

Digital Realty Trust (DLR)

\$129.02 (As of 01/27/20)

Price Target (6-12 Months): **\$137.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 08/09/18)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

4-Sell

Zacks Style Scores:

VGM:D

Value: F

Growth: C

Momentum: F

Summary

Digital Realty is poised to ride on its growth curve backed by solid fundamentals of the data-center market. Recently, the company announced closing of a \$557-million portfolio sale to Mapletree Investments and Mapletree Industrial Trust. Per management, the transactions will back its aim to self-fund growth and diversify sources of equity capital. Also, it continues to invest in its growth endeavors and in the fourth quarter, the company announced an \$8.4-billion deal to acquire European provider of carrier and cloud-neutral colocation data-center services, Interxion. Amid robust fundamentals of the market, accretive acquisitions and development efforts backed by healthy balance sheet augur well, though aggressive pricing pressure and substantial debt burden remain woes. Its shares have underperformed industry in the past three months.

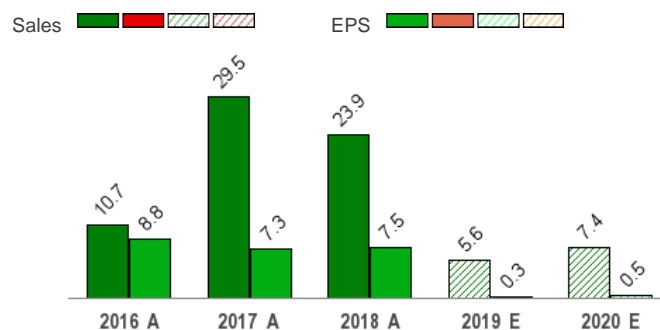
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$136.32 - \$105.33
20 Day Average Volume (sh)	1,397,930
Market Cap	\$26.9 B
YTD Price Change	7.8%
Beta	0.33
Dividend / Div Yld	\$4.32 / 3.3%
Industry	REIT and Equity Trust - Other
Zacks Industry Rank	Bottom 33% (170 out of 255)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	1.8%
Last Sales Surprise	-1.1%
EPS F1 Est- 4 week change	-1.6%
Expected Report Date	02/13/2020
Earnings ESP	-3.5%
P/E TTM	19.2
P/E F1	19.4
PEG F1	2.8
P/S TTM	8.4

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2020	824 E	825 E	851 E	870 E	3,455 E
2019	815 A	801 A	806 A	799 E	3,216 E
2018	744 A	755 A	769 A	778 A	3,046 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2020	\$1.61 E	\$1.62 E	\$1.68 E	\$1.72 E	\$6.65 E
2019	\$1.73 A	\$1.64 A	\$1.67 A	\$1.58 E	\$6.62 E
2018	\$1.61 A	\$1.66 A	\$1.63 A	\$1.68 A	\$6.60 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 01/27/2020. The reports text is as of 01/28/2020.

Overview

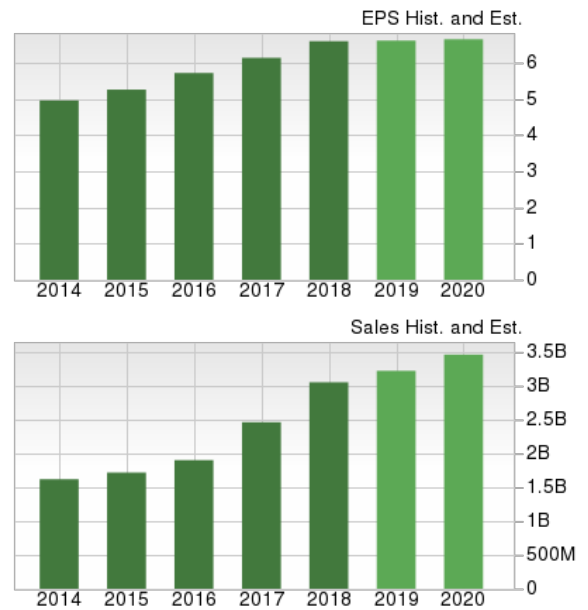
Digital Realty Trust is engaged in the ownership, acquisition, repositioning and management of the technology-related real estate. Specifically, the company offers data center, colocation and interconnection solutions for domestic and international tenants through its portfolio of data centers located 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 Sep 30, 2019, the company's portfolio comprised 223 data centers. This included 38 properties held as investments in unconsolidated joint ventures. Out of these, 147 data centers are situated throughout the United States, while 41 are located in Europe, 19 in Latin America, eight in Asia, five in Australia and three in Canada. The portfolio contains around 36 million square feet, including about 3.6 million square feet of space under active development and 2.3 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. In 2018, the company acquired Ascenty, a data-center provider in Brazil, for cash and equity consideration of around \$2.0 billion, including cash purchased. This helped gain assets and development projects in Brazil. Moreover, in October 2019, Digital Realty has agreed to acquire European provider of carrier and cloud-neutral colocation data-center services, Interxion, in a deal valued at \$8.4 billion, including debt. The acquisition transaction is likely to close in 2020.

*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 also 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. During 2018, the company completed the acquisition of Ascenty, a data-center provider in Brazil, in a transaction valued at around \$1.8 billion. This helped in gaining eight assets and six development projects in Brazil. Also, the earlier merger with DuPont Fabros enhanced Digital Realty's portfolio in the top U.S. data-center metro areas across Northern Virginia, Chicago and Silicon Valley. It helped Digital Realty enhance hyper-scale product offering and grow its blue-chip customer base. Also, the company enhanced its presence in Europe, Australia and Asia in recent years through the development of high-quality facilities. Also, in October 2019, Digital Realty announced that it has agreed to acquire European provider of carrier and cloud-neutral colocation data-center services, Interxion, in a deal valued at \$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. 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.
- ▲ Moreover, the company delivered a healthy performance in second-quarter 2019 backed by solid data-center demand. Signed total bookings during the reported quarter are estimated to generate \$62 million of annualized GAAP rental revenues. This would include a \$9-million contribution from interconnection. Notably, the weighted-average lag between leases signed during second-quarter 2019 and the contractual commencement date was eight months. Also, the company signed renewal leases, marking \$125 million of annualized GAAP rental revenues.
- ▲ The company focuses on maintaining a solid balance sheet and enjoys ample and growing liquidity, with diversified sources of capital and has a well-laddered debt maturity schedule with weighted average maturity of 6.1 years and 3.2% weighted average coupon. Further, 99% of its total debt is unsecured.
- ▲ Additionally, solid dividend payouts are arguably the biggest enticement for REIT shareholders and Digital Realty remains committed to that. Its dividend has increased at a compound annual growth rate of 11% since 2005. Furthermore, much to the delight of its shareholders, in February 2019, the company announced a 7% hike in dividend. The company has raised dividend every year since its initial public offering and the March 2019 dividend marked the 14th consecutive year of increase.

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.
- ▼ The company has a substantial debt burden. In fact, as of Sep 30, 2019, the company had around \$10.9 billion of total debt outstanding, of which \$10.8 billion was unsecured debt and around \$0.1-billion secured debt. Although interest rate levels are low at present, any hike in future is likely to be a challenge for the company. Essentially, rising rates imply higher borrowing cost for the company, which would affect its ability to purchase or develop real estate and lower dividend payouts as well. Moreover, the dividend payout might become less attractive than the yields on fixed income and money-market accounts.
- ▼ Shares of Digital Realty have underperformed its industry in the past three months. The stock has declined 1.2% as against its industry's increase of 2.2%. Moreover, 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 witnessed 1.5% downward revision. Therefore, given the above-mentioned concerns and downward estimate revisions, the stock has limited upside potential.

Digital Realty faces cut-throat competition in the industry, leading to aggressive pricing pressure. Substantial debt burden and notable exposure to foreign currency translation are other concerns.

Last Earnings Report

Digital Realty Beats Q3 FFO Estimates

Digital Realty delivered a better-than-anticipated performance in the third quarter in terms of FFO per share. It reported core FFO per share of \$1.67, beating the Zacks Consensus Estimate of \$1.64. Results also compared favorably with the year-ago figure of \$1.63.

The company reported operating revenues of \$806.5 million in the third quarter, marking a 4.9% year-over-year rise. The revenue figure, however, missed the Zacks Consensus Estimate of \$815.1 million.

Moreover, reflecting the expected closing of the \$1.0 billion joint venture with Mapletree in early November, the company has revised its 2019 core FFO per share outlook to \$6.55-\$6.65 from \$6.60-\$6.70.

Quarter in Detail

Signed total bookings during the reported quarter are estimated to generate \$69 million of annualized GAAP rental revenues. This would include an \$8-million contribution from interconnection. Notably, the weighted-average lag between leases signed during third-quarter 2019 and the contractual commencement date was five months.

Moreover, the company signed renewal leases, marking \$ 152 million of annualized GAAP rental revenues. Rental rates on renewal leases signed during the quarter rolled up 7.2% on a cash basis and 10.1% on a GAAP basis.

During the September-end quarter, Digital Realty closed on the purchase of a 22,000-square-foot land parcel in Seoul, South Korea for about \$15 million. On completion, the new facility is expected to support up to 12 megawatts of critical IT capacity. With commencement of construction slated in the coming months, its completion is expected in 2021.

In addition, Digital Realty signed definitive deals with affiliates of Mapletree Investments Pte Ltd and Mapletree Industrial Trust for the sale of 10 Powered Base Buildings, and the establishment of a joint venture on three existing data centers.

Balance Sheet

Digital Realty exited third-quarter 2019 with cash and cash equivalents of around \$7.2 million, down from the \$33.5 million recorded at the end of the prior quarter.

Additionally, as of Sep 30, 2019, the company had around \$10.9 billion of total debt outstanding, of which \$10.8 billion was unsecured debt and around \$0.1 billion secured debt. Also, as of the same date, its net debt-to-adjusted EBITDA was 6.1x, while fixed charge coverage was 4.3x.

Outlook

Digital Realty revised its 2019 core FFO per share outlook to \$6.55-\$6.65 from \$6.60-\$6.70, reflecting the expected closing of the joint venture with Mapletree in early November.

The full-year outlook provided by the company is backed by revenue projections of \$3.2 billion, year-end portfolio occupancy decline of 150 bps, and "same-capital" cash NOI growth of -2.0% to -4.0%.

Quarter Ending **09/2019**

Report Date	Oct 29, 2019
Sales Surprise	-1.07%
EPS Surprise	1.83%
Quarterly EPS	1.67
Annual EPS (TTM)	6.72

Recent News

Digital Realty Completes \$557 Million Portfolio Sale - Jan 15, 2020

Digital Realty announced the closing of a \$557-million portfolio sale to Mapletree Investments and Mapletree Industrial Trust. Per management, the transactions will back its aim to self-fund growth and diversify sources of equity capital.

Specifically, Digital Realty sold its 10 Powered Base Building® data centers to Mapletree Investments and Mapletree Industrial Trust for around \$557 million, subject to customary closing costs and transaction fees. Nonetheless, Digital Realty will aid the portfolio's transition by offering property-management services for a year from the closing date at a customary market rate.

The data centers are 100% leased and this portfolio is estimated to generate cash NOI of nearly \$37 million in 2020, indicating a cap rate of 6.6%. This marked the second tranche of its transaction with Mapletree.

Moreover, in November, Digital Realty announced closing of the \$1-billion joint venture (JV) with Mapletree Investments and Mapletree Industrial Trust on three existing Turn-Key Flex® hyper-scale facilities in Ashburn, VA. Digital Realty retained 20% interest in the JV, while the entity acquired 80% stake for around \$811 million.

With redeployment of proceeds in accretive investment opportunities and repayment of outstanding debt, Digital Realty remains well poised to register growth.

Digital Realty's New Platform to Aid Digital Transformation - Nov 7, 2019

Digital Realty announced the launch of a global data-center platform — PlatformDIGITAL — aimed at helping customers scale digital businesses. The company also discussed at length about the strategy for creation of the new IT architecture needed for digital transformation.

Notably, the digital economy is set to remodel the enterprise market and with this, organizations face the increasing need to transform their IT infrastructure, in order to operate far and wide as well as on-demand, notified by real-time intelligence. The latest platform will help customers deploy their IT infrastructure at the centers of data exchange across the globe. This will bring users, things, applications, clouds and networks to the data, helping customers with access to "fit-for-purpose infrastructure".

PlatformDIGITAL has been created to help customers address their global coverage, capacity, and ecosystem connectivity needs with a single data-center provider. This will also help tailor infrastructure deployments and controls, as well as enable global distributed workflows at centers of data exchange.

Digital Realty's Pervasive Datacenter Architecture approach (PDx) provides a thorough strategy in a bid to support PlatformDIGITAL. Developed by enterprise IT practitioners, this helps companies speed-up deployment and scale their digital businesses globally.

As part of these efforts, Digital Realty also announced the launch of four enterprise IT solutions, which can be quickly deployed on PlatformDIGITAL. These include Network Hub for rewiring the network, Control Hub for implementing hybrid IT controls, Data Hub for optimizing data exchange and SX Fabric for interconnecting global workflows.

Digital Realty Closes \$1B JV With Deal With Mapletree - Nov 4, 2019

Digital Realty has announced closing of \$1 billion joint venture with Mapletree Investments and Mapletree Industrial Trust on three existing Turn-Key Flex® hyper-scale facilities in Ashburn, VA. Digital Realty is retaining 20% interest in the JV, while the entity acquired 80% stake for around \$811 million.

Digital Realty will keep operating and managing these fully-leased and stabilized facilities. The facilities are anticipated to generate aggregate cash NOI of around \$61 million next year. This indicates a 6% cap rate.

The second phase of the Mapletree deal involves the sale of 10 Powered Base Building® data centers for a total consideration of around \$557 million. The data centers are 100% leased.

Digital Realty to Buy Interxion in Deal Worth \$8.4B - Oct 29, 2019

Digital Realty has agreed to acquire European provider of carrier and cloud-neutral colocation data-center services, Interxion, in a deal valued at \$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.

Interxion shareholders will get a 0.7067 Digital Realty shares per Interxion share they hold. The transaction values Interxion at around \$93.48 per ordinary share, reflecting a 5.4% premium to the stock's Monday close.

The acquisition transaction, likely to close in 2020, is subject to the approval of Interxion and Digital Realty shareholders and other customary closing norms. The deal is expected to be accretive to the long-term growth trajectory of the combined entity.

Interxion's European business presently comprises 53 carrier-and cloud-neutral facilities in 11 European countries and 13 metro areas, including Frankfurt, Amsterdam, Paris and Interxion's Internet Gateway in Marseille. With Digital Realty's solid presence in London and Dublin, Interxion's European business is complementary to the European footprint of the former.

Dividend Update

On Nov 19, Digital Realty announced that its board has approved a quarterly common stock cash dividend of \$1.08 per share. The dividend for the fourth quarter of 2019 was paid on Jan 15, 2020, to shareholders of record on Dec 13, 2019.

Valuation

Digital Realty shares have been up 20.9% in the trailing 12 months. Stocks in the Zacks sub-industry and the Zacks Finance sector are up 16.1% and 10% in the past year, respectively.

The S&P 500 index is up 24.1% in the past year.

The stock is currently trading at 19.28X forward 12-month FFO, which compares to 18.37X for the Zacks sub-industry, 14.32X for the Zacks sector and 18.62X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 19.84X and as low as 11.51X, with a 5-year median of 16.60X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$137 price target reflects 20.47X 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	19.28	18.37	14.32	18.62
	5-Year High	19.84	18.94	16.21	19.34
	5-Year Low	11.51	14.29	12.01	15.18
	5-Year Median	16.6	16.11	13.98	17.45
P/S F12M	Current	7.72	8.28	6.53	3.46
	5-Year High	10.95	8.28	6.61	3.46
	5-Year Low	4.48	5.9	5.2	2.54
	5-Year Median	7.1	6.88	6.04	3
P/B TTM	Current	2.96	2.87	2.77	4.43
	5-Year High	5.88	2.9	2.89	4.55
	5-Year Low	2.05	2.06	1.83	2.85
	5-Year Median	3.16	2.52	2.51	3.62

As of 01/27/2020

Industry Analysis Zacks Industry Rank: Bottom 33% (170 out of 255)



Top Peers

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

Industry Comparison Industry: Reit And Equity Trust - Other				Industry Peers		
	DLR Neutral	X Industry	S&P 500	CONE Neutral	COR Neutral	EQIX Neutral
VGM Score	D	-	-	B	D	D
Market Cap	26.91 B	2.91 B	23.86 B	7.04 B	4.45 B	48.03 B
# of Analysts	9	4	13	9	10	6
Dividend Yield	3.35%	4.01%	1.81%	3.22%	4.13%	1.66%
Value Score	F	-	-	D	D	D
Cash/Price	0.00	0.03	0.04	0.01	0.00	0.03
EV/EBITDA	20.27	17.74	13.94	22.82	20.39	26.55
PEG Ratio	2.82	3.51	2.00	1.05	1.67	1.79
Price/Book (P/B)	2.95	1.67	3.25	2.91	18.29	5.48
Price/Cash Flow (P/CF)	16.77	14.36	13.46	19.40	19.58	29.72
P/E (F1)	19.57	15.65	18.67	15.78	21.76	23.96
Price/Sales (P/S)	8.41	7.03	2.62	7.42	7.86	8.80
Earnings Yield	5.15%	6.38%	5.35%	6.33%	4.60%	4.17%
Debt/Equity	1.20	0.88	0.72	1.21	5.67	1.33
Cash Flow (\$/share)	7.69	2.27	6.92	3.21	6.03	19.98
Growth Score	C	-	-	B	C	B
Hist. EPS Growth (3-5 yrs)	7.53%	3.10%	10.68%	16.01%	20.45%	17.46%
Proj. EPS Growth (F1/F0)	0.54%	4.05%	7.51%	10.33%	6.12%	9.47%
Curr. Cash Flow Growth	30.75%	13.18%	13.40%	88.92%	7.88%	23.58%
Hist. Cash Flow Growth (3-5 yrs)	14.64%	16.89%	8.78%	30.43%	20.94%	20.76%
Current Ratio	0.33	1.27	1.22	1.26	0.16	1.55
Debt/Capital	51.73%	46.68%	42.92%	54.81%	85.02%	57.15%
Net Margin	9.22%	13.72%	11.39%	-1.30%	13.48%	9.03%
Return on Equity	2.69%	4.56%	17.19%	-0.08%	26.30%	5.94%
Sales/Assets	0.14	0.13	0.54	0.16	0.29	0.25
Proj. Sales Growth (F1/F0)	7.23%	4.89%	4.09%	11.22%	9.16%	9.02%
Momentum Score	F	-	-	A	D	D
Daily Price Chg	0.59%	-0.29%	-1.40%	-0.67%	0.30%	0.34%
1 Week Price Chg	3.07%	0.14%	-1.09%	-1.37%	0.14%	0.67%
4 Week Price Chg	9.05%	2.58%	-0.25%	-5.10%	6.50%	2.36%
12 Week Price Chg	3.99%	0.22%	3.64%	-11.69%	-0.34%	9.34%
52 Week Price Chg	22.06%	11.67%	18.08%	18.77%	22.89%	57.50%
20 Day Average Volume	1,397,930	482,973	1,615,215	954,155	293,740	349,685
(F1) EPS Est 1 week change	-1.47%	0.00%	0.00%	0.00%	-0.31%	0.00%
(F1) EPS Est 4 week change	-1.60%	0.00%	0.00%	0.42%	-0.29%	0.00%
(F1) EPS Est 12 week change	-4.35%	-0.28%	-0.17%	-0.28%	-2.35%	-0.63%
(Q1) EPS Est Mthly Chg	-0.21%	0.00%	0.00%	1.51%	0.00%	0.00%

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	C
Momentum Score	F
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

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.