

## Parker-Hannifin (PH)

**\$920.99** (Stock Price as of 01/09/2026)

Price Target (6-12 Months): **\$941.00**

Long Term: 6-12 Months	<b>Zacks Recommendation:</b>	<b>Neutral</b>
	(Since: 04/19/24)	
	Prior Recommendation:	Outperform
Short Term: 1-3 Months	<b>Zacks Rank: (1-5)</b>	<b>3-Hold</b>
	Zacks Style Scores:	VGM: D
	Value: F	Growth: C
		Momentum: C

### Summary

Parker-Hannifin is benefiting from steady demand in the commercial and military end markets across both OEM and aftermarket channels within the Aerospace segment. The accretive acquisitions spark optimism in the stock. The Win strategy is driving its margins and allowing the company to continue returning value to shareholders. In April 2025, Parker-Hannifin hiked its quarterly dividend rate by 10% to \$1.80 per share. Due to these positives, the company's shares have outperformed the industry in the year-to-date period. However, weakness in the Diversified Industrial segment, due to softness in the off-highway end market and a decrease in demand for automotive cars, is worrisome. The company's high debt level is an added woe. Also, given Parker-Hannifin's international presence, foreign currency headwinds are concerning.

### Data Overview

52 Week High-Low	<b>\$933.33 - \$488.45</b>
20 Day Average Volume (sh)	<b>479,927</b>
Market Cap	<b>\$114.4 B</b>
YTD Price Change	<b>3.1%</b>
Beta	<b>1.25</b>
Dividend / Div Yld	<b>\$7.20 / 0.8%</b>
Industry	<b><u>Manufacturing - General Industrial</u></b>
Zacks Industry Rank	<b>Bottom 27% (179 out of 244)</b>

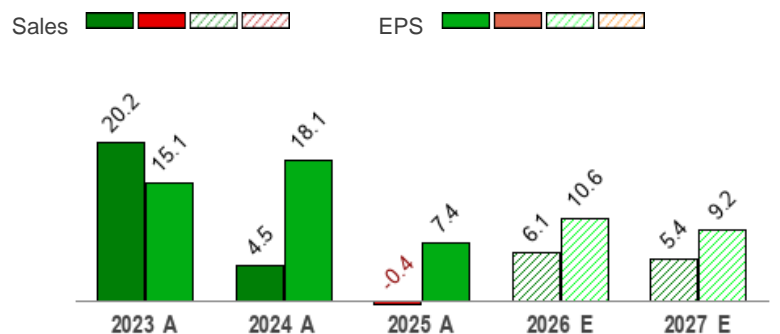
Last EPS Surprise	<b>8.3%</b>
Last Sales Surprise	<b>2.9%</b>
EPS F1 Est- 4 week change	<b>0.0%</b>
Expected Report Date	<b>01/29/2026</b>
Earnings ESP	<b>-0.3%</b>

P/E TTM	<b>31.9</b>
P/E F1	<b>30.5</b>
PEG F1	<b>3.1</b>
P/S TTM	<b>5.7</b>

### Price, Consensus & Surprise<sup>(1)</sup>



### Sales and EPS Growth Rates (Y/Y %)<sup>(1)</sup>



### Sales Estimates (millions of \$)<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2027	5,165 E	5,124 E	5,442 E	5,783 E	22,206 E
2026	5,084 A	5,037 E	5,321 E	5,581 E	21,068 E
2025	4,904 A	4,743 A	4,960 A	5,243 A	19,850 A

### EPS Estimates<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2027	7.15 E	7.04 E	7.77 E	8.46 E	32.99 E
2026	7.22 A	7.11 E	7.69 E	8.25 E	30.22 E
2025	6.20 A	6.53 A	6.94 A	7.69 A	27.33 A

\*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 01/09/2026.

(2) The report's text and the price target are as of 12/26/2025.

## Overview

Based in Cleveland, OH, Parker-Hannifin Corporation is a global diversified manufacturer of motion and control technologies and systems. The company provides precision engineered solutions for a wide variety of mobile, industrial and aerospace markets. On a geographical basis, the company has operations in North America (67.5% of fiscal 2025 net sales), Europe (19.5%), the Asia Pacific (11.9%) and Latin America (1.1%).

The Diversified Industrial Segment (68.8% of fiscal 2025 sales): This segment is engaged in the production of a wide range of motion-control and fluid systems & components. The products offered by this segment are used in transportation, mobile construction, refrigeration and air conditioning, agriculture and other markets.

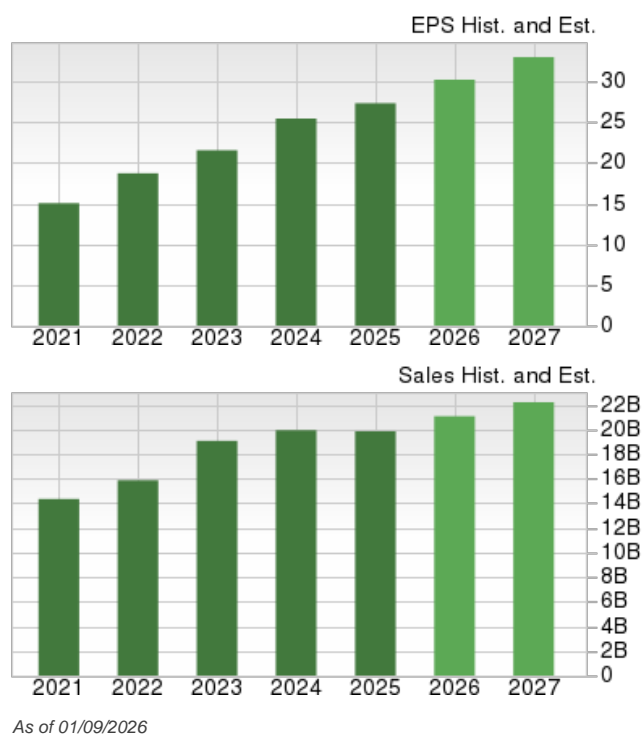
The segment sells its products through two main channels, namely, original equipment manufacturers (OEMs) and an extensive distribution network serving smaller OEMs and the aftermarket.

Products offered include sealing devices (dynamic and static); filters, systems and instruments to monitor and remove contaminants from fuel, air, oil, water and other liquids and gases; fluid connectors that control, transmit and contain fluid; hydraulic components and systems for builders and users of industrial and mobile machinery and equipment; and high-quality flow control solutions.

The Aerospace Systems Segment (31.2%): This segment supervises the designing and manufacturing of products and also provides aftermarket support for a broad range of aerospace products including commercial, business jet, military and general aviation aircraft and missile.

Products offered include control actuation systems & components, fluid metering, delivery & atomization devices, fuel systems & components, pneumatic control components, hydraulic systems & components, lubrication components and electric power applications among others.

The segment's products and services are offered to OEM and maintenance, repair and overhaul (MRO) customers throughout the world. Notably, the products are marketed by field sales employees and are sold to manufacturers as well as end customers.



## Reasons To Buy:

- ▲ Steady demand across end markets and higher orders are supporting Parker-Hannifin's **Aerospace Systems segment**. The segment is benefiting from strong momentum in commercial and military end markets across both OEM and aftermarket channels. Segmental revenues jumped approximately 13.3% year over year in the first quarter of fiscal 2026. In the quarters ahead, the Aerospace Systems segment is poised to gain from strong demand for its products and aftermarket support services in the general aviation market, driven by growth in air transport activities. Strength in its defense end market, owing to stable U.S. and international defense spending volumes, is also likely to be beneficial. Parker-Hannifin expects the Aerospace Systems segment's organic sales to increase 8-11% from the year-ago level in fiscal 2026. In addition to growth in the aerospace and defense markets, key trends in other end markets hold promise for long-term growth. These include the advancement of clean technologies in support of carbon reduction targets, higher automation and infrastructure investments, digitalization and electrification.
- ▲ Parker-Hannifin has been strengthening its business through **acquisitions**. In November 2025, the company inked a deal to acquire Filtration Group Corp. The acquisition is expected to enhance Parker-Hannifin's industrial filtration capabilities and expand its presence in key growth markets. The deal is expected to close in six-12 months, subject to customary closing conditions. In September 2025, Parker-Hannifin completed the acquisition of Curtis Instruments from Rehiko. The transaction carried a cash value of about \$1 billion. The inclusion of Curtis' advanced control solutions will enable the company to enhance its industrial electrification portfolio and expand its reach in in-plant material handling and off-highway markets. This acquisition will also strengthen Parker-Hannifin's electric motor and motion control capabilities, allowing it to provide more comprehensive electric and hybrid solutions to its customers. In September 2022, Parker-Hannifin completed the acquisition of Meggitt plc, a global leader in motion and control technologies. The acquisition expanded Parker-Hannifin's presence in the United Kingdom, positioning it well to provide a broader suite of solutions for aircraft and aero-engine components and systems. The company's portfolio reshaping actions also include disposing of non-profitable businesses to unlock value for its shareholders. In November 2024, it completed two divestitures. The company divested its composites and fuel containment (CFC) business for \$560 million and a non-core filtration business within the Diversified Industrial Segment for \$66 million. This enabled Parker-Hannifin to rebalance its portfolio toward the Aerospace business and flourish through better operational focus, capital allocation policies and financial flexibility.
- ▲ Parker-Hannifin has **expanded its portfolio of aerospace, filtration and engineered materials** significantly in the past few years. Also, it is strategically shifting toward longer-cycle products (to attain stable and predictable revenue streams) supported by secular growth trends, which is improving its revenue mix. The growth drivers, i.e., the Win strategy, macro-CapEx reinvestment (a strategy of reinvesting capital expenditures into a company's operations, assets and growth initiatives), acquisitions and secular growth trends are likely to help Parker-Hannifin achieve 4-6% revenue growth by fiscal 2029. Parker-Hannifin also anticipates 85% of its portfolio to be of a longer cycle by fiscal 2029. The company expects to increase its earnings by more than 10% per share (CAGR) and is set to achieve a 27% adjusted segment operating margin by fiscal 2029. It is worth noting that Parker-Hannifin reported an adjusted segment operating margin of 27.4% in the first quarter of fiscal 2026, up 170 bps from the year-ago reported number.
- ▲ In the quarters ahead, the company is likely to gain from its **Win Strategy** (version 3.0), which focuses on innovation, strategic positioning, distribution growth and incentive plan changes to drive organic growth. The Win strategy is a business system that defines goals and initiatives, enabling Parker-Hannifin's long-term and sustainable growth. It supports the company's margin performance. In the first quarter of fiscal 2026, the operating margin increased 160 basis points year over year to 24.2%.
- ▲ Parker-Hannifin is committed to rewarding its shareholders through **dividends and share buybacks**. In April 2025, the company hiked its dividend by 10% to \$1.80 per share (annually: \$7.20). In the first three months of fiscal 2026, it paid out cash dividends of \$228 million, up 8.6% year over year. In the same period, the company bought back shares worth \$475 million. Also, in fiscal 2025, Parker-Hannifin rewarded its shareholders with dividends of \$861 million, up 10.1%. The company repurchased shares worth \$851 million in the same period.

Strength in the Aerospace Systems unit, strategic long-term plan and synergies from the acquisitions bode well for Parker-Hannifin. Shareholder-friendly policies raise the stock's appeal.

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## Reasons To Sell:

- ▼ The company is witnessing **weakness across the Diversified Industrial segment**. Challenging conditions in the off-highway end market, due to softness in the agricultural sector, have been affecting both the North America and International businesses of the segment. Weakness in the transportation end market, arising from lower demand for trucks and automotive cars, is ailing the North America and International businesses as well. Challenges in the energy end market, owing to cautious capital spending and lower oil and gas prices, affected the segment's performance in the first quarter of fiscal 2026. The segment's sales decreased 0.4% in the fiscal first quarter on a year-over-year basis.
- ▼ Parker-Hannifin has been experiencing **rising expenses** for a while. In the first three months of fiscal 2026, the company's cost of sales was up 2.6% year over year due to rising business realignment charges. Also, in the same period, it witnessed a 2.8% year-over-year increase in SG&A expenses due to higher costs associated with acquired businesses and stock compensation expense. Escalating expenses, if not controlled, are likely to hurt the company's bottom line in the quarters ahead.
- ▼ Parker-Hannifin's **long-term debt** in the last five years (fiscal 2021-2025) increased 3.3% (CAGR). At the end of first-quarter of fiscal 2026, the company's long-term debt was \$7.49 billion, higher than \$6.67 billion at first quarter of fiscal 2025-end. Also, Parker-Hannifin's short-term debt stood at approximately \$2.85 billion in the same period. Considering its high debt level, its cash and cash equivalents of \$473 million do not look impressive. High debt levels can increase the company's financial obligations and prove detrimental to profitability in the quarters ahead.
- ▼ Parker-Hannifin intends to boost its revenues and profitability through overseas business expansion. However, this exposes the company's financial performance to various risks like political, environmental and **foreign currency exchange** rate fluctuations.
- ▼ Any **dip in consumer confidence** – a key indicator of the economy's health – may have a serious bearing on spending. The company's customers remain sensitive to macroeconomic factors, including interest rate hikes, credit availability and an increase in steel prices, which may negatively impact their sentiment. Cumulatively, these may adversely impact the company's growth and profitability.

Softness in the Diversified Industrial segment, macro softness and forex woes are weighing on Parker-Hannifin's performance. High debt level is an added concern.

## Last Earnings Report

### Parker-Hannifin Q1 Earnings Beat, Aerospace Systems Sales Up Y/Y

Parker-Hannifin reported first-quarter fiscal 2026 (ended September 2025) adjusted earnings (excluding 93 cents from non-recurring items) of \$7.22 per share, which beat the Zacks Consensus Estimate of \$6.67. The bottom line jumped 16% year over year.

Total sales of \$5.08 billion beat the consensus estimate of \$4.94 billion. The top line increased 3.7% year over year. Organic sales grew 5%. Orders increased 8% year over year.

**FY Quarter Ending** **6/30/2025**

Earnings Reporting Date	Nov 06, 2025
Sales Surprise	2.93%
EPS Surprise	8.25%
Quarterly EPS	7.22
Annual EPS (TTM)	28.38

### Segmental Details

The Diversified Industrial segment's sales totaled \$3.44 billion, representing 67.7% of total sales. On a year-over-year basis, the segment's sales decreased 0.4%.

Sales from Diversified Industrial North America totaled \$2.04 billion, down 2.7% year over year. The Zacks Consensus Estimate was pegged at \$1.97 billion. Diversified International sales were \$1.40 billion, up 3.2% year over year. The consensus mark was pegged at \$1.40 billion.

Orders for Diversified Industrial North America increased 3% year over year, while Diversified Industrial International orders rose 6% on a year-over-year basis.

The Aerospace Systems segment generated sales of \$1.64 billion, which accounted for 32.3% of total sales. Sales jumped 13.3% year over year, thanks to commercial OEM growth and continued aftermarket strength. The Zacks Consensus Estimate was pegged at \$1.57 billion. Orders for the Aerospace Systems unit increased 15% on a year-over-year basis.

### Margin Profile

Parker-Hannifin's cost of sales was \$3.18 billion, up 2.6% year over year. Selling, general and administrative expenses increased 2.8% from the prior year to \$873 million.

Adjusted total segment operating income increased 10.5% year over year to \$1.39 billion. Adjusted total segment operating margin increased 170 basis points year over year to 27.4%.

### Balance Sheet & Cash Flow

Exiting the fiscal first quarter, Parker-Hannifin had cash and cash equivalents of \$473 million compared with \$467 million at the end of fiscal 2025. Long-term debt was \$7.49 billion compared with \$7.49 billion at the end of fiscal 2025.

In the first three months of fiscal 2026, Parker-Hannifin generated net cash of \$782 million from operating activities compared with \$744 million in the year-ago period.

Capital spending totaled \$89 million in the first three months of the fiscal year compared with \$95 million in the year-ago period.

Parker-Hannifin paid out cash dividends of \$228 million, up 8.6% year over year.

### Fiscal 2026 Guidance Updated

Parker-Hannifin has updated its fiscal 2026 (ending June 2026) guidance. The company now expects total sales to increase 4-7% year over year compared with 2-5% expected earlier. Organic sales are projected to increase 2.5-5.5%. Its adjusted operating margin is estimated to be 26.8-27.2%.

Parker-Hannifin currently expects adjusted earnings to be in the band of \$29.60-\$30.40 per share compared with \$28.40-\$29.40 per share expected earlier.

## Recent News

### Acquisition of Filtration Group — Nov. 11, 2025

Parker-Hannifin inked a deal to acquire Filtration Group Corp. The acquisition is expected to enhance the company's industrial filtration capabilities and expand its presence in key growth markets. The deal is expected to close in six-12 months, subject to customary closing conditions.

### Dividend Update — Oct. 22, 2025

Parker-Hannifin's board of directors approved a quarterly cash dividend of \$1.80 per share, payable to shareholders on Dec. 5, 2025, of record as of Nov 7, 2025.

### Curtis Acquisition — September 18, 2025

Parker-Hannifin completed the acquisition of Curtis Instruments, Inc. from Rehiko. The transaction carried a cash value of about \$1 billion. The inclusion of Curtis' advanced control solutions will enable it to enhance its industrial electrification portfolio and expand its reach in in-plant material handling and off-highway markets.

This acquisition will also strengthen Parker-Hannifin's electric motor and motion control capabilities, allowing it to provide more comprehensive electric and hybrid solutions to its customers.

### Acquisition of Curtis — June 30, 2025

Parker-Hannifin inked a deal to acquire Curtis Instruments, Inc. The acquisition is expected to boost the company's electrification portfolio and strengthen its capabilities in electric vehicle motors, hydraulics and electrification technologies. Subject to customary closing conditions, the acquisition is expected to close by the end of 2025.

## Valuation

Parker-Hannifin's shares are up 26.8% and 37.9% in the past six months and over the trailing 12-month period respectively. Stocks in the Zacks sub-industry are up 6.4%, while the Zacks Industrial Products sector is up 3.7% in the past six months. Over the past year, the sub-industry is up 8.7%, while the sector is up 6.1%.

The S&P 500 index is up 14.7% in the past six months and up 18.1% in the past year.

The stock is currently trading at 28.12X forward 12-month price-to-earnings, which compares to 21.90X for the Zacks sub-industry, 20.61X for the Zacks sector and 23.45X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 28.51X and as low as 12.10X, with a 5-year median of 18.40X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$941 price target reflects 29.53X forward 12-month earnings.

The table below shows summary valuation data for PH

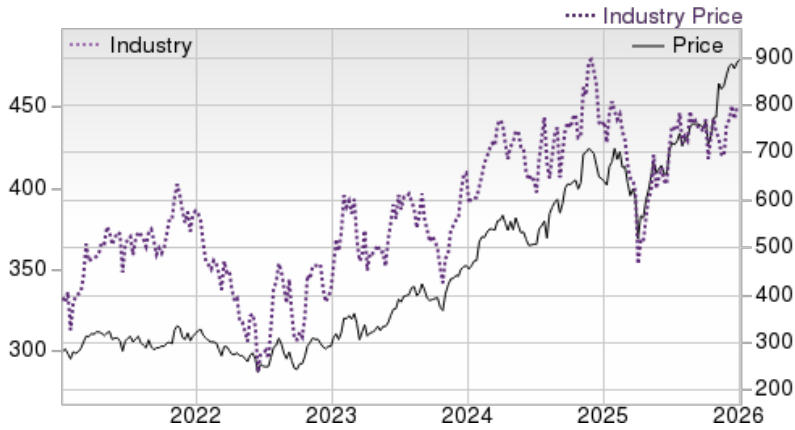
Valuation Multiples - PH					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	28.12	21.9	20.61	23.45
	5-Year High	28.51	26.69	23.01	23.78
	5-Year Low	12.1	16.06	13.32	15.73
	5-Year Median	18.4	21.46	18.22	21.21
P/Sales F12M	Current	5.19	3.15	4.21	5.31
	5-Year High	5.26	3.43	4.24	5.5
	5-Year Low	1.73	2.24	2.33	3.83
	5-Year Median	2.61	3.09	3.18	5.04

As of 12/24/2025

Source: Zacks Investment Research



## Industry Analysis<sup>(1)</sup> Zacks Industry Rank: Bottom 27% (179 out of 244)



## Top Peers<sup>(1)</sup>

Company (Ticker)	Rec	Rank
Atlas Copco AB (ATLKY)	Neutral	3
Dover Corporation (DOV)	Neutral	2
Ferguson plc (FERG)	Neutral	3
Illinois Tool Works ... (ITW)	Neutral	2
Kawasaki Heavy Indus... (KWHIY)	Neutral	2
Xylem Inc. (XYL)	Neutral	3
IHI CORP (IHICY)	Underperform	4
SUMITOMO HEAVY (SOHVV)	NA	

Industry Comparison <sup>(1)</sup> Industry: Manufacturing - General Industrial				Industry Peers		
	PH	X Industry	S&P 500	ATLKY	ITW	ROP
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	2	3
VGM Score	D	-	-	D	D	C
Market Cap	114.38 B	3.58 B	40.73 B	93.36 B	73.61 B	46.77 B
# of Analysts	9	4	22	1	6	9
Dividend Yield	0.79%	0.00%	1.37%	1.08%	2.54%	0.84%
Value Score	F	-	-	F	D	D
Cash/Price	0.00	0.04	0.04	0.03	0.01	0.01
EV/EBITDA	22.39	13.64	15.01	20.76	15.73	18.24
PEG Ratio	3.12	1.89	2.04	8.72	10.52	2.03
Price/Book (P/B)	8.30	3.45	3.44	8.33	22.94	2.34
Price/Cash Flow (P/CF)	25.93	18.62	15.54	25.59	21.86	16.64
P/E (F1)	30.67	22.56	18.81	29.92	22.62	20.29
Price/Sales (P/S)	5.71	2.06	3.07	5.52	4.63	6.06
Earnings Yield	3.33%	4.43%	5.30%	3.34%	4.42%	4.93%
Debt/Equity	0.54	0.34	0.57	0.27	2.39	0.46
Cash Flow (\$/share)	34.95	3.11	8.98	0.75	11.61	26.12
Growth Score	C	-	-	C	D	C
Hist. EPS Growth (3-5 yrs)	17.84%	11.23%	8.24%	11.15%	7.95%	8.17%
Proj. EPS Growth (F1/F0)	10.57%	10.50%	9.21%	0.00%	2.86%	8.85%
Curr. Cash Flow Growth	5.32%	2.04%	7.00%	8.09%	1.89%	9.40%
Hist. Cash Flow Growth (3-5 yrs)	18.16%	9.96%	7.49%	10.19%	3.05%	9.39%
Current Ratio	1.07	2.05	1.19	1.52	1.53	0.58
Debt/Capital	35.19%	26.46%	38.14%	21.22%	70.52%	31.41%
Net Margin	18.17%	6.92%	12.77%	16.08%	19.05%	20.34%
Return on Equity	27.23%	14.17%	17.03%	25.42%	93.26%	10.92%
Sales/Assets	0.68	0.83	0.53	0.84	1.01	0.24
Proj. Sales Growth (F1/F0)	6.10%	4.20%	5.30%	NA	0.80%	12.50%
Momentum Score	C	-	-	C	B	A
Daily Price Chg	-0.21%	1.17%	0.01%	-2.20%	2.73%	-0.72%
1 Week Price Chg	0.66%	-0.18%	1.11%	0.00%	-1.17%	-3.61%
4 Week Price Chg	0.82%	1.05%	0.30%	6.15%	-1.43%	-2.55%
12 Week Price Chg	24.83%	2.75%	4.41%	8.65%	2.75%	-13.12%
52 Week Price Chg	41.31%	15.90%	16.95%	21.51%	2.47%	-14.86%
20 Day Average Volume	479,927	175,751	2,445,854	251,665	1,176,936	1,011,896
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	-0.01%	0.00%	0.00%	0.00%	0.00%	0.01%
(F1) EPS Est 12 week change	4.51%	0.00%	0.47%	0.00%	-0.23%	-1.08%
(Q1) EPS Est Mthly Chg	-0.02%	0.00%	0.00%	NA	0.00%	0.02%

## 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	C
VGM Score	D

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

## Disclosures

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