

Super Micro Computer (SMCI)

\$32.33 (Stock Price as of 12/12/2025)

Price Target (6-12 Months): **\$37.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 12/08/25)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM: B

Value: B

Growth: C

Momentum: C

Summary

Super Micro is well-positioned to benefit from the growing demand for AI infrastructure. The company is often the first to market with the latest AI servers, including systems built on NVIDIA's B200 and GB200 platforms, giving it a strong edge. Its modular design approach allows rapid customization, supported by a large R&D team that integrates the newest chips from NVIDIA and AMD. Super Micro is also expanding into full-stack IT solutions through DCBBS, bundling servers, cooling and networking into one offering. More than 75% of Q1 revenues came from AI-related systems, reinforcing its leadership in the space. Its liquid cooling technology, DLC-2, supports sustainable data center growth. Nonetheless, trade restrictions and strong competition may hurt global sales. Lingering concerns from past accounting issues remain a major negative.

Data Overview

52 Week High-Low	\$66.44 - \$25.71
20 Day Average Volume (sh)	21,675,328
Market Cap	\$19.3 B
YTD Price Change	6.1%
Beta	1.53
Dividend / Div Yld	\$0.00 / 0.0%
Industry	Computer- Storage Devices
Zacks Industry Rank	Top 5% (13 out of 243)

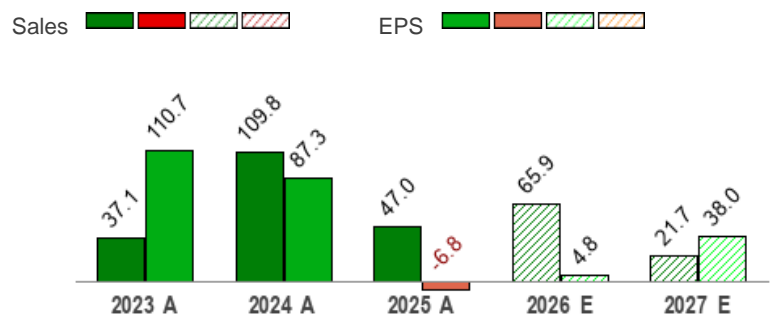
Last EPS Surprise	25.0%
Last Sales Surprise	-0.6%
EPS F1 Est- 4 week change	0.0%
Expected Report Date	02/24/2026
Earnings ESP	0.0%

P/E TTM	19.2
P/E F1	15.0
PEG F1	0.7
P/S TTM	0.9

Price, Consensus & Surprise⁽¹⁾



Sales and EPS Growth Rates (Y/Y %)⁽¹⁾



Sales Estimates (millions of \$)⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2027	9,796 E	11,148 E	11,325 E	12,114 E	44,382 E
2026	5,018 A	10,434 E	10,191 E	10,819 E	36,461 E
2025	5,937 A	5,678 A	4,600 A	5,757 A	21,972 A

EPS Estimates⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2027	0.67 E	0.75 E	0.74 E	0.83 E	2.98 E
2026	0.35 A	0.49 E	0.62 E	0.73 E	2.16 E
2025	0.75 A	0.61 A	0.31 A	0.41 A	2.06 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 12/12/2025.

(2) The report's text and the price target are as of 12/09/2025.

Overview

Super Micro Computer, headquartered in San Jose, CA, is a global leader in high-performance, energy-efficient IT solutions. Founded in 1993 and reincorporated in Delaware in 2007, Super Micro Computer designs, develops, and manufactures server and storage systems optimized for data centers, cloud computing, artificial intelligence (AI) and edge computing workloads. The company's solutions are based on its innovative Server Building Block Solutions architecture.

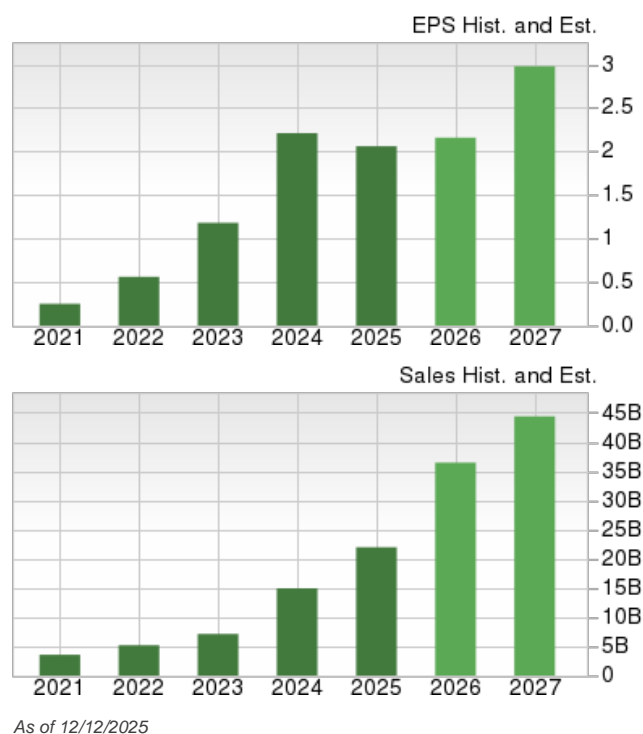
Super Micro Computer offers a wide portfolio of rack-scale Total IT Solutions, including complete servers, storage systems, blade servers, subsystems and server management software. Its platforms serve diverse verticals, from hyperscale cloud providers to embedded edge applications and are increasingly focused on AI, with expanded support for NVIDIA's Hopper and Blackwell platforms, as well as liquid cooling technologies to support advanced thermal demands.

It reported total sales of \$22 billion for fiscal 2025, up from \$15 billion in fiscal 2024. Super Micro Computer operates through one reportable segment but categorizes revenues across product lines. In fiscal 2025, the Server and Storage systems segment generated approximately 98% of net sales, while Subsystems and Accessories accounted for 2%. Geographically, 68% of net sales came from the United States and 32% from international markets, including Taiwan, the Netherlands and other regions.

The company's customers span more than 1,000 direct accounts across more than 100 countries, in addition to thousands more through its indirect sales channels. Four customers accounted for more than 10% of fiscal 2025 revenues.

Super Micro Computer faces competition from large enterprise technology vendors like Dell, Hewlett Packard Enterprise, Cisco and Lenovo, as well as ODMs such as Quanta, Foxconn and Wiywyn.

As of June 30, 2025, SMCI employed 6,238 full-time employees, with nearly half located in San Jose, CA. Its global R&D organization includes more than 3,255 engineers, supporting a strategy centered on delivering next-generation systems tailored to emerging computing trends while maintaining a commitment to green IT and operational efficiency.



Reasons To Buy:

- ▲ Super Micro Computer is one of the first companies to bring new AI servers to market, including systems built on NVIDIA's B200 and GB200 platforms. This early availability gives Super Micro Computer a big edge in a fast-moving AI market. Customers who need powerful computing systems quickly for AI training and inference are more likely to choose Super Micro Computer. The company is also ready to support the next generation of platforms like NVIDIA B300 and AMD MI-350. Being first with new technologies helps it win large orders and build stronger customer relationships. This "time-to-market" advantage sets Super Micro Computer apart from traditional server makers like Dell and HPE, who typically move slowly.
- ▲ Super Micro Computer's strength lies in its modular "Building Block" design approach. This allows the company to create many product variations quickly by reusing components across systems. With more than 3,255 R&D engineers, it can rapidly integrate the newest chips from NVIDIA, AMD and Intel. This speed helps Super Micro Computer deliver systems faster than competitors, especially for new AI platforms. Customers benefit from more choices and faster access to new technology. It also helps Super Micro Computer reduce time-to-market and keep development costs lower. This fast-paced innovation is critical in the current tech environment, where hardware cycles are getting shorter, and customers demand more customization.
- ▲ Super Micro Computer is evolving from just a server and hardware vendor into a full IT solutions provider. Products like DCBBS (Data Center Building Block Solutions) bundle hardware, software, cooling, networking and support into complete systems. This strategy increases revenue per deal and improves margins. It also makes customers more likely to stay with Super Micro Computer for future upgrades. The company is also offering more services like installation, on-site support, and remote management tools. This shift toward total solutions creates new growth and helps the company compete against larger OEMs who offer bundled systems. It also aligns with customer demand for simpler, integrated IT infrastructure.
- ▲ Super Micro Computer's new DCBBS simplifies how data centers are built. It combines servers, racks, power systems, cooling and networking into a complete package. This helps customers save up to 30% in total costs and build data centers faster, sometimes in weeks instead of months. The offering includes the company's latest liquid cooling technology (DLC-2), which reduces power and water use. DCBBS also includes software and support so that customers don't have to manage multiple vendors. This "plug-and-play" model appeals to large enterprises and cloud companies that want fast, reliable deployments. It also gives Super Micro Computer more control over the customer relationship and revenue per deal. We believe that the company's sustained focus on launching innovative solutions will continue driving its overall financial performance.
- ▲ Super Micro Computer's deep penetration in handling AI workloads is likely to continue driving its top-line growth. In the first quarter of fiscal 2026, more than 75% of the company's revenues came from AI-focused systems. These include servers built to handle GPU-heavy workloads needed for training and running AI models. This shows that the company has become a top vendor for AI infrastructure. With AI adoption growing rapidly across industries, this strong position is likely to help Super Micro Computer grow faster than traditional server companies. Its systems are used by major cloud providers and enterprises running AI workloads. This focus on AI computing gives Super Micro Computer a more attractive long-term growth profile compared to competitors that serve more general-purpose IT needs.
- ▲ As AI servers become more powerful, they also generate more heat. Super Micro Computer has taken the lead in liquid cooling with its Direct Liquid Cooling (DLC) and newer DLC-2 technologies. These solutions reduce power and water usage by up to 40% while lowering noise levels to just 50 decibels, similar to a quiet room. Liquid cooling is critical for large-scale AI deployments, where traditional air cooling is no longer sufficient. Super Micro Computer's early leadership in this area gives it a long-term edge in building efficient, sustainable data centers.
- ▲ Super Micro Computer is building and expanding production facilities across the United States, Taiwan, the Netherlands, Malaysia and Mexico. This global footprint helps the company respond to local demand, avoid tariffs and reduce delivery times. For example, its Malaysia plant has started shipping, and a new Silicon Valley campus is under development. These facilities support higher production volumes, with the capacity to ship 5,000 racks per month, many of which are used for AI workloads. This expansion allows Super Micro Computer to scale quickly as orders grow. It also reduces supply chain risk and helps the company compete globally with ODMs and legacy server makers.
- ▲ Super Micro Computer can be considered a below-average leveraged company as its current total debt to total capital ratio of 0.28 is significantly lower than the industry average of 0.42. As of Sept. 30, 2025, the company had cash and cash equivalents of nearly \$4.17 billion, slightly lower than its total long-term debt (excluding current maturities) of \$4.68 billion. This shows that the company has ample liquidity that can be used to pursue strategic acquisitions, invest in growth initiatives and distribute to its shareholders.

Dominant position in AI server market, Building Block design approach, expertise in liquid cooling technology, growing demand for AI computing, expanding market reach, and healthy balance sheet are positives.

Reasons To Sell:

- ▼ Super Micro Computer's financial performance is being affected by customers delaying their purchasing decisions. In the first quarter of fiscal 2026, the company's revenues of \$5.02 billion were below management's guidance of \$6-\$7 billion. Also, it declined 15.5% on a year-over-year basis. Order delays, as customers wait for newer AI platforms, such as NVIDIA's Blackwell, are hurting Super Micro Computer's sales growth. This created a pause in demand and pushed expected revenues into future quarters. While management believes these deals will close later, the timing remains uncertain. This reliance on customer platform decisions introduces volatility and weakens short-term visibility. It also shows how sensitive Super Micro Computer is to product cycles from chipmakers. Continued delays could lead to further revenue disruptions and weaken investor confidence in near-term growth.
- ▼ Super Micro Computer's declining gross margin remains a major concern. In the first quarter of fiscal 2026, the company reported a non-GAAP gross margin of just 9.5%, down from 9.6% in the previous quarter and 13.1% a year ago. This was the fourth consecutive quarter the company reported a contraction in non-GAAP gross margin on a year-over-year basis as well as a sequential basis. This steady erosion reflects several pressures, including increased price competition, inventory write-downs of older-generation GPUs, and rising costs tied to product complexity and expanded services. As Super Micro Computer shifts toward full rack-scale solutions, integration costs and pricing concessions may weigh further on margins. If gross margins continue to decline, it could signal reduced profitability even in a high-revenue environment, putting pressure on earnings.
- ▼ Super Micro Computer recorded a significant inventory write-down in fiscal 2025 tied to older-generation GPUs and components. This points to poor timing or over-forecasting of customer demand. While management claims that newer platforms are ramping up, the write-down highlights the risk in a fast-changing market. High inventory levels can also tie up cash and lead to more future write-downs. The company had nearly \$5.73 billion in inventory at the end of the first quarter of fiscal 2026, a sizable amount that could become a problem if demand patterns change again.
- ▼ Super Micro Computer faces strong competition from large technology vendors like Dell, HPE, Cisco, and Lenovo, as well as low-cost original design manufacturers (ODMs) such as Foxconn, Quanta and Wiyynn. Some of these rivals have more financial resources, longer customer relationships and global reach. As Super Micro Computer tries to win larger contracts, it may have to offer deeper discounts or take on more complex service responsibilities. Price pressure and competition could squeeze margins. It may also become harder for Supermicro to keep its time-to-market advantage as competitors catch up or partner more closely with chip suppliers.
- ▼ Super Micro Computer's business is exposed to U.S. trade restrictions, especially related to advanced computing exports to China and other regions. The U.S. government has added more countries to its export control list and now requires licenses for many AI-related products. These rules have expanded in 2024 and 2025 and could continue to grow. Super Micro Computer is subject to these limits because it uses U.S.-based GPUs and server technologies. If it cannot get export licenses or is forced to limit shipments to certain regions, it could lose sales to international competitors not subject to the same restrictions.

Customer order delays to wait for new AI platforms, increased price competition, inventory write-downs, higher integration costs and the U.S. trade restrictions are near-term challenges.

Last Earnings Report

SMCI Q1 Earnings Surpass Expectations, Revenues Decline Y/Y

Super Micro Computer came out with first-quarter fiscal 2026 earnings of 35 cents per share, which beat the Zacks Consensus Estimate by 25%. The bottom line declined 52% year over year.

Super Micro Computer posted revenues of \$5.02 billion for the first quarter of fiscal 2026, which missed the Zacks Consensus Estimate by 0.56%. The top line declined 15.5% year over year.

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

Earnings Reporting Date	Nov 04, 2025
Sales Surprise	-0.56%
EPS Surprise	25.00%
Quarterly EPS	0.35
Annual EPS (TTM)	1.68

SMCI's Quarter in Detail

Coming to SMCI's customer verticals, revenues from OEM Appliance and Large Data Center (approximately 68% of total revenues) were \$3.4 billion, up 25% year over year but down 6% sequentially. Revenues from the Enterprise/Channel segment (around 31% of total revenues) totaled \$1.5 billion, reflecting a 51% year-over-year decline and a 25% sequential decline. The Emerging 5G, Telco, Edge, and IoT segment contributed the remaining 1% of total revenues.

By geography, the United States accounted for 37% of total sales, which declined 57% year over year. Asia represented 46% of revenues, showing a 143% year-over-year surge, driven by hyperscale data center expansion in the region. Europe contributed 14%, up 11% year over year, while the Rest of the World represented 3%, increasing 56% from the prior-year quarter.

SMCI's non-GAAP gross margin was 9.5% compared with 13.1% a year ago and 9.6% in the prior quarter. The decline reflects an unfavorable customer and product mix, particularly heavier shipments of lower-margin hyperscale and GPU racks. Non-GAAP operating expenses were \$203 million, down 2% year over year.

Operating expenses remained elevated due to continued investments in next-generation AI systems, Datacenter Building Block Solutions, and the expansion of production capacity in Malaysia, Taiwan, Europe, and the United States.

SMCI's Balance Sheet & Cash Flow

As of Sept. 30, 2025, total cash and cash equivalents were \$4.2 billion compared with \$5.17 billion in the previous quarter. SMCI's total bank debt and convertible notes stood at \$4.8 billion.

The company reported a negative operating cash flow of \$918 million and capital expenditures of \$32 million.

SMCI Initiates Q2 Guidance

For second-quarter fiscal 2026, SMCI expects net sales between \$10 billion and \$11 billion and non-GAAP diluted EPS of 46 cents to 54 cents. For fiscal 2026, SMCI raised its revenue outlook to at least \$36 billion, up from the prior guidance of \$33 billion.

Recent News

On Nov. 19, Super Micro introduced the latest addition of AI-accelerated solutions with a new 10U air-cooled server, which incorporates the AMD Instinct MI355X GPUs delivering breakthrough performance for AI and Inference workloads.

On Nov. 18, Super Micro unveiled a new AI Factory Cluster Solution based on NVIDIA Enterprise Reference Architectures and NVIDIA Blackwell AI Infrastructure to simplify the deployment of AI at scale.

On Oct. 29, Super Micro announced the creation of Super Micro Federal LLC to accelerate its expansion into the federal market.

On Oct. 28, Super Micro unveiled its plans to deliver next-generation NVIDIA AI platforms, including the NVIDIA Vera Rubin NVL144 and NVIDIA Vera Rubin NVL144 CPX in 2026.

On Oct. 28, Super Micro announced a record-breaking result for the STAC-M3 benchmark, in collaboration with Intel and Micron.

On Oct. 23, Super Micro unveiled 6U 20-Node MicroBlade powered by AMD's EPYC 4005 series processors.

On Oct. 14, Super Micro announced the availability of its Data Center Building Block Solutions (DCBBS).

Valuation

Shares of Super Micro have plunged 17.6% in the last six months and decreased 12.7% over the trailing 12 months. Stocks in the Zacks sub-industry have risen 75.3%, while the Zacks Computer & Technology sector has returned 26% in the past six months. Over the past year, the Zacks sub-industry appreciated 54.2% while the sector returned 27.2%.

The S&P 500 Index has risen 16.5% in the past six months and 16.4% in the past year.

The stock is currently trading at 14.02X forward 12-month earnings, which compares with 19.04X for the Zacks sub-industry, 29.03X for the Zacks sector, and 23.59X for the S&P 500 index.

Over the past five years, the stock has traded as high as 54.67X and as low as 6.06X, with a five-year median of 14.95X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$37 price target reflects 14.72X forward 12-month earnings.

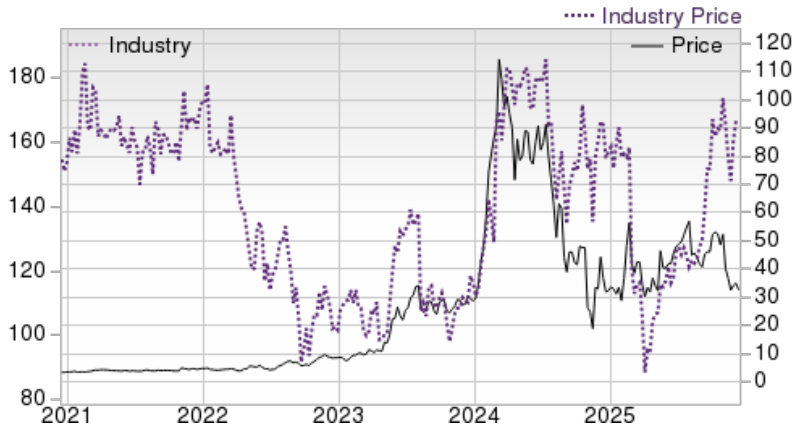
The table below shows a summary of valuation data for SMCI.

Valuation Multiples - SMCI					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	14.02	19.04	29.03	23.59
	5-Year High	54.67	102.02	29.92	23.78
	5-Year Low	6.06	9.84	18.70	15.73
	5-Year Median	14.95	18.30	26.62	21.21
P/S F12M	Current	0.53	1.82	6.80	5.33
	5-Year High	3.88	2.43	7.40	5.50
	5-Year Low	0.34	0.91	4.24	3.83
	5-Year Median	0.67	1.56	6.29	5.05
EV/EBITDA TTM	Current	16.70	27.59	19.84	18.74
	5-Year High	69.92	86.41	23.68	22.41
	5-Year Low	4.93	7.48	12.03	13.87
	5-Year Median	12.89	15.02	18.35	17.96

As of 12/08/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Top 5% (13 out of 243)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
Teradata Corporation (TDC)	Outperform	1
Western Digital Corp..(WDC)	Outperform	1
GSI Technology, Inc. (GSIT)	Neutral	
Netlist, Inc. (NLST)	Neutral	4
NetApp, Inc. (NTAP)	Neutral	3
Pure Storage, Inc. (PSTG)	Neutral	3
Quantum Corporation (QMCO)	Neutral	3
Qualstar Corporation (QBAK)	NA	

Industry Comparison⁽¹⁾ Industry: Computer- Storage Devices

	SMCI	X Industry	S&P 500	NTAP	PSTG	WDC
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Outperform
Zacks Rank (Short Term)	3	-	-	3	3	1
VGM Score	B	-	-	C	F	F
Market Cap	19.30 B	11.11 B	39.38 B	22.91 B	23.44 B	60.29 B
# of Analysts	6	4.5	22	9	10	5
Dividend Yield	0.00%	0.00%	1.41%	1.80%	0.00%	0.28%
Value Score	B	-	-	C	F	F
Cash/Price	0.22	0.12	0.04	0.13	0.07	0.03
EV/EBITDA	14.76	13.76	14.60	13.76	79.81	21.62
PEG Ratio	0.74	2.06	2.23	2.06	2.16	1.02
Price/Book (P/B)	2.95	10.24	3.35	23.23	16.71	10.24
Price/Cash Flow (P/CF)	16.92	16.43	15.20	15.94	81.27	29.14
P/E (F1)	14.97	15.68	19.78	14.71	36.69	23.12
Price/Sales (P/S)	0.92	3.45	3.06	3.45	6.73	5.02
Earnings Yield	6.68%	5.22%	4.99%	6.80%	2.72%	4.33%
Debt/Equity	0.72	0.14	0.57	2.52	0.00	0.42
Cash Flow (\$/share)	1.91	1.91	8.99	7.26	0.88	6.05
Growth Score	C	-	-	C	C	D
Hist. EPS Growth (3-5 yrs)	73.98%	9.01%	8.16%	12.23%	44.01%	5.39%
Proj. EPS Growth (F1/F0)	4.85%	36.14%	8.57%	8.41%	14.79%	54.77%
Curr. Cash Flow Growth	-8.70%	9.32%	6.75%	9.32%	9.98%	651.27%
Hist. Cash Flow Growth (3-5 yrs)	47.72%	4.65%	7.43%	7.43%	53.55%	-1.50%
Current Ratio	5.39	1.34	1.19	1.34	1.65	1.21
Debt/Capital	41.75%	31.33%	38.01%	71.60%	0.00%	31.33%
Net Margin	3.77%	3.77%	12.78%	17.73%	3.74%	21.37%
Return on Equity	12.70%	21.80%	17.00%	121.28%	10.60%	30.89%
Sales/Assets	1.72	0.91	0.53	0.68	0.87	0.68
Proj. Sales Growth (F1/F0)	65.90%	1.40%	5.77%	2.80%	14.60%	22.60%
Momentum Score	C	-	-	B	F	F
Daily Price Chg	-4.97%	-5.38%	-1.07%	-2.90%	-6.00%	-5.80%
1 Week Price Chg	-6.80%	2.41%	-0.63%	-1.37%	1.26%	4.41%
4 Week Price Chg	-11.23%	8.71%	1.39%	5.68%	-15.69%	11.73%
12 Week Price Chg	-29.43%	15.45%	2.45%	-7.59%	-18.84%	65.38%
52 Week Price Chg	-11.30%	-3.10%	12.83%	-5.16%	11.96%	170.79%
20 Day Average Volume	21,675,328	1,875,664	2,728,366	2,222,698	5,342,901	6,952,051
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.00%	0.00%	0.00%	1.09%	-18.17%	0.00%
(F1) EPS Est 12 week change	-10.83%	-0.60%	0.69%	0.77%	-17.05%	18.39%
(Q1) EPS Est Mthly Chg	0.00%	-0.46%	0.00%	-0.92%	-13.65%	0.00%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	B
Growth Score	C
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.

Disclosures

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