capacity at TOR1 Data Center – Aug 25, 2020

Digital Realty announced that it completed the expansion of its One Century Place facility, also known as TOR1, in July. The expansion is anticipated to add 6,000 square feet of space and 1,500 kilowatts of colocation capacity in greater Toronto.

The expansion in Toronto is a strategic fit as the city has emerged as a major regional connectivity tech hub in North America and will offer additional colocation capacity to cater to the region's growing networking needs.

Moreover, as technology and data-centric enterprises move or expand in the region, facilities like One Century Place are imperative for providing customers the flexibility needed to achieve their digital goals and will help them accelerate their digital transformations.

Additionally, Digital Realty aims to help businesses to move to a decentralized infrastructure that will scale new digital transformation initiatives. In fact, the increased capacity will help to address higher demand from distributed data hosting, connectivity and exascale computing in a single campus, network bandwidth requirements and flexibility to easily scale capacity.

Notably, Digital Realty operates more than 20 megawatts of capacity across two data centers in the Toronto region and has the capacity of more than 60 megawatts at full build-out.

Moreover, the company will augment its offerings with IBM's Direct Link 2.0 capabilities. This will provide direct access to the IBM Cloud in Toronto, offering customers broader access to IBM services, including AI, blockchain, data analytics and quantum computing.

Digital Realty Collaborates With Core Scientific to Deploy Data Hub - Jul 28, 2020

Digital Realty announced that in collaboration with Core Scientific, the company has deployed Data Hub powered by the NVIDIA DGX A100 at its Interxion Digital Docklands Campus close to the heart of London's financial center.

Introducing AI-ready infrastructure solution by Digital Realty is speeding up digital transformation, enabling customers to make fast deployment of AI models in close proximity to their data sets. Notably, the data-center REIT continues to enhance its AI potential in an effort to leverage on one of the fastest growing market opportunities in the world.

Digital Realty's Unit Acquires Freehold to Frankfurt Campus – Jul 13, 2020

Digital Realty's — Interxion — has acquired the freehold to the land under its Hanauer Landstraße campus in Frankfurt. The move has resulted in Interxion owning the freehold to all 15 data centers on its Frankfurt campus.

Interxion has also reached a separate deal to acquire an expansion parcel for supporting a development of 180 megawatts of additional capacity. Previously known as the Neckermann property, this parcel totals 107,000 square meters and is located within roughly one kilometer of the Hanauer Landstraße campus. It will be fully connected to the present campus. This buyout is expected to close in two stages, with the final transfer of ownership slated for early 2021.

The latest acquisition of freehold to the existing campus, together with the deal for buyout of the site for further expansion, is a strategic fit as there is a solid demand for such facilities in Europe. The moves would enable the company to grow by capitalizing on customers need for large-scale digital transformations. Interxion Frankfurt has emerged as one of the leading cloud and connectivity hubs across the globe, offering direct access to several global cloud platforms and more than 700 carriers and internet service providers, per management.

The Hanauer Landstraße campus encompasses 43,000 square meters on 6.5 hectares of land. More than half of the campus is occupied by Interxion through its nine data centers, which were previously subject to leasehold agreements. The site also has the German headquarters office of Interxion.

Furthermore, 40% of the campus is leased to 21 customers, with a weighted-average remaining lease term of roughly four years. When the leases to third parties expire, Interxion has plans to redevelop those portions for building out additional data-center capacity.

Digital Realty Develops Second Data Center in Hong Kong – Jul 1, 2020

Digital Realty announced the development of its second data center in Hong Kong. The facility — to be named Digital Realty Kin Chuen (HKG11) — will accommodate 24 megawatts of critical IT capacity. It will be a carrier-neutral data center in a purpose-built facility and is scheduled for a mid-2021 completion.

The HKG11 facility will encompass 21,000 square meter of space. It will have a total of 12 floors, with eight of those dedicated for customer deployments. It will offer better connectivity through close access to several facilities-based operators. The development effort of Digital Realty reflects the noteworthy expansion of PlatformDIGITAL™ across the Asia Pacific. The data-center REIT recently announced the groundbreaking of its new data center in Seoul, Korea.

Hong Kong has emerged as a leader in cloud readiness in the region. The city has occupied the top spot in the recent Cloud Readiness Index (CRI) based on cloud infrastructure, security, and regulation, per the Asia Cloud Computing Association (ACCA). Already a solid regional performer in fundamental readiness areas, like cloud regulation and infrastructure, the city has scope to fortify areas, like cloud governance and security, to spur broader and faster cloud adoption, per the study. Also, adoption of cloud services and digital transformation has increased amid the heightening reliance on technology in the wake of the coronavirus pandemic.

Digital Realty set foot in Hong Kong in 2012, with the buyout of Digital TKO (HKG10) situated within the Tsueng Kwan O industrial estate and efficient to deliver up to 18 megawatts of critical IT capacity. The latest facility is positioned in Kwai Chung, Hong Kong's fast-developing new data-center cluster, and will cater to diverse, multi-site workloads.

Apart from the latest developments in Hong Kong and Seoul, Digital Realty already enjoys a decent presence in the Asia-Pacific region, operating a network of data centers in Tokyo, Osaka, Singapore, Sydney and Melbourne.

Dividend Update

On Aug 11, the company announced a quarterly cash dividend to \$1.12 per share. The dividend will be paid out on Sep 30 to the common stockholders as of Sep 15, 2020.

Valuation

Digital Realty shares have been up 26.9% in the trailing 12 months. Stocks in the Zacks sub-industry and the Zacks Finance sector are down 7.3% and 5.1% in the past year, respectively.

The S&P 500 Index is up 19.6% in the past year.

The stock is currently trading at 24.20X forward 12-month FFO, which compares to 19.27X for the Zacks sub-industry, 16.67X for the Zacks sector and 23.11X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 25.26X and as low as 11.51X, with a 5-year median of 17.18X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$163 price target reflects 25.62X FFO.

The table below shows summary valuation data for DLR.

Valuation Multiples - DLR					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	24.20	19.27	16.67	23.11
	5-Year High	25.26	19.28	16.67	23.11
	5-Year Low	11.51	14.32	11.60	15.25
	5-Year Median	17.18	16.11	14.26	17.58
P/S F12M	Current	10.14	8.36	6.23	3.77
	5-Year High	12.08	8.37	6.67	3.77
	5-Year Low	4.48	5.97	4.97	2.53
	5-Year Median	7.31	7.00	6.06	3.05
P/B TTM	Current	2.54	2.46	2.52	4.66
	5-Year High	5.88	3.03	2.91	4.66
	5-Year Low	2.05	1.81	1.72	2.83
	5-Year Median	2.75	2.51	2.53	3.76

As of 8/26/2020

Industry Analysis Zacks Industry Rank: Bottom 13% (218 out of 252)



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	3
Equinix, Inc. (EQIX)	Neutral	3
Iron Mountain Incorporated (IRM)	Neutral	3
SBA Communications Corporation (SBAC)	Neutral	3
QTS Realty Trust, Inc. (QTS)	Underperform	4

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	3	3
VGM Score	D	-	-	D	C	D
Market Cap	41.41 B	1.96 B	23.69 B	9.62 B	5.20 B	69.25 B
# of Analysts	10	4	14	10	9	8
Dividend Yield	2.91%	3.74%	1.65%	2.43%	3.99%	1.36%
Value Score	D	-	-	D	D	D
Cash/Price	0.01	0.06	0.07	0.01	0.00	0.07
EV/EBITDA	24.92	14.07	13.37	23.92	22.96	30.82
PEG Ratio	3.68	3.94	3.04	0.96	1.12	2.34
Price/Book (P/B)	2.54	1.35	3.17	3.91	39.54	6.67
Price/Cash Flow (P/CF)	17.73	10.91	12.78	22.08	19.88	35.03
P/E (F1)	25.51	15.25	21.63	21.25	23.43	31.85
Price/Sales (P/S)	12.14	4.92	2.50	9.55	8.83	12.09
Earnings Yield	3.95%	5.89%	4.44%	4.71%	4.27%	3.14%
Debt/Equity	0.76	0.92	0.75	1.39	12.28	1.12
Cash Flow (\$/share)	8.68	2.05	6.94	3.73	6.15	22.33
Growth Score	C	-	-	B	B	C
Hist. EPS Growth (3-5 yrs)	5.79%	0.73%	10.41%	12.84%	14.71%	15.22%
Proj. EPS Growth (F1/F0)	-8.62%	-2.49%	-4.92%	6.75%	2.37%	7.63%
Curr. Cash Flow Growth	14.13%	3.36%	5.22%	24.40%	4.75%	12.38%
Hist. Cash Flow Growth (3-5 yrs)	19.36%	12.74%	8.50%	30.81%	17.21%	22.24%
Current Ratio	0.57	1.62	1.34	1.34	0.14	1.55
Debt/Capital	41.24%	48.09%	44.18%	58.20%	92.47%	52.93%
Net Margin	20.57%	10.49%	10.25%	2.01%	12.77%	8.69%
Return on Equity	6.72%	3.32%	14.66%	3.32%	39.91%	5.43%
Sales/Assets	0.12	0.13	0.50	0.16	0.28	0.23
Proj. Sales Growth (F1/F0)	19.13%	0.00%	-1.45%	4.98%	5.63%	7.15%
Momentum Score	C	-	-	F	C	C
Daily Price Chg	-0.51%	-1.11%	-0.18%	2.59%	0.30%	0.29%
1 Week Price Chg	0.81%	-1.15%	-1.45%	0.22%	-0.27%	2.65%
4 Week Price Chg	-2.06%	-0.55%	2.10%	1.59%	-5.00%	1.56%
12 Week Price Chg	10.37%	-4.99%	3.61%	10.11%	2.12%	13.50%
52 Week Price Chg	26.95%	-20.99%	3.61%	16.22%	7.99%	41.28%
20 Day Average Volume	1,311,674	599,912	1,883,291	706,536	324,243	346,804
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.44%	0.00%	0.93%	0.94%	1.14%	0.80%
(F1) EPS Est 12 week change	0.57%	-0.07%	3.41%	1.11%	1.28%	-0.39%
(Q1) EPS Est Mthly Chg	-1.32%	0.00%	0.00%	-2.81%	-0.11%	0.62%

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	D
Growth Score	C
Momentum Score	C
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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