

## Iron Mountain Inc. (IRM)

**\$29.09** (As of 08/06/20)

Price Target (6-12 Months): **\$31.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 02/21/19)

Prior Recommendation: Underperform

Short Term: 1-3 Months

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

**3-Hold**

Zacks Style Scores:

VGM:B

Value: C

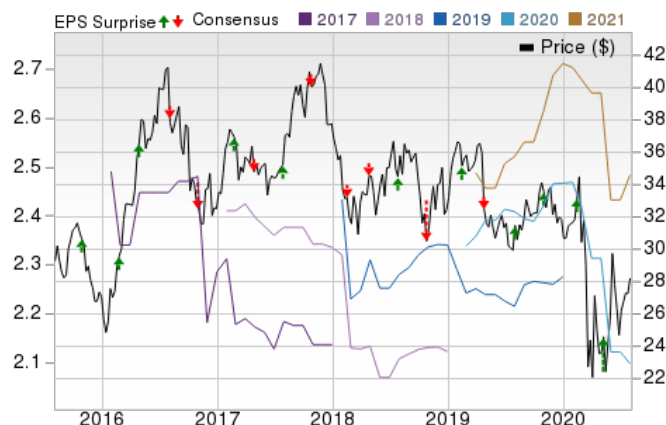
Growth: B

Momentum: C

### Summary

Iron Mountain's better-than-expected results for the second quarter reflect strength in the company's core storage business and strong data-center leasing activity. Notably, organic growth in recurring revenues from its storage business is likely to drive its performance over the long term. Moreover, amid strong demand for interconnection and colocation space, focus on the data center business will diversify its revenue mix. The company expanded its transformation program, Project Summit, and expects higher adjusted EBITDA benefit. However, continued weakness in recycled paper prices and a slowdown in its service business will likely impact second-quarter service activity. Given its international footprint, currency exchange rate headwind is a concern. The company's shares have also underperformed the industry in the past year.

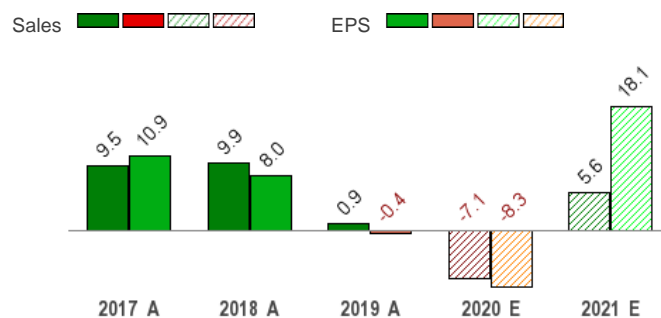
### Price, Consensus & Surprise



### Data Overview

|                            |  |
|----------------------------|--|
| 52 Week High-Low           | <b>\$34.49 - \$21.00</b>                             |
| 20 Day Average Volume (sh) | <b>2,531,956</b>                                     |
| Market Cap                 | <b>\$8.4 B</b>                                       |
| YTD Price Change           | <b>-8.7%</b>   |
| Beta                       | <b>0.69</b>  |
| Dividend / Div Yld         | <b>\$2.47 / 8.5%</b>                                 |
| Industry                   | <b><a href="#">REIT and Equity Trust - Other</a></b> |
| Zacks Industry Rank        | <b>Bottom 17% (210 out of 252)</b>                   |

### Sales and EPS Growth Rates (Y/Y %)



|                           |                   |
|---------------------------|-------------------|
| Last EPS Surprise         | <b>26.2%</b>      |
| Last Sales Surprise       | <b>7.0%</b>       |
| EPS F1 Est- 4 week change | <b>0.0%</b>       |
| Expected Report Date      | <b>10/29/2020</b> |
| Earnings ESP              | <b>0.0%</b>       |
| P/E TTM                   | <b>12.2</b>       |
| P/E F1                    | <b>13.9</b>       |
| PEG F1                    | <b>3.0</b>        |
| P/S TTM                   | <b>2.0</b>        |

### Sales Estimates (millions of \$)

|      | Q1      | Q2      | Q3      | Q4      | Annual* |
|------|---------|---------|---------|---------|---------|
| 2021 | 1,037 E | 1,040 E | 1,051 E | 1,056 E | 4,183 E |
| 2020 | 1,069 A | 982 A   | 965 E   | 1,009 E | 3,960 E |
| 2019 | 1,054 A | 1,067 A | 1,062 A | 1,080 A | 4,263 A |

### EPS Estimates

|      | Q1       | Q2       | Q3       | Q4       | Annual*  |
|------|----------|----------|----------|----------|----------|
| 2021 | \$0.56 E | \$0.59 E | \$0.62 E | \$0.64 E | \$2.48 E |
| 2020 | \$0.59 A | \$0.53 A | \$0.50 E | \$0.53 E | \$2.10 E |
| 2019 | \$0.48 A | \$0.54 A | \$0.62 A | \$0.65 A | \$2.29 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 08/06/2020. The reports text is as of 08/07/2020.

## Overview

Boston, MA-based Iron Mountain Inc. provides records & information management services and data center space & solutions in more than 50 countries. The company started operating as a real estate investment trust (REIT) from the taxable year that commenced on Jan 1, 2014. This S&P 500 member serves more than 225,000 customers from various industries, through its 1,480 facilities spanning more than 90 million square feet.

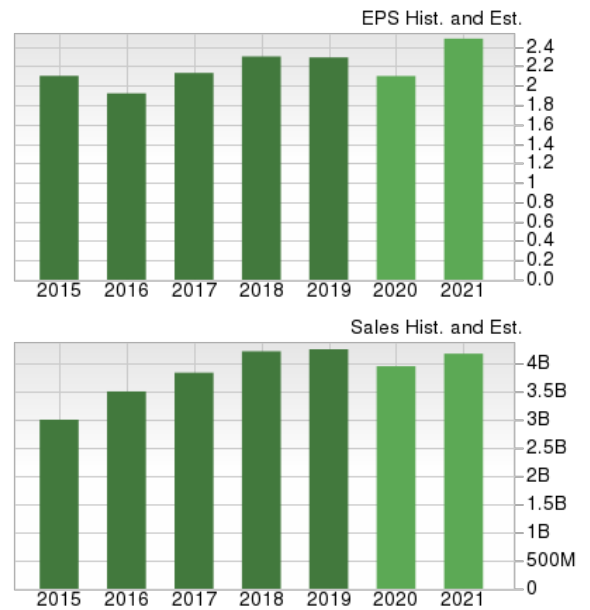
The company primarily generates revenues from storage rental and services. Storage rental revenues are generated through periodic rental charges for data storage. Service revenues comprise charges for related core service activities and a wide array of complementary products and services.

In October 2019, Iron Mountain announced a transformation program — Project Summit — to focus on simplifying its global structure, deleveraging, streamlining managerial structure for the future and enhancing customer experience.

Moreover, as a result of the managerial structure changes associated with Project Summit, the company has updated its reportable operating segments, which now comprise (i) Global Records and Information Management (RIM) Business (consists of the former North American Records and Information Management Business (excluding the company's technology escrow services business), North American Data Management Business, Western European Business and Other International Business); (ii) Global Data Center Business; and (iii) Corporate and Other Business (includes Adjacent Businesses and technology escrow services business).

In 2017, the company launched Iron Mountain Iron Cloud, its enterprise-class cloud storage platform and services that offers data protection, preservation, restoration and recovery services.

*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.*



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## Reasons To Buy:

▲ Iron Mountain enjoys a steady stream of recurring revenues from its core storage and record management businesses. In fact, the company derives the majority of its revenues from fixed periodic (usually earned on a monthly basis) storage rental fees charged to customers based on the volume of their records stored. In fact, Iron Mountain has enjoyed a consistent box retention rate of 98%, with more than 50% of its boxes staying in the facilities for 15 years on average. This durable business also drives significant cross-selling synergies across different segments and delivers robust cash-flow growth. Strong organic growth and the company's initiatives to expand its core storage business will likely lead to sustained top-line growth over the long term. In fact, storage rentals account for 69% of the company's total revenues. Moreover, Iron Mountain's resilient storage business is largely insulated from the impacts of the coronavirus pandemic since revenues from the segment are generated from boxes that are already in storage.

Strong cash flows in storage and records management business, and focus on data center business are positives for Iron Mountain. Also, an aggressive acquisition strategy supplements organic growth.

▲ Iron Mountain is supplementing its storage segment's performance with expansion in its faster-growing businesses, most notably being the data center segment. Particularly, the company expanded its global data center portfolio via Fortrust, I/O, Credit Suisse and EvoSwitch acquisitions. In fact, data-center wins and a robust leasing pipeline indicate Iron Mountain's solid data-center platform which offers a long growth runway. Further, strong demand for connectivity, interconnection and colocation space is driving leasing. In fact, in the first half of 2020, the company signed 39 megawatts of new and expansion leases. With additional 10 megawatts of lease execution expected in the second half of 2020, management's full-year leasing outlook is 45-50 megawatts. Additionally, it aims for the data center business to account for 10% of total adjusted EBITDA by the end of 2020. The efforts will diversify the company's revenue mix and improve adjusted EBITDA margins.

▲ Iron Mountain's diversified revenue base is positive. The company serves more than 225,000 clients across different industries and geographical locations. Most importantly, no single customer accounts for more than 1% of its revenues, which reflects a well-diversified revenue generation base. Further, the company is on track in shifting its mix to faster-growing businesses, which increased to 24% of the company's sales, up from the 9% witnessed six years ago. Moreover, in October 2019, Iron Mountain announced a transformation program — Project Summit — to focus on simplifying its global structure, deleveraging, streamlining managerial structure for the future and enhancing customer experience. Such efforts are likely to help grow the company's profitability over the long term. In fact, the company realized \$65 million of adjusted EBITDA benefits in the first half of 2020 from this transformation initiative. The company expects Project Summit to improve adjusted EBITDA by approximately \$150 million in 2020.

▲ Iron Mountain has an aggressive acquisition strategy to supplement organic growth in storage revenues. The company has not only gained new customers from these acquisitions but has also been able to expand operations in international markets, specifically, emerging markets. Notably, by scaling up its emerging market platform, the company can accelerate the EBITDA growth rate. In first-quarter 2020, the company acquired a storage and records management company in the UAE for around \$29,100. During 2019, it completed the buyout of 10 storage and records management companies and an art storage company, thereby enhancing its operations in the United States, Colombia, Germany, Hong Kong, Latvia, Slovakia, Switzerland, Thailand and the United Kingdom and expanding operations in Bulgaria. Moreover, the company expects to generate capital recycling proceeds of approximately \$100 million in 2020.

▲ Also, solid dividend payouts are arguably the biggest enticement for REIT shareholders, and Iron Mountain remains committed to that. The company has a record of nine years of consecutive dividend increase. In fact, concurrent with its third-quarter 2019 earnings, the company announced a 1.2% sequential hike in quarterly cash dividend to 61.85 cents. Such shareholder friendly moves boost investor's confidence in the stock.

▲ Iron Mountain exited the second quarter with \$907.2 million of cash and cash equivalents, up from \$193.5 million recorded at 2019 end. Moreover, company had total liquidity of \$1.2 billion, pro forma for redemption of \$1 billion of 2024 notes on Jul 2. Furthermore, with no significant maturities in 2020 and extended maturity profile, it has ample financial flexibility for near-term operations. The company is also making efforts to reduce its leverage. In fact, net lease adjusted leverage as of Jun 30, 2020 was 5.4X, in the long-term leverage target range of 4.5X – 5.5X.

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## Reasons To Sell:

- ▼ As archiving of original hard-copy documents loses its relevance, paper needs are shrinking at the enterprise level. This is resulting in declining physical storage volume and low demand for handling of records. This is reducing service activity levels. In fact, the company witnessed a sequential decline of 1.8 million cubic feet in global organic storage volume during the second quarter. Management is of the view that moderation in economic activity instead of remote working is likely to have impacted physical storage business volumes. Net organic storage volume is expected to decline by 1-1.5% in 2020, per management. Also, continued weakness in recycled paper prices is impacting organic service revenue growth. In addition to headwinds from paper prices, project Summit one-time costs remain challenging for the company's profitability.
- ▼ The pandemic has led to numerous shutdowns of businesses and an increase in remote-working policies across companies, resulting in a slowdown in Iron Mountain's service business. In fact, the company's global service activities declined 32% year over year in second-quarter 2020 and 24% in July. Although the reopening of global economies and higher utilization of the company's core service offerings improved in June, it is significantly below the year-ago levels. Further, Iron Mountain saw a year-over-year decline of 45% in new boxes inbound and a 43% decline for retrievals and refills. Permanent withdrawals also reduced 34%. These declines are likely to continue in the third quarter as well, as indicated by a year-over-year decline of 38% for incoming boxes in the North America RIM business in July.
- ▼ The records and information management services industry is highly fragmented with numerous competitors in North America and around the world. Although Iron Mountain offers compelling products and has a strong market position, the company faces significant competition. This along with declining RIM volumes in its more mature markets is likely to result in aggressive pricing and will keep margins under pressure, going forward.
- ▼ In addition, given Iron Mountain's international footprint, the company often faces unfavorable foreign-currency movements, which affects top-line growth. In fact, foreign currency exchange rate headwinds decreased storage rental revenue growth rate and service revenue growth rate for the six months ended Jun 30, 2020 by 2.2% and 1.9%, respectively. Also, foreign currency exchange rate headwinds are expected to impact revenues by \$75 million in 2020. Moreover, expansion of the company's international businesses has adversely impacted cost of sales components, and selling, general and administrative expenses. This is because its international operations are more labor intensive relative to revenues as compared with the company's North America operations. This results in labor costs to be a higher percentage of revenues from international operations.
- ▼ Shares of Iron Mountain have lost 6.8% over the past year compared with the industry's decline of 6.4%. Moreover, the company's second-quarter normalized FFO per share declined 1.9% year over year. Furthermore, the trend in estimate revisions for current-year FFO per share does not indicate a favorable outlook for the company as it has remained unchanged over the past month. Therefore, given the above-mentioned concerns and the lack of upward estimate revisions, the stock has limited upside potential in the near term.

The storage and information management services industry remains a highly-fragmented industry with numerous competitors. Slowdown in service business and unfavorable paper prices are concerns.

## Last Earnings Report

### Iron Mountain Surpasses Q2 FFO & Revenue Estimates

Iron Mountain reported second-quarter 2020 normalized FFO per share of 53 cents, beating the Zacks Consensus Estimate of 42 cents. However, the reported figure was 1.9% lower than the year-ago quarter's 54 cents.

Revenues of \$982.2 million declined 7.9% year over year, outpacing the Zacks Consensus Estimate of \$918.3 million.

Results reflect strength in the company's core storage business. However, amid the coronavirus outbreak-led concerns, the service segment's performance was disappointing.

Adjusted FFO increased 19% year over year to \$249.5 million.

### Quarter Details

Storage rental revenues were \$677 million in the June-end quarter, highlighting a 3.7% year-over-year increase on a constant-currency basis. The company recorded 2.3% organic growth year over year.

Service revenues amounted to \$305 million in the reported quarter, indicating a year-over-year fall of 21.3% on a constant-currency basis. Further, organic service revenues declined 23.1% year over year.

Adjusted EBITDA margin expanded 200 basis points to 34.9%.

### Liquidity

The company exited the second quarter with \$907.2 million of cash and cash equivalents, up from \$193.5 million recorded at 2019 end.

As of the second-quarter end, the company had total liquidity of \$1.2 billion, pro forma for redemption of \$1 billion of 2024 notes on Jul 2.

### Project Summit Update

Iron Mountain's transformation program — Project Summit — focuses on simplifying its global structure, streamlining managerial structure for the future and enhancing customer experience.

Project Summit is now anticipated to deliver annual adjusted EBITDA benefits of \$375 million, exiting 2021. The total cost to implement the program is estimated to be approximately \$450 million.

Quarter Ending **06/2020**

| Report Date      | Aug 06, 2020 |
|------------------|--------------|
| Sales Surprise   | 6.97%        |
| EPS Surprise     | 26.19%       |
| Quarterly EPS    | 0.53         |
| Annual EPS (TTM) | 2.39         |

## Recent News

### Iron Mountain Partners With Keevo to Safeguard Crypto Currency Users – Jul 1, 2020

Iron Mountain formed a partnership with Keevo, a next-gen crypto hardware wallet, in efforts to offer advanced backup and beneficiary services for users of Keevo's next-generation crypto wallet — the Keevo Model 1.

Through the partnership, Keevo's new Secure Beneficiary and Storage service subscribers will be able to choose an heir as well as encrypt and store their private data on individual Carbon Keys. The Carbon Keys will be stored and secured in an Iron Mountain storage facility. This will facilitate the safe transfer of private keys for digital assets to a user's heirs without revealing any information of the user.

### Iron Mountain Sees Solid Demand in Singapore, Signs 3MW Lease – Jun 25, 2020

Iron Mountain has signed a 3-megawatt data-center lease deal for its SIN-1 data center in Singapore. This leasing with a Fortune Global 200 company reflects the decent demand for the company's data-center space. The tenant will make use of the company's colocation space and network services, along with storage and office space.

Iron Mountain is building out 2-megawatt of turn-key data-center capacity at SIN-1 to meet consumer demand. This is likely to be accomplished in the fourth quarter of the current year. Moreover, the company has started construction on an additional 2.25-megawatt of capacity for supporting future demand. Notably, Singapore marks a critical and fast-growing market in Asia and Iron Mountain's expansion of its global data-center platform with the enterprise-class data center facility — SIN-1 — in Serangoon, Singapore is aimed at capitalization on the favorable fundamentals.

Officially opened in last September, Iron Mountain is witnessing a solid demand for this multi-tenant turn-key data-center facility. With the commencement of this hyperscale deployment, the company's present capacity at SIN-1 will be 87% utilized, while the capacity under development will be 47% pre-leased. Aimed at supporting the data-center needs of many Fortune 1,000 customers, this purpose-built facility will have roughly 7-megawatt of capacity across four data halls at full build-out.

### Dividend Update

On Aug 5, Iron Mountain announced a third-quarter common stock cash dividend of 61.85 cents per share. The dividend will be paid out on Oct 2 to shareholders of record at the close of business on Sep 15, 2020.

## Valuation

Iron Mountain's shares have been down 6.8% in the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Finance sector declined 6.4% and 9.7%, over the past year, respectively.

The S&P 500 Index is up 13.6% over the past year.

The stock is currently trading at 12.49X forward 12-month FFO, which compares with the 19.28X for the Zacks sub-industry, 16.50X for the Zacks sector and 22.84X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 23.26X and as low as 8.83X, with a 5-year median of 14.95X. Our neutral recommendation indicates that the stock will perform in line with the market. Our \$31 price target reflects 13.31X FFO.

The table below shows summary valuation data for IRM.

| Valuation Multiples - IRM |               |       |              |        |         |
|---------------------------|---------------|-------|--------------|--------|---------|
|                           |               | Stock | Sub-Industry | Sector | S&P 500 |
| P/E F12M                  | Current       | 12.49 | 19.28        | 16.50  | 22.84   |
|                           | 5-Year High   | 23.26 | 19.28        | 16.50  | 22.84   |
|                           | 5-Year Low    | 8.83  | 14.32        | 11.59  | 15.25   |
|                           | 5-Year Median | 14.95 | 16.09        | 14.21  | 17.55   |
| P/S F12M                  | Current       | 2.05  | 8.38         | 6.05   | 3.66    |
|                           | 5-Year High   | 2.93  | 8.38         | 6.66   | 3.66    |
|                           | 5-Year Low    | 1.41  | 5.97         | 4.97   | 2.53    |
|                           | 5-Year Median | 2.27  | 6.99         | 6.06   | 3.04    |
| P/B TTM                   | Current       | 7.45  | 2.44         | 2.43   | 4.58    |
|                           | 5-Year High   | 16.09 | 3.03         | 2.91   | 4.58    |
|                           | 5-Year Low    | 3.81  | 1.81         | 1.72   | 2.83    |
|                           | 5-Year Median | 5.35  | 2.51         | 2.53   | 3.73    |

As of 08/06/2020

## Industry Analysis Zacks Industry Rank: Bottom 17% (210 out of 252)



## Top Peers

| Company (Ticker)                              | Rec     | Rank |
|---|---------|------|
| Gaming and Leisure Properties, Inc. (GLPI)    | Neutral | 2    |
| Gladstone Commercial Corporation (GOOD)       | Neutral | 3    |
| Innovative Industrial Properties, Inc. (IIPR) | Neutral | 3    |
| Lamar Advertising Company (LAMR)              | Neutral | 3    |
| Gladstone Land Corporation (LAND)             | Neutral | 2    |
| OUTFRONT Media Inc. (OUT)                     | Neutral | 4    |
| Safehold Inc. (SAFE)                          | Neutral | 3    |
| VICI Properties Inc. (VICI)                   | Neutral | 3    |

| Industry Comparison Industry: Reit And Equity Trust - Other |           |            |           | Industry Peers |         |           |
|---|-----------|------------|-----------|----------------|---------|-----------|
|   | IRM       | X Industry | S&P 500   | GLPI           | LAMR    | VICI      |
| Zacks Recommendation (Long Term)                            | Neutral   | -          | -         | Neutral        | Neutral | Neutral   |
| Zacks Rank (Short Term)                                     | 3         | -          | -         | 2              | 3       | 3         |
| VGM Score   | B         | -          | -         | D              | D       | D         |
| Market Cap  | 8.37 B    | 1.99 B     | 23.20 B   | 8.31 B         | 6.63 B  | 12.11 B   |
| # of Analysts   | 6         | 3          | 14        | 3              | 1       | 5         |
| Dividend Yield  | 8.50%     | 4.06%      | 1.78%     | 1.26%          | 3.04%   | 5.24%     |
| Value Score   | C         | -          | -         | C              | D       | C         |
| Cash/Price  | 0.02      | 0.06       | 0.07      | 0.07           | 0.07    | 0.42      |
| EV/EBITDA   | 13.20     | 14.18      | 13.21     | 14.16          | 13.68   | 16.65     |
| PEG Ratio   | 3.00      | 3.85       | 2.94      | 2.68           | NA      | 1.51      |
| Price/Book (P/B)  | 8.18      | 1.32       | 3.12      | 3.95           | 5.83    | 1.34      |
| Price/Cash Flow (P/CF)                                      | 8.87      | 11.21      | 12.27     | 12.39          | 10.54   | 17.95     |
| P/E (F1)  | 13.91     | 15.53      | 21.69     | 11.31          | 13.65   | 13.98     |
| Price/Sales (P/S)   | 2.00      | 4.98       | 2.48      | 7.41           | 3.96    | 12.45     |
| Earnings Yield  | 7.22%     | 5.76%      | 4.39%     | 8.83%          | 7.33%   | 7.14%     |
| Debt/Equity   | 10.30     | 0.93       | 0.77      | 2.83           | 3.91    | 0.74      |
| Cash Flow (\$/share)  | 3.28      | 2.05       | 6.94      | 3.08           | 6.24    | 1.26      |
| Growth Score  | B         | -          | -         | D              | D       | D         |
| Hist. EPS Growth (3-5 yrs)                                  | 2.76%     | 1.74%      | 10.46%    | 5.52%          | 5.40%   | NA        |
| Proj. EPS Growth (F1/F0)                                    | -8.37%    | -1.99%     | -6.80%    | -1.94%         | -16.90% | 9.73%     |
| Curr. Cash Flow Growth                                      | -8.61%    | 3.36%      | 5.39%     | 18.20%         | 17.20%  | 9.29%     |
| Hist. Cash Flow Growth (3-5 yrs)                            | 8.50%     | 12.74%     | 8.55%     | 17.10%         | 8.39%   | NA        |
| Current Ratio   | 0.80      | 1.71       | 1.33      | 4.81           | 1.46    | 99.57     |
| Debt/Capital  | 91.15%    | 48.71%     | 44.50%    | 73.89%         | 79.65%  | 42.69%    |
| Net Margin  | 4.82%     | 14.60%     | 10.13%    | 36.90%         | 16.38%  | 46.09%    |
| Return on Equity  | 21.19%    | 3.78%      | 14.39%    | 19.97%         | 23.61%  | 4.80%     |
| Sales/Assets  | 0.30      | 0.13       | 0.51      | 0.13           | 0.28    | 0.07      |
| Proj. Sales Growth (F1/F0)                                  | -7.09%    | 0.00%      | -1.51%    | -3.81%         | -9.44%  | 26.59%    |
| Momentum Score  | C         | -          | -         | C              | B       | F         |
| Daily Price Chg   | 0.38%     | 0.13%      | -0.04%    | 3.11%          | 0.50%   | 1.52%     |
| 1 Week Price Chg  | 3.49%     | 3.20%      | 0.14%     | 7.54%          | 1.44%   | 3.23%     |
| 4 Week Price Chg  | 11.11%    | 5.30%      | 7.78%     | 16.35%         | 6.15%   | 14.70%    |
| 12 Week Price Chg   | 28.49%    | 20.07%     | 17.48%    | 42.78%         | 10.15%  | 49.44%    |
| 52 Week Price Chg   | -6.82%    | -18.73%    | 0.68%     | 0.93%          | -16.96% | 7.13%     |
| 20 Day Average Volume                                       | 2,531,956 | 677,064    | 2,057,775 | 873,568        | 642,596 | 4,297,787 |
| (F1) EPS Est 1 week change                                  | 0.00%     | 0.00%      | 0.00%     | 0.71%          | 0.00%   | 0.37%     |
| (F1) EPS Est 4 week change                                  | 0.00%     | 0.00%      | 1.36%     | 2.81%          | 0.00%   | -2.17%    |
| (F1) EPS Est 12 week change                                 | -1.14%    | -0.80%     | 1.57%     | 3.89%          | -4.07%  | -3.33%    |
| (Q1) EPS Est Mthly Chg                                      | 0.00%     | 0.00%      | 0.54%     | 5.51%          | 0.00%   | -10.07%   |



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## 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.

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### 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   | B |
| Momentum Score | C |
| VGM Score      | B |

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.

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### Disclosures

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