AT&T Inc.(T)

$30.73 (As of 04/10/20)

Price Target (6-12 Months): **$32.00**

Long Term: 6-12 Months	**Zacks Recommendation:**	**Neutral**
	(Since: 09/27/18)	
	Prior Recommendation: Outperform	
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM:A
	Value: B | Growth: B	Momentum: C

Summary

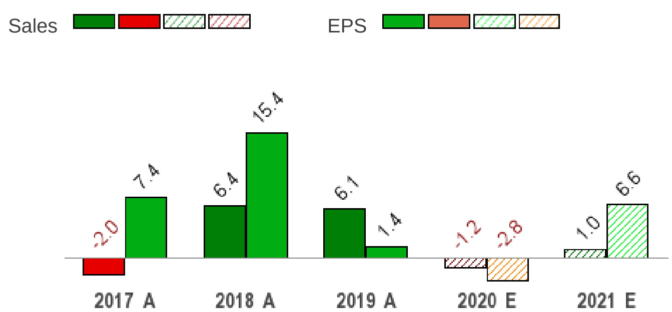
AT&T ticked all the boxes it set to achieve in 2019 and is well positioned to benefit from streaming services like AT&T TV and soon-to-be launched HBO Max. The company is committed to its three-year financial framework, which is anticipated to drive significant improvement in margins and bottom-line growth with sustained investments as well as debt reduction. It intends to deploy a standards-based, nationwide mobile 5G network in 2020. AT&T is working to gain a competitive edge over rivals through edge computing services. However, the company is witnessing a steady decline in linear TV subscribers and legacy services. Its wireline division is also facing loss in access line due to competitive pressure from VoIP service providers. As AT&T tries to woo customers with discounts, freebies and cash credits, margin fears tend to soar.

Price, Consensus & Surprise

Data Overview

52 Week High-Low	**$39.70 - $26.08**
20 Day Average Volume (sh)	**62,031,208**
Market Cap	**$220.7 B**
YTD Price Change	**-21.4%**
Beta	**0.76**
Dividend / Div Yld	**$2.08 / 6.8%**
Industry	**Wireless National**
Zacks Industry Rank	**Top 12% (30 out of 253)**
Last EPS Surprise	**1.1%**
Last Sales Surprise	**-0.2%**
EPS F1 Est- 4 week change	**-3.7%**
Expected Report Date	**04/22/2020**
Earnings ESP	**-4.1%**
P/E TTM	**8.6**
P/E F1	**8.9**
PEG F1	**1.5**
P/S TTM	**1.2**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2021	44,291 E	44,180 E	44,665 E	46,862 E	180,802 E
2020	44,383 E	43,685 E	44,109 E	46,733 E	179,072 E
2019	44,827 A	44,957 A	44,588 A	46,821 A	181,193 A

EPS Estimates

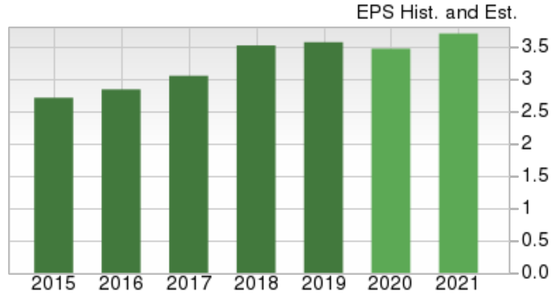
	Q1	Q2	Q3	Q4	Annual*
2021	$0.86 E	$0.89 E	$0.93 E	$0.89 E	$3.70 E
2020	$0.85 E	$0.86 E	$0.90 E	$0.87 E	$3.47 E
2019	$0.86 A	$0.89 A	$0.94 A	$0.89 A	$3.57 A

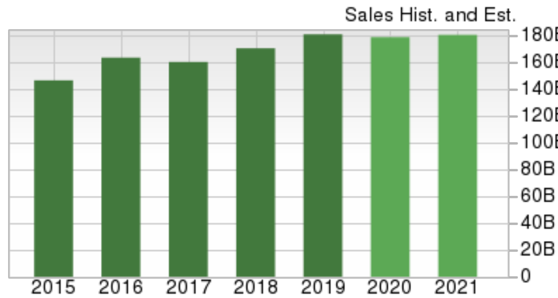
*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 04/10/2020. The reports text is as of 04/13/2020.

Overview

Based in Dallas, TX, AT&T Inc. is the second largest wireless service provider in North America and one of the world's leading communications service carriers. Through its subsidiaries and affiliates, the company offers a wide range of communication and business solutions that include wireless, local exchange, long-distance, data/broadband and Internet, video, managed networking, wholesale and cloud-based services.





With assets like HBO, CNN and TNT, AT&T's acquisition of Time Warner has created new kinds of online videos and opened up avenues for targeted advertisements. The company is also focusing on streaming services with AT&T TV and soon-to-be-launched HBO Max. This is likely to create other avenues to monetize content as it expands 5G coverage in over 80 U.S. cities. The new segments of the company are Communications, WarnerMedia, Latin America, and Xandr.

Communications (78.1% of total operating revenues in fourth-quarter 2019): This segment includes three separate business units namely, Mobility, Entertainment Group and Business Wireline. Mobility provides wireless service to consumer and wholesale subscribers throughout the United States and its territories. The Entertainment Group provides video, high-speed Internet and communications services predominantly to residential customers in the United States. Business Wireline provides communications services to more than 3 million business customers, including multinational corporations and government and wholesale customers.

WarnerMedia (19.1%): This segment represents the various business units of the erstwhile Time Warner namely, Turner, Home Box Office and Warner Bros. It also includes AT&T's Regional Sports Networks in the Turner division and Otter Media.

Latin America (3.8%): The segment comprises wireless services in Mexico and pay-TV entertainment services in Latin America under Vrio. AT&T also owns 41% of Sky Mexico, financial results of which are accounted for as an equity-method investment.

Xandr (1.3%): Xandr is AT&T's advertising and analytics firm, which provides targeted advertising services leveraging data insights. The company aims to create a new option for advertisers and publishers to reach specific audiences at scale in trusted, premium content environments.

Reasons To Buy:

▲ AT&T is committed to its three-year financial framework, which is expected to drive significant improvement in margins and bottom-line growth with sustained investments and debt reduction. For the three-year period from 2020 to 2022, AT&T continues to expect consolidated revenue growth of 1-2% per year. Adjusted earnings are expected to be significantly up to $4.50 to $4.80 per share by 2022 with adjusted EBITDA margin of 35%. While adjusted EBITDA margin is expected to be stable in 2020, it is likely to grow in 2021 and 2022 driven by extensive companywide cost-reduction plan, WarnerMedia synergies, continued Mobility growth and AT&T Mexico EBITDA growth. Free Cash flow is anticipated to be within $30 billion to $32 billion in 2022 with net-debt-to-adjusted EBITDA of 2.0x to 2.25x as 100% debt related to the acquisition of Time Warner assets is likely to be repaid.

AT&T's wireless growth opportunities with the widespread launch of mobile 5G services in 2020 remain impressive. Incremental contribution from WarnerMedia and Xandr segments also bode well.

▲ AT&T is poised to benefit from the impending 5G boom. As the first carrier in the industry, the company has unveiled its 5G policy framework that will hinge on three pillars — mobile 5G, fixed wireless and edge computing. In order to have a seamless transition among Wi-Fi, LTE and 5G services, AT&T intends to deploy a standards-based nationwide mobile 5G network in 2020. Its 5G service entails utilization of millimeter wave spectrum for deployment in dense pockets while in suburban and rural areas, it intends to deploy 5G on mid- and low-band spectrum holdings. It believes that as the 5G ecosystem evolves, customers can experience significant enhancements in coverage, speeds and devices.

▲ AT&T anticipates gaining a competitive edge over rivals through edge computing services that allow businesses to route application-specific traffic, where they need it and where it's most effective — whether that's in the cloud, the network or on their premises. Through its Multi-access Edge Compute (MEC) solution, the company offers the flexibility to better manage the data traffic. The MEC leverages indigenous software-defined network to enable low-latency, high-bandwidth applications for faster access to data processing. AT&T expects edge computing solutions to be widely available in autonomous vehicles, drones, robotic production lines and autonomous forklifts in the near future. Utilizing machine learning techniques and more connected devices, this could transform the way data-intensive images are transferred across the industry on real time basis.

▲ AT&T aims to leverage the inherent potential of its advertising unit Xandr and WarnerMedia's Turner business to offer enriching advertising content and data analysis to customers in 2020 and beyond. The company has collaborated these business entities to improve the relevancy of advertising by pooling a unique set of assets — valuable consumer data and insights, advanced advertising capabilities and engaged passionate fanbases. Advertisers of branded content on Turner network have the advantage of extending their campaign across Xandr's addressable TV advertising footprint, spanning 15 million households, to gain additional mileage. With such integrated business platforms, AT&T aims to reinvent advertising for the next generation and give a new dimension to its business model. It will also roll out a streaming service in spring 2020 with an unrivaled bouquet of premium and exclusive content for an impressive direct-to-consumer experience across the age group. Dubbed HBO Max, the strategic move will equip the company to play catch-up with avant-garde media firms, like Netflix and The Walt Disney, to secure a bigger pie of the streaming service market. With its commercial debut, HBO Max will offer about 10,000 hours of premium content, leveraging an extensive collection of exclusive original programs and the most sought-after shows from WarnerMedia's vast portfolio of beloved brands and libraries. All these initiatives augur well for the top-line growth of the company.

Reasons To Sell:

AT&T continues to struggle in a competitive and saturated U.S. wireless industry, while margin pressures due to promotional offers and discounts remain in the wireline division.

- In a saturated wireless market, spectrum crunch has become a major issue in the U.S. telecom industry. Most of the carriers are finding it increasingly difficult to manage mobile data traffic, which is growing by leaps and bounds. The situation has become even more acute with the growing popularity of iPhone and Android smartphones as well as rising online mobile video streaming, cloud computing and video conferencing services.

- AT&T is facing a steady decline in linear TV subscribers and legacy services. High-Speed Internet revenues are also contracting due to legacy DSL decline, simplified pricing and bundle discount. Moreover, TV content-cost pressure, high programming costs and new video platform expenses are fast eroding margins. During fourth quarter, AT&T made significant investments for the upcoming launch of HBO Max in the form of new content production, foregone licensing revenues and platform costs, leading to soft margins. Continued cord-cutting remains a perennial challenge as consumers increasingly cancel pay TV packages for cheaper streaming options from Netflix, Amazon, Hulu and other services. The company continued to witness significant decline in DIRECTV subscribers in fourth-quarter 2019, losing 945,000 premium video subscribers from its DirecTV and U-verse businesses and another 219,000 subscribers to its AT&T TV Now streaming video service. As AT&T tries to woo customers with healthy discounts, freebies and cash credits, margin pressures tend to escalate. This is likely to affect its growth potential to some extent.

- The company's wireline division is struggling with persistent losses in access lines as a result of competitive pressure from voice-over-Internet protocol (VoIP) service providers and aggressive triple-play (voice, data, video) offerings by the cable companies. These are weighing on its revenues and margins. Moreover, AT&T's quest for faster growth will increase subscriber acquisition cost in both consumer and SMB (small and medium businesses) units and put pressure on wireline margins.

Last Earnings Report

AT&T Beats on Q4 Earnings, Achieves All Targets for 2019

Quarter Ending	12/2019
Report Date	Jan 29, 2020
Sales Surprise	-0.17%
EPS Surprise	1.14%
Quarterly EPS	0.89
Annual EPS (TTM)	3.58

AT&T ticked all the boxes it set to achieve in 2019 and reported healthy fourth-quarter results with solid cash flow and adjusted earnings. The company expects to deliver significant progress in its three-year financial allocation plan through continuous improvement in margins and bottom-line growth driven by sustained investments and debt reduction.

Net Income

On a GAAP basis, AT&T reported net income of $2,394 million or 33 cents per share compared with $4,858 million or 66 cents per share in the year-ago quarter. The slump in GAAP earnings despite lower operating costs was primarily attributable to lower revenues, write-off on certain copper facilities and merger and integration-related expenses. For full year 2019, GAAP earnings declined to $13,903 million or $1.89 per share from $19,370 million or $2.85 per share primarily due to higher operating expenses.

Excluding non-recurring items, adjusted earnings for the quarter were 89 cents per share compared with 86 cents in the year-earlier quarter, and exceeded the Zacks Consensus Estimate by a penny. Adjusted earnings for 2019 improved to $3.57 per share from $3.52 in 2018.

Quarter Details

Quarterly GAAP operating revenues decreased 2.4% year over year to $46,821 million, largely due to lower revenues from legacy wireline services, WarnerMedia and domestic video, partially offset by growth in strategic and managed business services, domestic wireless services and IP broadband. The top line missed the Zacks Consensus Estimate of $46,900 million. For 2019, the company recorded total revenues of $181,193 million compared with $170,756 million in 2018, largely driven by a full year contribution from WarnerMedia.

Operating income for the quarter was $5,321 million compared with 6,160 million in the prior-year quarter owing to higher asset impairment charges, resulting in respective operating income margins of 11.4% and 12.8%. Adjusted operating income for the reported quarter was $9,188 million compared with 9,424 million in the year-earlier quarter, while adjusted operating income margins remained flat at 19.6%.

During the reported quarter, AT&T experienced a net increase in total wireless subscribers of 3.6 million to reach 165.9 million in service. Postpaid churn was 1.29% compared with 1.23% in the year-ago quarter owing to pricing pressures and tablet churn. Postpaid phone-only average revenue per user (ARPU) increased 0.4% year over year to $55.52.

Segmental Performance

Communications: Total segment operating revenues were $36,552 million, down 1.9% year over year with decline in Business Wireline and Entertainment Group owing to lower legacy voice and data services revenues, partially offset by higher wireless service revenues. Service revenues from the Mobility unit improved 1.8% year over year to $13,948 million owing to prepaid subscriber gains and postpaid phone ARPU growth, while equipment revenues were down 2.1% to $4,752 million due to lower upgrades. Revenues from the Entertainment Group were down 6.1% to $11,233 million due to decline in premium TV subscribers and legacy services, while that from Business Wireline decreased 1.7% to $6,589 million due to lower legacy voice and data services.

Segment operating income was $7,511 million compared with $7,607 million in the year-ago quarter for respective operating margin of 20.6% and 20.4%. Segment adjusted EBITDA was $12,101 million compared with $12,175 million in the year-ago quarter, for respective margins of 33.1% and 32.7%.

WarnerMedia: Total segment revenues were $8,924 million, down 3.3% year over year primarily driven by lower Warner Bros. revenues due to lower contribution from theatrical and television division, partially offset by gains at Home Box Office and Turner. Operating income was down 9.5% to $2,447 million for corresponding margin of 27.1%. Segment EBITDA was $2,576 million for a corresponding margin of 28.9%.

Latin America: Total operating revenues were $1,758 million, down 4.6% year over year, due to adverse foreign currency translation. EBITDA increased to $205 million from $38 million in the year-ago quarter for respective margins of 11.7% and 2.1%.

Xandr: Total revenues were $607 million, up 7.2% year over year due to growth in advertising business, while operating income improved 8.4% to $413 million for corresponding margin of 68%. EBITDA was $430 million for a corresponding margin of 70.8%.

Cash Flow & Liquidity

AT&T generated record $48,668 million of cash from operations in 2019 compared with $43,602 million in 2018. Free cash flow at quarter end was $8,151 million compared with $7,928 million in the year-ago period. As of Dec 31, 2019, AT&T had $12,130 million of cash and cash equivalents with long-term debt of $151,709 million compared with respective tallies of $5,204 million and $166,250 million in the prior-year period.

AT&T completed or announced about $9 billion worth of non-core asset sale during the quarter and $18 billion for full year 2019, which exceeded its goal of $6-$8 billion asset monetization for the year. The company reduced debt by $20.3 billion in 2019 to achieve end-of-year net debt to adjusted EBITDA target in the 2.5x range.

Guidance & Three-Year Capital Allocation Plan

Management reiterated its guidance for 2020 and continues to expect adjusted earnings in the range of $3.60 to $3.70 per share on revenue growth of 1-2%. Free cash flow is expected to be stable at $28 billion with non-core asset monetization of $5-$10 billion. Adjusted EBITDA margin is expected to remain steady compared with 2019 levels.

For the three-year period from 2020 to 2022, AT&T continues to expect consolidated revenue growth of 1-2% per year. Adjusted earnings are expected to be significantly up to $4.50 to $4.80 per share by 2022 with adjusted EBITDA margin of 35%. While adjusted EBITDA margin is expected to be stable in 2020, it is likely to grow in 2021 and 2022 driven by extensive companywide cost-reduction plan, WarnerMedia synergies, continued Mobility growth and AT&T Mexico EBITDA growth. Free Cash flow is anticipated to be within $30 billion to $32 billion in 2022 with net-debt-to-adjusted EBITDA of 2.0x to 2.25x as 100% debt related to the acquisition of Time Warner assets is likely to be repaid.

Recent News

On Apr 7, 2020, AT&T announced that it has secured a $5.5-billion term loan at competitive rates with 12 banks for additional financial flexibility to an already strong cash position, in light of the ongoing coronavirus pandemonium. The company stated that the loans are pre-payable without penalty. AT&T is committed to reap benefits from its $15-million revolving credit facility, with no plans to use it this year. In the meantime, AT&T has been targeted by shareholders over its decision to purchase DirecTV for $49 billion in 2015 and Time Warner for $85 billion in 2018.

On Apr 2, AT&T announced that it has stretched its collaboration with RingCentral to leverage its technology for online voice and video team meetings. The state-of-the-art mobile-first will be incorporated in AT&T's cloud-based platform — Office@Hand. The move reflects the wireless service provider's initiatives to address the surge in data demand, especially at a time when majority of the population is required to work from home to avert exposure from the deadly COVID-19 pandemic.

On Apr 1, AT&T announced that it has appointed Jason Kilar as CEO of WarnerMedia, with effect from May 1. He will report to John Stankey, AT&T's president and chief operating officer.

On Mar 31, AT&T announced that it has secured a block of spectrum in Auction 103, conducted by the FCC, which will be instrumental to maintaining its 5G leadership across the industry. Winning spectrum licenses covering more than 99% of the U.S. population, the company aims to enhance its wireless network for better customer service. The wireless carrier improved its 39 GHz spectrum position to 786 MHz. Prior to the auction, AT&T acquired 379 MHz of 39 GHz spectrum when it purchased FiberTower for $207 million in early 2018. All 39 GHz licenses held by the company were exchanged for vouchers. The company spent about $2.4 billion in the auction or $1.2 billion net of its vouchers.

On Mar 5, AT&T announced its collaboration with Google Cloud to facilitate diverse businesses to harness edge connections and edge computing capabilities. Powered by AT&T's wide network coverage, the edge computing solutions will leverage Google Cloud's core capabilities in Kubernetes, AI, ML, data and analytics to offer a flexible tool to better analyze data and process low-latency, high-bandwidth applications.

On Mar 3, AT&T announced that its 5G network is currently live for consumers and businesses in 22 more markets, thereby bringing the tally to 80 cities across the nation. With more than 80 million users, this breakthrough service offers ultra-low latency speeds and exceptional network performance together with wider coverage

Valuation

AT&T shares are down 4% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Computer and Technology sector are down 1.6% and 0.9% over the past year, respectively.

The S&P 500 Index is down 4.6% in the past year.

The stock is currently trading at 4.83X trailing 12-month EV/EBITDA, which compares to 5.83X for the Zacks sub-industry, 10.55X for the Zacks sector and 10.23X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 11.8X and as low as 4.5X, with a 5-year median of 6.9X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our $32 price target reflects 3.83X forward 12-month earnings.

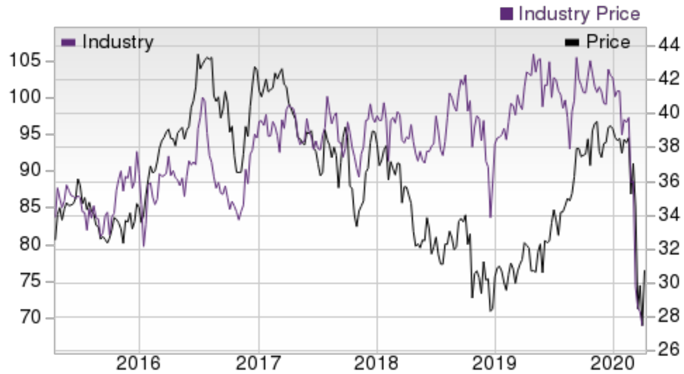
The table below shows summary valuation data for T

Valuation Multiples - T

		Stock	Sub-Industry	Sector	S&P 500
EV/EBITDA TTM	Current	4.83	5.83	10.55	10.23
	5-Year High	11.82	11.55	12.82	12.87
	5-Year Low	4.5	5.41	7.55	8.27
	5-Year Median	6.86	6.75	10.58	10.78
P/E F12M	Current	8.35	10.81	20.33	18.16
	5-Year High	15.11	15	21.91	19.34
	5-Year Low	7.56	10.02	16.71	15.19
	5-Year Median	11.99	12.49	19.21	17.45
P/S F12M	Current	1.21	1.46	3.19	3.08
	5-Year High	1.64	1.67	3.58	3.44
	5-Year Low	0.91	1.17	2.32	2.54
	5-Year Median	1.38	1.44	3.09	3.01

As of 04/09/2020

Industry Analysis **Zacks Industry Rank:** Top 12% (30 out of 253)



Top Peers

DISH Network Corporation **(DISH)**	Outperform
ATN International, Inc. **(ATNI)**	Neutral
Altice USA, Inc. **(ATUS)**	Neutral
Cincinnati Bell Inc **(CBB)**	Neutral
CenturyLink, Inc. **(CTL)**	Neutral
Frontier Communications Corporation **(FTR)**	Neutral
T-Mobile US, Inc. **(TMUS)**	Neutral
Verizon Communications Inc. **(VZ)**	Neutral

Industry Comparison Industry: Wireless National

	T Neutral	X Industry	S&P 500	CTL Neutral	TMUS Neutral	VZ Neutral
				Industry Peers		
VGM Score	A	-	-	A	D	B
Market Cap	220.74 B	223.39 M	19.66 B	11.60 B	73.61 B	237.56 B
# of Analysts	20	5	13	7	9	21
Dividend Yield	6.77%	0.00%	2.18%	9.39%	0.00%	4.28%
Value Score	B	-	-	A	B	C
Cash/Price	0.06	0.12	0.06	0.17	0.02	0.01
EV/EBITDA	5.56	8.02	11.72	20.94	9.00	8.02
PEG Ratio	1.47	1.60	2.04	1.22	1.07	3.70
Price/Book (P/B)	1.11	1.11	2.66	0.86	2.55	3.78
Price/Cash Flow (P/CF)	3.50	5.64	10.44	1.86	7.29	6.49
P/E (F1)	8.65	18.48	17.51	7.30	19.01	11.81
Price/Sales (P/S)	1.22	0.99	2.12	0.52	1.64	1.80
Earnings Yield	11.29%	4.62%	5.65%	13.71%	5.26%	8.46%
Debt/Equity	0.75	0.54	0.70	2.50	1.36	1.90
Cash Flow ($/share)	8.77	2.47	7.01	5.72	11.79	8.85
Growth Score	B	-	-	A	D	B
Hist. EPS Growth (3-5 yrs)	8.63%	6.07%	10.92%	-19.37%	64.27%	6.07%
Proj. EPS Growth (F1/F0)	-2.82%	2.32%	-1.14%	10.50%	12.41%	1.08%
Curr. Cash Flow Growth	14.11%	3.99%	5.93%	-2.30%	7.57%	-0.75%
Hist. Cash Flow Growth (3-5 yrs)	15.33%	2.65%	8.55%	1.14%	16.70%	4.16%
Current Ratio	0.79	1.68	1.24	0.66	0.74	0.84
Debt/Capital	42.83%	50.20%	42.36%	71.46%	57.57%	65.46%
Net Margin	7.67%	-2.46%	11.64%	-23.52%	7.71%	14.61%
Return on Equity	13.37%	1.39%	16.74%	10.36%	14.09%	33.39%
Sales/Assets	0.33	0.49	0.54	0.35	0.53	0.46
Proj. Sales Growth (F1/F0)	-1.17%	0.00%	0.45%	-2.64%	4.85%	0.57%
Momentum Score	C	-	-	C	F	C
Daily Price Chg	2.81%	1.49%	2.48%	8.34%	-1.09%	-0.62%
1 Week Price Chg	-7.98%	-0.71%	-4.40%	0.55%	0.32%	3.66%
4 Week Price Chg	-1.92%	10.33%	11.26%	14.76%	11.91%	12.19%
12 Week Price Chg	-19.20%	-19.16%	-20.02%	-21.46%	5.48%	-3.74%
52 Week Price Chg	-4.57%	-23.85%	-11.31%	-15.41%	17.67%	-1.91%
20 Day Average Volume	62,031,208	416,787	3,931,994	16,083,346	7,617,434	29,441,388
(F1) EPS Est 1 week change	-0.27%	0.00%	-0.12%	-0.20%	0.00%	-0.42%
(F1) EPS Est 4 week change	-3.68%	-1.43%	-5.78%	-1.16%	-1.26%	-1.59%
(F1) EPS Est 12 week change	-4.60%	-5.98%	-7.64%	1.29%	-7.36%	-1.57%
(Q1) EPS Est Mthly Chg	-5.26%	-3.45%	-10.13%	-1.63%	-1.58%	-1.54%

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	B
Growth Score	B
Momentum Score	C
VGM Score	A

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.