

Intl Business Machines (IBM)

\$290.40 (Stock Price as of 11/20/2025)

Price Target (6-12 Months): **\$344.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 09/12/22)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM: C

Value: C

Growth: D

Momentum: A

Summary

IBM reported strong third-quarter 2025 results, with adjusted earnings and revenues beating the respective Zacks Consensus Estimate. It is benefiting from a surge in demand for heterogeneous, dynamic and complex infrastructure strategies, which have led firms to undertake a cloud-agnostic and interoperable approach to highly secure multi-cloud management. The company is betting big on the Watsonx platform, which is likely to be its core technology platform for AI capabilities. IBM's focus on quantum technology for solutions to complex problems beyond the reach of classical computing is a tailwind. However, weakness in its traditional business and foreign exchange volatility remain concerns. Macroeconomic headwinds are worrisome. IBM's acquisition spree has also escalated integration risks, while its high debt level is burdensome.

Data Overview

52 Week High-Low	\$324.90 - \$214.50
20 Day Average Volume (sh)	6,393,811
Market Cap	\$269.7 B
YTD Price Change	31.3%
Beta	0.71
Dividend / Div Yld	\$6.72 / 2.3%
Industry	Computer - Integrated Systems
Zacks Industry Rank	Top 15% (36 out of 243)

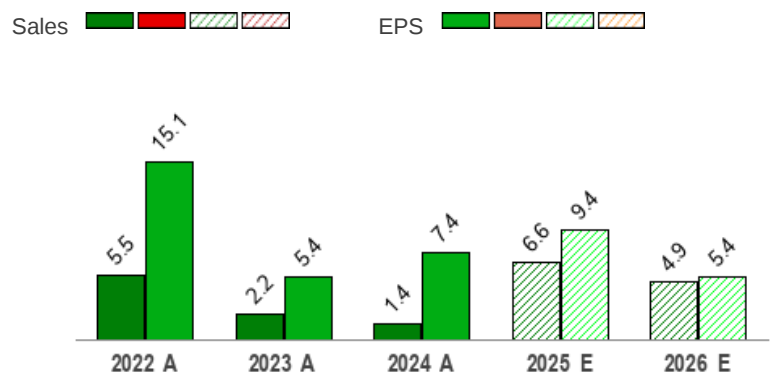
Last EPS Surprise	8.6%
Last Sales Surprise	1.4%
EPS F1 Est- 4 week change	2.3%
Expected Report Date	02/04/2026
Earnings ESP	-0.3%

P/E TTM	26.3
P/E F1	25.7
PEG F1	3.5
P/S TTM	4.1

Price, Consensus & Surprise⁽¹⁾



Sales and EPS Growth Rates (Y/Y %)⁽²⁾



Sales Estimates (millions of \$)⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2026	15,235 E	17,410 E	18,107 E	19,431 E	70,182 E
2025	14,541 A	16,977 A	16,331 A	19,036 E	66,885 E
2024	14,462 A	15,770 A	14,968 A	17,553 A	62,753 A

EPS Estimates⁽²⁾

	Q1	Q2	Q3	Q4	Annual*
2026	1.66 E	2.96 E	2.99 E	4.30 E	11.91 E
2025	1.60 A	2.80 A	2.65 A	4.25 E	11.30 E
2024	1.68 A	2.43 A	2.30 A	3.92 A	10.33 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, except the estimates, is as of 11/20/2025.

(2) The report's text, the analyst-provided estimates, and the price target are as of 10/29/2025.

Overview

International Business Machines Corporation has gradually evolved as a provider of cloud and data platforms. Red Hat acquisition, in particular, has helped it in strengthening competitive position in the hybrid cloud market. With Red Hat buyout, the company offers Linux operating system — Red Hat Enterprise Linux — and hybrid cloud platform — Red Hat OpenShift — that aids enterprises with digital transformation. In addition, the company provides advanced information technology solutions, computer systems, quantum computing and super computing solutions, enterprise software, storage systems and microelectronics.

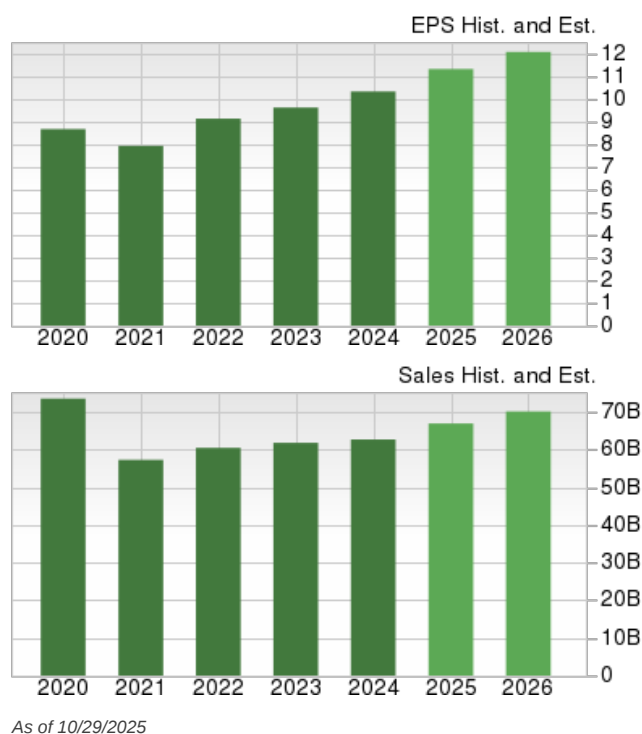
Armonk, NY-based, IBM reported revenues of \$62.75 billion in 2024. It has spun off of its legacy Managed Infrastructure Services business in a bid to accelerate its hybrid cloud growth strategy. IBM has restructured its segments post the separation of Kyndryl. The new segments of the company are Software, Consulting, Infrastructure and Financing.

Software (erstwhile Cloud & Cognitive Software): This segment consists of Hybrid Cloud (previously reported as Red Hat), Automation and Data and Transaction Processing. It recorded 44.1% of GAAP revenues in third-quarter 2025.

Consulting (erstwhile Global Business Services): This segment comprises Strategy and Technology (previously reported as Business Transformation and Technology Consulting) and Intelligent Operations (previously reported as Application Operations). It recorded 32.6% of GAAP revenues in third-quarter 2025.

Infrastructure (erstwhile Systems): This segment comprises Hybrid Infrastructure and Infrastructure Support services. It recorded 21.8% of GAAP revenues in third-quarter 2025.

Financing (erstwhile Global Financing): This segment includes client and commercial financing services. It recorded 1.2% of GAAP revenues in third-quarter 2025.



Reasons To Buy:

- ▲ IBM is poised to benefit from strong demand for hybrid cloud and AI, driving growth in Software and Consulting. The company's growth is expected to be driven primarily by analytics, cloud computing, and security in the long haul. A combination of a better business mix, improving operating leverage through productivity gains and increased investment in growth opportunities will likely drive profitability. IBM's research and development (R&D) initiatives set it apart from its peers. On an annual basis, the company invests around 7-8% on R&D for reaping the high-growth and high-value opportunities.
- IBM is poised to benefit from strong demand for hybrid cloud and AI, driving growth in Software and Consulting.
- ▲ With a surge in traditional cloud-native workloads and associated applications, along with a rise in generative AI deployment, there is a radical expansion in the number of cloud workloads that enterprises are currently managing. This has resulted in heterogeneous, dynamic and complex infrastructure strategies, which, in turn, has led firms to undertake a cloud-agnostic and interoperable approach to highly secure multi-cloud management. The buyout of HashiCorp aims to address these issues. Representing an enterprise value of \$6.4 billion, the deal has significantly augmented IBM's capabilities to assist enterprises in managing complex cloud environments. Moreover, HashiCorp's tool sets complement IBM Red Hat's portfolio, bringing additional functionalities for cloud infrastructure management. The integration of HashiCorp's cloud software capabilities has bolstered IBM's hybrid multi-cloud approach. IBM completed the acquisitions of StreamSets and webMethods from Software AG to augment its AI platform and automation capabilities. The buyouts bring together leading capabilities in integration, API management and data ingestion. Complementing IBM DataStage and Databand platform with a hybrid and multi-cloud approach, the buyouts will enable IBM to develop comprehensive application and data integration platforms in the industry. IBM has acquired Hakkoda Inc., a prominent data consultancy provider, for an undisclosed amount. The acquisition is expected to strengthen IBM's data expertise and augment its capability to support clients' AI transformation initiatives.
 - ▲ IBM has collaborated with SAP to tap generative AI technology within the retail industry. The collaboration is likely to facilitate higher productivity and help accelerate business transformation in consumer-packaged goods and retail firms. Leveraging indigenous IBM technologies such as IBM Garage methodology, the company aims to help business enterprises undergo rapid digital transformation by embracing generative AI. The IBM Garage approach enables firms to manage strategic initiatives, quantify business outcomes and advance organizational and cultural change through bold IT transformations, re-imagined customer and employee experiences and automated business processes. The collaboration will help wholesale distributors and retailers improve product distribution by feeding external data such as weather, traffic and local events into the SAP Direct Distribution solution and apply AI to identify optimal store delivery routes to reduce costs. It will also help to efficiently manage store-level assortments by using generative AI based on the market dynamics of each store, prior sales patterns, anticipated demand and current product mix.
 - ▲ IBM is betting big on the Watsonx platform, which is likely to be the core technology platform for its AI capabilities. Watsonx delivers the value of foundational models to the enterprise, enabling them to be more productive. This enterprise-ready AI and data platform comprises three products to help organizations accelerate and scale AI – the watsonx.ai studio for new foundation models, generative AI and machine learning; the watsonx.data fit-for-purpose data store, built on an open lake house architecture; and the watsonx.governance toolkit to help enable AI workflows to be built with responsibility and transparency.
 - ▲ IBM has integrated the open-source Mixtral-8x7B large language model into its watsonx AI and data platform. Mixtral-8x7B's incorporation underscores IBM's dedication to cutting-edge AI research and development. Built on innovative Sparse modeling and the Mixture-of-Experts technique, this model excels in rapid data processing and contextual analysis. Its ability to efficiently handle vast datasets makes it a valuable asset for businesses seeking actionable insights. The optimized version of Mixtral-8x7B, developed by Mistral AI, showcases impressive performance gains. Internal tests reveal a remarkable 50% increase in throughput compared to the standard model. By leveraging quantization techniques to reduce the model size and memory requirements, IBM anticipates significant reductions in latency, potentially ranging from 35% to 75%, depending on batch size. This augurs well for the long-term growth of the company.
-

Reasons To Sell:

- ▼ IBM faces stiff competition in most of its markets. In the hardware enterprise servers and storage segment, the company competes against Dell, Oracle, Hewlett-Packard, and NetApp. The IT services business is also becoming increasingly competitive due to its high-margin nature and the company is facing pricing pressure from Hewlett-Packard. Although it possesses massive data centers, we believe that the company will continue facing tough competition from Amazon Web Services (AWS) and Microsoft's Azure. In the services and software space, the company competes with Accenture. The company competes with Oracle in the middleware software market. Although IBM continues to extend and build its capabilities in the analytics arena, competition from Oracle in this space is intensifying.
- ▼ IBM's ongoing heavily time-consuming business model transition to cloud is a challenging task. Weakness in its traditional business and foreign exchange volatility remain significant concerns. Also, higher profit on lower revenues indicates that the company has been lowering costs to maintain profits. We believe that the scope for further cost cutting is limited. Consequently, if costs are further reduced, there could be a negative impact on product quality. It could also delay the launch of new products, causing it to lag its peers.
- ▼ IBM's frequent acquisitions have escalated integration risks. Buyouts have negatively impacted the company's balance sheet in the form of high level of goodwill and net intangible assets. Moreover, a highly leveraged balance sheet has been troubling IBM over time. As of Sept. 30, 2025, total debt was \$55.17 billion. Although the company generates significant cash flow, a high debt level can jeopardize its ability to sustain dividend payout and pursue accretive acquisitions as well as other growth initiatives.

Time-consuming transition to cloud, weakness in traditional businesses, cash crunch and increasing competition in cloud market are headwinds.

Last Earnings Report

IBM Surpasses Q3 Earnings Estimates on Solid Revenue Growth

IBM reported strong third-quarter 2025 results, with adjusted earnings and revenues beating the respective Zacks Consensus Estimate.

The company witnessed healthy demand trends for hybrid cloud and artificial intelligence (AI) solutions with a client-focused portfolio and broad-based growth. IBM exceeded the target metrics related to revenue, profitability and cash flow growth for the quarter. Despite economic uncertainty stemming from geopolitical issues, supply chain vulnerabilities, constrained federal spending and the evolving landscape of interest rates and inflation levels, the company expects to deliver sustainable growth through advanced technology and deep consulting expertise.

FY Quarter Ending **12/31/2024**

Earnings Reporting Date	Oct 22, 2025
Sales Surprise	1.43%
EPS Surprise	8.61%
Quarterly EPS	2.65
Annual EPS (TTM)	10.97

Net Income

On a GAAP basis, net income for the reported quarter was \$1.74 billion or \$1.84 per share against a net loss of \$0.33 billion or a loss of 36 cents per share in the year-ago quarter. The significant improvement in GAAP earnings was primarily due to a \$2.7 billion pension settlement charge in the year-earlier quarter.

Excluding non-recurring items, non-GAAP net income from continuing operations was \$2.65 per share compared with \$2.30 in the prior-year quarter. The bottom line beat the Zacks Consensus Estimate by 21 cents.

Quarter Details

Quarterly total revenues increased to \$16.33 billion from \$14.97 billion on strong demand for hybrid cloud and AI, driving growth in the Software segment. On a constant currency basis, revenues were up 7% year over year. The top line exceeded the consensus estimate of \$16.1 billion.

Gross profit increased to \$9.36 billion from \$8.42 billion in the prior-year quarter, resulting in respective gross margins of 57.3% and 56.3%, driven by a solid portfolio mix. Total expenses decreased to \$6.93 billion from \$9.22 billion despite higher research and development costs due to a pension settlement charge in the year-ago quarter.

Segmental Performance

Software: Revenues improved to \$7.21 billion from \$6.52 billion, driven by growth in Hybrid Cloud (up 12% year over year), Automation (22%) and Data (7%), partially offset by Transaction Processing (down 3%). The segment's revenues fell short of our estimate of \$7.35 billion, despite solid hybrid cloud traction. Segment profit was \$2.37 billion compared with \$1.97 billion in the year-ago quarter for margins of 32.9% and 30.2%, respectively. The company is witnessing healthy hybrid cloud adoption by clients and solid demand trends across automation and generative AI offerings like watsonx.

Consulting: Revenues were \$5.32 billion compared with \$5.15 billion a year ago, with growth in business application transformation, application modernization and migration, and application operations. The segment's revenues beat our estimate of \$5.19 billion. Segment profit increased to \$686 million from \$559 million for margins of 12.9% and 10.9%, respectively.

Infrastructure: Revenues were \$3.56 billion compared with \$3.04 billion on higher demand for hybrid and distributed infrastructure. Segment profit was \$644 million compared with \$422 million in the year-ago quarter, for respective margins of 18.1% and 13.9%. This reflected strength in the z17 program as AI use cases resonated strongly with clients. Higher investments in the business across areas like AI, hybrid cloud and quantum also buoyed segment performance.

Financing: Revenues improved to \$200 million from \$181 million a year ago. Segment profit was up to \$123 million from \$86 million in the year-ago quarter for respective margins of 61.6% and 47.5%.

Cash Flow & Liquidity

During the quarter, IBM generated \$3.08 billion in cash from operations compared with \$2.88 billion in the year-ago quarter, bringing the respective tallies for the first nine months of 2025 and 2024 to \$9.15 billion and \$9.11 billion. Free cash flow was \$2.37 billion in the quarter, up from \$2.06 billion in the prior-year period, driven by higher profit and working capital efficiencies. As of Sept. 30, 2025, the company had \$11.57 billion in cash and cash equivalents with \$55.17 billion of long-term debt.

Outlook

For 2025, the company expects revenues to grow more than 5% on a constant currency basis, driven by a strong portfolio mix, operating leverage and yield from productivity initiatives. Free cash flow is expected to be in the vicinity of \$14 billion.

Recent News

On Aug. 26, 2025, IBM announced that it has inked a partnership with Advanced Micro Devices to develop scalable, open-source platforms that could redefine the future of computing. The next-generation computing architectures, known as quantum-centric supercomputing, will introduce a new dimension to the realm of quantum computing by enabling users to increase the complexity of algorithms in the quantum hardware. As users seek to achieve quantum advantage — where quantum computers outperform the classical ones — the new quantum-centric supercomputing could pave the way for technological innovations across the quantum ecosystem.

On July 08, 2025, IBM announced the launch of IBM Power11, the next-generation IBM Power server, which offers up to 55% better core performance and up to 45% more capacity compared to its predecessors. The offering facilitates business enterprises to achieve higher resiliency, performance and scalability for seamless hybrid deployment on-premises or in the IBM Cloud. This, in turn, enables firms to reduce complexity, improve workload efficiency and gain hybrid cloud flexibility to maintain competitiveness in the AI era.

On July 04, 2025, IBM announced that it has renewed its Cloud Security Specialization with Microsoft Corporation to continue delivering enterprise-grade security solutions across hybrid and multi-cloud environments.

Valuation

IBM's shares are up 29.3% in the past six months and up 52.5% over the trailing 12-month period. Stocks in the Zacks sub-industry are up 100.9% in the past six months, while stocks in the Zacks Computer and Technology sector are up 44.5%. Over the past year, the Zacks sub-industry is up 72.3% and the sector is up 31.8%.

The S&P 500 Index is up 25.7% in the past six months and up 20.6% in the past year.

The stock is currently trading at 26.35X forward 12-month earnings, which compares to 26.17X for the Zacks sub-industry, 30.24X for the Zacks sector and 23.99X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 26.40X and as low as 9.96X, with a five-year median of 14.36X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$344 price target reflects 13.05X forward 12-month earnings.

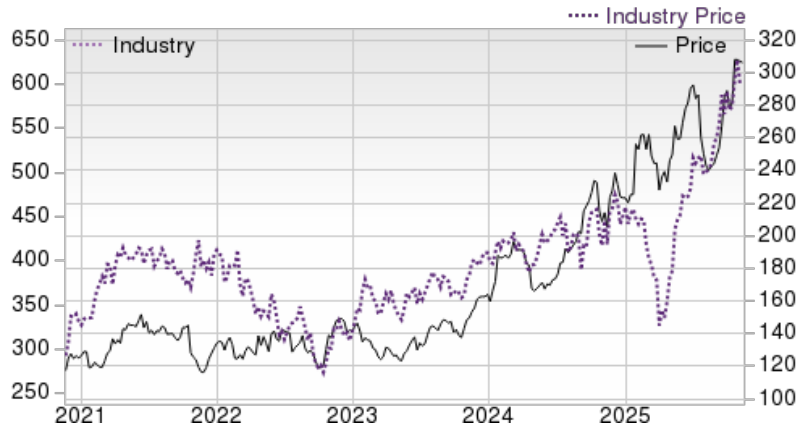
The table below shows summary valuation data for IBM.

Valuation Multiples - IBM					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	26.35	26.17	30.24	23.99
	5-Year High	26.40	32.76	30.24	23.99
	5-Year Low	9.96	11.15	18.70	15.73
	5-Year Median	14.36	19.48	26.28	21.19
P/S F12M	Current	4.2	4.98	7.18	5.5
	5-Year High	4.21	4.98	7.4	5.53
	5-Year Low	1.30	1.94	4.25	3.84
	5-Year Median	2.04	2.75	6.29	5.02
EV/EBITDA TTM	Current	19.47	24.37	20.43	19.13
	5-Year High	19.50	26.49	23.15	22.36
	5-Year Low	7.78	6.32	12.04	13.96
	5-Year Median	10.92	13.17	18.38	18.11

As of 10/28/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Top 15% (36 out of 243)



Top Peers ⁽¹⁾

Company (Ticker)	Rec	Rank
Agilysys, Inc. (AGYS)	Outperform	2
Micron Technology, Inc. (MU)	Outperform	1
Silicon Motion Techn... (SIMO)	Outperform	3
Seagate Technology H... (STX)	Outperform	1
Advanced Micro Devic... (AMD)	Neutral	3
NCR Voyix Corporatio... (VYX)	Neutral	3
Hewlett Packard Ente... (HPE)	Underperform	5
Digital China Holdin... (DCHIF)	NA	

Industry Comparison ⁽¹⁾ Industry: Computer - Integrated Systems				Industry Peers		
	IBM	X Industry	S&P 500	AMD	HPE	MU
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Underperform	Outperform
Zacks Rank (Short Term)	3	-	-	3	5	1
VGM Score	C	-	-	D	D	A
Market Cap	269.70 B	3.47 B	37.00 B	363.95 B	27.18 B	253.96 B
# of Analysts	7	4.5	22	16	5	10
Dividend Yield	2.33%	0.00%	1.54%	0.00%	2.52%	0.20%
Value Score	C	-	-	D	B	C
Cash/Price	0.05	0.07	0.04	0.02	0.15	0.04
EV/EBITDA	25.46	20.21	14.10	68.29	7.00	13.94
PEG Ratio	3.51	1.05	2.17	1.30	0.70	0.47
Price/Book (P/B)	9.64	3.46	3.23	5.99	1.11	4.68
Price/Cash Flow (P/CF)	18.59	21.60	14.54	48.40	5.48	14.90
P/E (F1)	25.90	23.70	19.43	56.42	8.91	13.45
Price/Sales (P/S)	4.12	4.12	2.96	11.36	0.82	6.79
Earnings Yield	3.94%	4.07%	5.12%	1.77%	11.21%	7.43%
Debt/Equity	1.97	0.00	0.57	0.04	0.69	0.26
Cash Flow (\$/share)	15.52	0.95	8.99	4.62	3.76	15.16
Growth Score	D	-	-	B	F	A
Hist. EPS Growth (3-5 yrs)	4.38%	0.72%	8.17%	8.16%	0.72%	-6.62%
Proj. EPS Growth (F1/F0)	9.39%	33.78%	8.30%	19.64%	-4.52%	102.53%
Curr. Cash Flow Growth	8.18%	13.76%	7.00%	10.35%	5.13%	101.87%
Hist. Cash Flow Growth (3-5 yrs)	-3.88%	11.56%	7.32%	54.62%	-0.29%	14.74%
Current Ratio	0.93	1.22	1.18	2.31	0.95	2.52
Debt/Capital	66.34%	3.72%	38.16%	3.72%	40.79%	20.56%
Net Margin	12.09%	9.22%	12.75%	10.32%	3.77%	22.84%
Return on Equity	37.76%	6.56%	17.04%	8.04%	9.01%	17.21%
Sales/Assets	0.45	0.56	0.53	0.44	0.46	0.49
Proj. Sales Growth (F1/F0)	6.60%	11.14%	5.49%	31.20%	14.80%	45.80%
Momentum Score	A	-	-	F	F	A
Daily Price Chg	-0.49%	-0.81%	0.38%	-2.93%	-1.44%	-1.13%
1 Week Price Chg	-0.23%	-0.29%	-3.05%	5.68%	-2.64%	3.74%
4 Week Price Chg	0.35%	-1.45%	-0.85%	-2.90%	-10.78%	13.83%
12 Week Price Chg	17.84%	0.00%	2.48%	33.76%	-9.37%	91.86%
52 Week Price Chg	34.45%	-1.75%	12.25%	62.46%	-2.74%	129.66%
20 Day Average Volume	6,393,811	1,155,087	2,928,402	54,540,344	33,056,452	25,509,146
(F1) EPS Est 1 week change	0.53%	0.00%	0.00%	-0.01%	-3.49%	4.14%
(F1) EPS Est 4 week change	2.26%	3.20%	0.38%	-0.45%	-5.23%	4.14%
(F1) EPS Est 12 week change	2.33%	8.54%	0.57%	-0.26%	-6.97%	28.97%
(Q1) EPS Est Mthly Chg	0.05%	1.30%	-0.10%	-1.52%	-7.14%	0.48%

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	C
Growth Score	D
Momentum Score	A
VGM Score	C

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 otherwise indicated in the report's first-page footnote. 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.