Oct 11, 2024

Industrial Goods

AZZ

NYSE

Rating

Outperform

Unchanged

Current Price

$77.30

Target Price

$98.00

Market Capitalization

2.3B

Shares Outstanding

29.9M

Float

29

Institutional Holdings

94%

12-Month Low/High

$44.83/$88.67

Average 90-Day Volume

166520

Fiscal Year End

02/28/2025

Revenues ($ MIL)

Period	2024 A	2025 E	2026E
Q1	$390.9 A	$413.2 A	$425.6 E
Q2	$398.5 A	$409.0 A	$423.7 E
Q3	$381.6 A	$392.1 E	$411.7 E
Q4	$366.5 A	$370.2 E	$388.8 E
	$1,537.6 A	$1,584.5 E	$1,649.7 E

EPS ($)

Period	2024 A	2025 E	2026 E
Q1	$1.14 A	$1.46 A	$1.50 E
Q2	$1.27 A	$1.37 A	$1.54 E
Q3	$1.19 A	$1.18 E	$1.36 E
Q4	$0.93 A	$0.94 E	$1.05 E
	$4.53 A	$4.95 E	$5.45 E

AZZ Inc

Tempering Our Expectations; Rating Remains an Outperform

Second quarter financial results. For the fiscal year (FY) 2025, AZZ reported second quarter adjusted net income of $41.3 million or $1.37 per share compared to $37.2 million or $1.27 per share during the prior year period and our estimate of $40.8 million or $1.35 per share. AZZ maintained its FY 2025 sales guidance range of $1.525 billion to $1.625 billion, lifted the lower end of adjusted EBITDA to a range of $320 million (from $310 million) to $360 million, and increased adjusted diluted EPS expectations to a range of $4.70 to $5.10 from $4.50 to $5.00.

Updating estimates. We have lowered our 2025 EBITDA and EPS estimates to $343.0 million and $4.95, respectively, from $350.3 million and $5.00. Our estimates reflect seasonality in the second half of the year. Our 2026 EBITDA and EPS estimates have been reduced to $361.2 million and $5.45, respectively, from $366.8 million and $5.70. Our 2026 estimates reflect a slower ramp in revenue from the new facility under construction in Washington, Missouri.

Debt reduction. During the first half of FY25, AZZ generated operating cash flow of $119.4 million and reduced debt by $45 million. Management expects to reduce debt by at least $100 million during the fiscal year compared to prior expectations of $60 million to $90 million. At quarter end, the company's net leverage was 2.7x trailing twelve months EBITDA and cash and cash equivalents amounted to $2.2 million.

Rating is Outperform. Relative to our estimates, the strong financial performance was margin driven. While we have lowered our near-term estimates, we believe the company offers a favorable cash flow profile and growth outlook.

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Tempering Our Expectations; Rating Remains an Outperform

For the fiscal year (FY) 2025, AZZ reported second quarter adjusted net income of $41.3 million or $1.37 per share compared to $37.2 million or $1.27 per share during the prior year period and our estimate of $40.8 million or $1.35 per share. Adjusted EBITDA increased 4.4% to $91.9 million, roughly in line with our estimate, representing 22.5% of sales versus 22.1% of sales during the second quarter of FY 2024. While sales of $409.0 million were modestly below our $410.5 million estimate, AZZ generated a 25.3% gross margin as a percentage of sales compared to 24.4% during the prior year period and our estimate of 24.4%.

AZZ maintained its FY 2025 sales guidance range of $1.525 billion to $1.625 billion, lifted the lower end of adjusted EBITDA to a range of $320 million (from $310 million) to $360 million, and increased adjusted diluted EPS expectations to a range of $4.70 to $5.10 from $4.50 to $5.00.

AZZ Precoat Metals' new 250,000 square foot aluminum coil coating facility in Washington, Missouri is expected to contribute earnings beginning in fiscal year 2026. The facility is supported by a take-or-pay contract for approximately 75% of the output from the new plant which we estimate could generate approximately $50 million to $60 million of annual revenue. We expect EBITDA margins to be at the high end of the company's stated 17% to 22% range for the precoat metals segment. AZZ expects to begin equipment testing in the third quarter of fiscal year 2025 with plans to be operational by early in the 2025 calendar year.

Summary of Fiscal Year 2025 Second Quarter Financial Results

Consolidated sales increased 2.6% to $409.0 million compared to the prior year period. Gross margin amounted to $103.5 million, or 25.3% of sales, compared to $97.2 million, or 24.4% of sales, during the prior year period. Sales for the AZZ Metal Coatings segment increased 1.0% to $171.5 million due to increased volume and a higher selling price, partially offset by a decrease in other sales. The Metal Coatings segment generated a gross margin of $53.3 million, or 31.1% of sales, compared to $50.4 million, or 29.7% of sales, during the prior year period. Segment EBITDA of $54.4 million resulted in EBITDA margin of 31.7% versus 30.4% during the prior year period due to increased volume and enhanced zinc productivity. Sales for the AZZ Precoat Metals segment increased 3.8% to $237.5 million due to increased volume driven by growth in end markets, including construction, HVAC, and transportation. The Precoat Metals segment generated a gross margin of $50.2 million, or 21.1% of sales, compared to $49.9 million, or 20.5% of sales, during the prior year period. Segment adjusted EBITDA of $50.2 million resulted in EBITDA margin of 21.1% compared to 20.3% during the prior year period due to sales growth, favorable mix, and improved operational performance.

Compared to the prior year period, operating income increased 10.9% to $67.6 million. Operating income for the AZZ Metal Coatings segment increased 5.8% to $47.7 million due to increased sales and lower cost of sales. The decrease in cost of sales was attributed to a decline in the cost of zinc, partially offset by an increase in labor and overhead costs. Operating income for the AZZ Precoat Metals segment increased 9.0% to $42.5 million due to increased sales, offset by higher cost of sales. Cost of sales increased $5.5 million due to variable costs associated with the increase in steel volume processed, partially offset by a decrease in selling, general, and administrative expenses.

Compared to the prior year period, interest expense decreased 21.1% to $21.9 million compared to $27.8 million during the prior year period. The decline in interest expense was attributed to a decrease in the weighted average debt outstanding and a decline in the weighted average interest rate, along with higher capitalized interest.

Equity in earnings of unconsolidated subsidiaries increased 51.7% to $1.5 million compared to $1.0 million during the second quarter of FY 2024. The increase was attributed to higher earnings associated with the AVAIL JV, primarily driven by AVAIL’s enclosure business. During the first six months of fiscal year 2025, equity in earnings of unconsolidated subsidiaries amounted to $5.3 million. The company’s guidance for fiscal year 2025 includes approximately $15 to $18 million of equity income from AZZ’s minority interest in its unconsolidated subsidiary.

Debt Reduction and Declining Cost of Capital

During the second quarter, AZZ further reduced debt by $20 million and expects to reduce debt by at least $100 million during the fiscal year compared to prior expectations of $60 million to $90 million. At quarter end, the company's net leverage was 2.8x trailing twelve months EBITDA. Based on the company's strong first quarter fiscal year 2025 results and outlook, we have assumed AZZ will pay down $90 million of debt this fiscal year. AZZ recently executed a fourth amendment to its existing credit agreement and reduced the interest rate of Term Loan B by 75 basis points to the Adjusted Term Secured Overnight Financing Rate (SOFR) plus 250 basis points.

Capital Structure and Liquidity

As of August 31, AZZ's total liquidity of $312.9 million included available capacity of $310.7 million on its revolving credit facility, and cash and cash equivalents in the amount of $2.2 million. The company had long-term debt, net of $912.6 million. Capital expenditures during the first six months of FY 2025 were $59.5 million and full year fiscal year capital expenditures are expected to be $100 million to $120 million. AZZ expects to spend approximately $124.0 million on the new Washington, Missouri facility over the life of the project, of which $60.8 million was paid prior to 2025 and $35.6 million was paid during the six months ended August 31. The remaining balance of $27.6 million will be spent prior to the end of fiscal 2025. Absent acquisitions, we expect capital expenditures of approximately $60 million in fiscal year 2026.

Company Profile

Corporate Description

AZZ Inc. (AZZ) is North America's leading independent provider of hot-dip galvanizing and coil coating solutions to a broad range of end-markets. The company's Metals Coatings and Precoat Metals segments provide sustainable metal coating solutions that enhance the longevity and appearance of buildings, products, and infrastructure.

Fundamental Analysis – 4.0 / 5.0 Checks

Our fundamental assessment rating, separate from our investment rating and valuation, is based on five attributes consisting of corporate governance/management, market opportunity, competitive position, operating leverage, and financial leverage. We assign 4.0 checks out of 5.0 checks, which falls within our "Above Average" range. The company's corporate governance practices are shareholder friendly with nine of ten directors (including the chairman) being independent. We view AZZ's market opportunity favorably given expected above-average top-line growth due to growing demand for its product. AZZ's competitive position is favorable in the areas it serves given the location and proximity of its manufacturing facilities. Operating leverage is favorable given higher pricing and fixed costs. Financial leverage is below average given AZZ's debt leverage but improving. For further explanation of our fundamental analysis, refer to the disclosures at the end of this report.

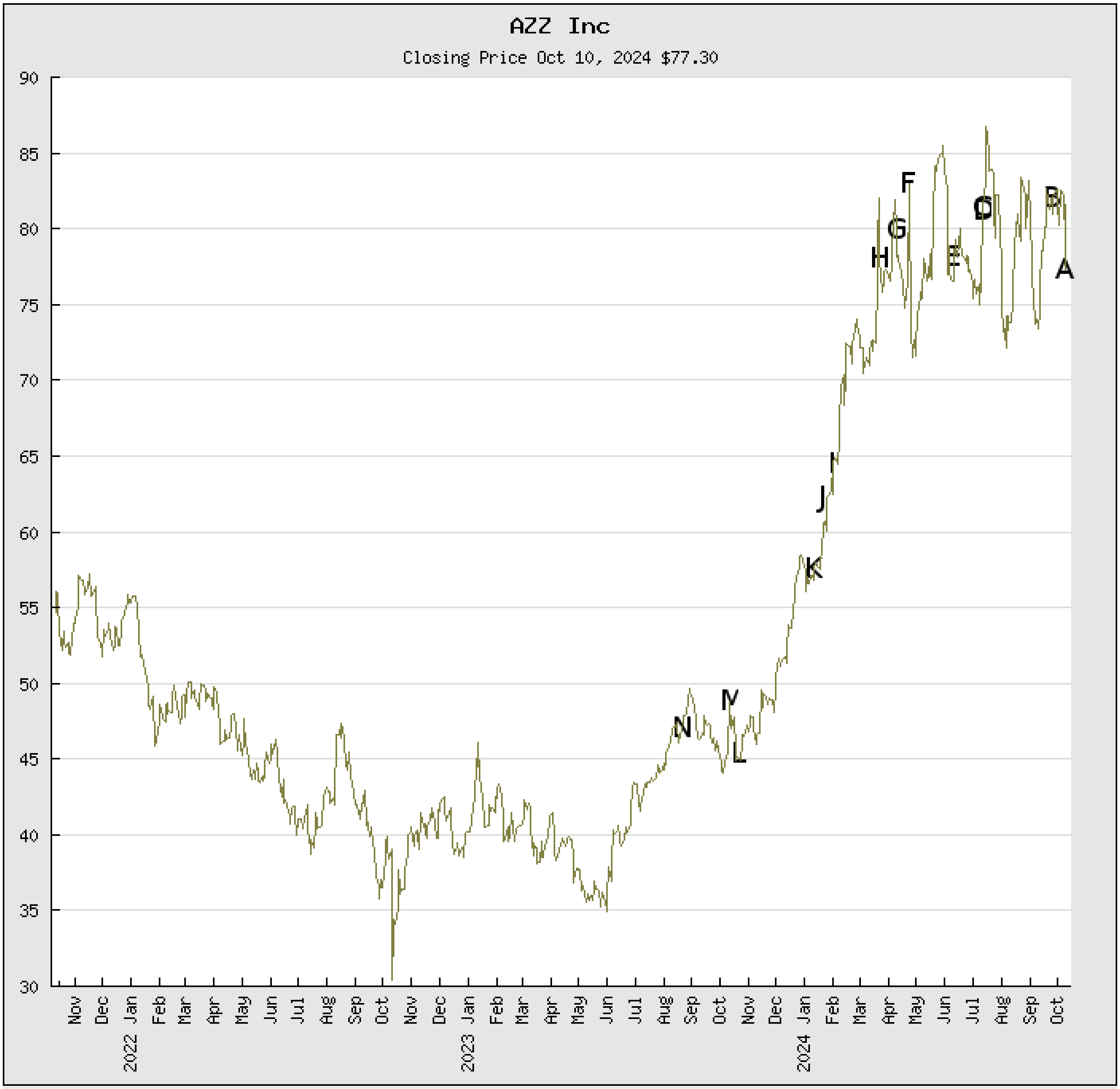
Valuation Summary

Our investment rating is Outperform with a 12-month price target of $98 per share. Our price target is based on a blended average of valuations. These include discounted cash flow (DCF) analysis, enterprise value/EBITDA, and price/earnings.

By almost any measure, AZZ shares trade at a discount to its peers. On an enterprise value/EBITDA basis, AZZ shares trade at 9.5x and 9.0x our fiscal year 2025 and 2026 adjusted EBITDA estimates versus comparable peer group averages of 11.1x and 11.0x, respectively. On a price-to-earnings basis, AZZ shares trade at multiples of 15.6x and 14.2x our fiscal year 2025 and 2026 adjusted EPS estimates, respectively, versus comparable group averages of 19.8x and 16.4x. Consistent with its favorable cash flow profile, we think AZZ shares could trade closer to peer group averages as the company continues to deleverage the balance sheet, improve its cost of capital, and more actively pursue bolt-on acquisitions. Using peer group averages, AZZ shares are valued at $89.20 and $101.52 per share on a P/E and EV/EBITDA basis. Our discounted cash flow analysis indicates a per share value of $103.26 per share. Our value is based on discounted free cash flows over a five-year period and adding a terminal value. We then add cash, subtract debt and divide by the shares outstanding. We have used an 8.0% discount rate. Averaging these three valuation measures indicates a per share value of $97.99 per share which we have rounded up to $98.

AZZ Inc.
(NYSE - AZZ)
Fiscal Year-End - February

	FY 2022A	FY 2023A	FY 2024A	May 1Q FY25A	Aug 2Q FY25A	Nov 3Q FY25E	Feb 4Q FY25E	FY 2025E	May 1Q FY26E	Aug 2Q FY26E	Nov 3Q FY26E	Feb 4Q FY26E	FY 2026E
Sales	525,598	1,323,649	1,537,589	413,208	409,007	392,099	370,164	1,584,478	425,604	423,652	411,717	388,768	1,649,741
Cost of sales	(379,445)	(1,027,706)	(1,174,128)	(310,538)	(305,493)	(302,764)	(289,444)	(1,208,238)	(323,068)	(317,021)	(318,146)	(303,127)	(1,261,363)
Gross margin	146,153	295,943	363,461	102,670	103,514	89,335	80,720	376,240	102,536	106,631	93,571	85,640	388,378
Selling, general, and administrative	(66,934)	(122,305)	(141,861)	(32,921)	(35,868)	(36,857)	(34,795)	(140,442)	(34,969)	(35,144)	(35,320)	(35,497)	(140,930)
Operating income	79,219	173,638	221,600	69,749	67,646	52,478	45,925	235,798	67,566	71,487	58,251	50,144	247,448
Interest expense	(6,363)	(88,800)	(107,065)	(22,774)	(21,909)	(19,805)	(18,543)	(83,031)	(17,661)	(17,661)	(17,661)	(17,661)	(70,644)
Equity in earnings of unconsolidated subsidiaries	0	2,597	15,407	3,824	1,478	7,838	3,860	17,000	3,834	1,482	7,858	3,870	17,043
Other income (expense), net	175	1,240	161	204	417	421	425	1,468	426	428	429	430	1,712
Income from continuing operations before income taxes	73,031	88,675	130,103	51,003	47,632	40,932	31,667	171,235	54,165	55,735	48,876	36,782	195,559
Income tax expense	(23,214)	(22,336)	(28,496)	(11,401)	(12,213)	(9,824)	(7,600)	(41,038)	(13,000)	(13,377)	(11,730)	(8,828)	(46,934)
Net income from continuing operations (GAAP)	49,817	66,339	101,607	39,602	35,419	31,108	24,067	130,197	41,166	42,359	37,146	27,954	148,625
Income (loss) from discontinued operations, net of tax	34,205	12,770	0	0	0	0	0	0	0	0	0	0	0
Loss on disposal of discontinued operations, net of tax	0	(132,083)	0	0	0	0	0	0	0	0	0	0	0
Net income (loss) from discontinued operations	34,205	(119,313)	0	0	0	0	0	0	0	0	0	0	0
Net income (loss)	84,022	(52,974)	101,607	39,602	35,419	31,108	24,067	130,197	41,166	42,359	37,146	27,954	148,625
Preferred stock dividends and redemption	0	(8,240)	(14,400)	(76,398)	0	0	0	(76,398)	0	0	0	0	0
Net income (loss) available to common shareholders	84,022	(61,214)	87,207	(36,796)	35,419	31,108	24,067	53,799	41,166	42,359	37,146	27,954	148,625
Diluted earnings (loss) per share:													
Earnings per common share from continuing operations	1.99	2.66	3.46	(1.38)	1.18	1.03	0.80	1.84	1.36	1.39	1.21	0.91	4.86
Earnings (loss) per common share from discontinued operations	1.36	(4.78)	0.00	0	0	0	0	0					
Earnings (loss) per common share	3.35	(2.12)	3.46	(1.38)	1.18	1.03	0.80	1.84	1.36	1.39	1.21	0.91	4.86
Adjusted Earnings Per Share:													
Net income from continuing operations (GAAP)	49,817	66,339	101,607	39,602	35,419	31,108	24,067	130,197	41,166	42,359	37,146	27,954	148,625
Less: preferred stock dividends and redemption premium	0	(8,240)	(14,400)	(76,398)	0	0	0	(76,398)	0	0	0	0	0
Net income from continuing operations	49,817	58,099	87,207	(36,796)	35,419	31,108	24,067	53,799	41,166	42,359	37,146	27,954	148,625
Impact of preferred stock dividends	0	8,240	14,400	1,200	0	0	0	1,200	0	0	0	0	0
Net income from continuing operations - adjusted	49,817	66,339	101,607	(35,596)	35,419	31,108	24,067	54,999	41,166	42,359	37,146	27,954	148,625
Adjustments:													
Restructuring and impairment charges	0	0	0	0	0	0	0	0	0	0	0	0	0
Acquisition and transaction-related expenditures	1,554	15,320	0	0	0	0	0	0	0	0	0	0	0
Amortization of intangible assets	6,658	22,613	23,960	5,793	5,787	5,816	5,845	23,241	5,874	5,904	5,933	5,963	23,674
Retirement and other severance expense	0	0	0	0	1,888	0	0	1,888	0	0	0	0	0
Redemption premium on Series A preferred stock	0	0	0	75,198	0	0	0	75,198	0	0	0	0	0
Legal settlement and accrual	0	0	17,043	0	0	0	0	0	0	0	0	0	0
Tax impact	(1,881)	(9,104)	(9,841)	(1,390)	(1,842)	(1,396)	(1,403)	(6,031)	(1,410)	(1,417)	(1,424)	(1,431)	(5,682)
Adjusted net income	56,148	95,168	132,769	44,005	41,252	35,529	28,509	149,295	45,630	46,846	41,655	32,486	166,617
Adjusted Earnings Per Share	**2.24**	**3.36**	**4.53**	**1.46**	**1.37**	**1.18**	**0.94**	**4.95**	**1.50**	**1.54**	**1.36**	**1.05**	**5.45**
Weighted average shares outstanding - Diluted	25,100	28,283	29,326	30,194	30,057	30,132	30,207	30,148	30,359	30,510	30,663	30,816	30,587
Common Dividend Per Share	0.68	0.68	0.68	0.17	0.17	0.17	0.17	0.68	0.17	0.17	0.17	0.17	0.68
Net income from continuing operations (GAAP)	49,817	66,339	101,607	39,602	35,419	31,108	24,067	130,197	41,166	42,359	37,146	27,954	148,625
Interest expense	6,363	88,800	107,065	22,774	21,909	19,805	18,543	83,031	17,661	17,661	17,661	17,661	70,644
Income tax expense	23,214	22,336	28,496	11,401	12,213	9,824	7,600	41,038	13,000	13,377	11,730	8,828	46,934
Depreciation and amortization	32,081	74,590	79,423	20,323	20,429	22,470	23,593	86,813	23,652	23,711	23,771	23,830	94,964
Adjustments:													
Acquisition and transaction-related expenditures	1,554	15,320	0	0	0	0	0	0	0	0	0	0	0
Retirement and other severance expenses	0	0	0	0	1,888	0	0	1,888	0	0	0	0	0
Legal settlement and accrual	0	0	17,043	0	0	0	0	0	0	0	0	0	0
Adjusted EBITDA from continuing operations (Non-GAAP)	113,029	267,385	333,634	94,100	91,858	83,207	73,804	342,966	95,479	97,108	90,307	78,273	361,167



10/10/2024 Outperform Target $100.00 Current $77.30	B - 09/26/2024 Outperform Target $100.00 Current $82.04
07/12/2024 Outperform Target $100.00 Current $81.43	D - 07/11/2024 Outperform Target $95.00 Current $81.15
06/11/2024 Outperform Target $95.00 Current $78.10	F - 04/23/2024 Market Perform Target $80.00 Current $82
04/09/2024 Market Perform Target $80.00 Current $79.87	H - 03/22/2024 Market Perform Target $75.00 Current $78
02/05/2024 Outperform Target $75.00 Current $64.45	J - 01/25/2024 Outperform Target $75.00 Current $62.26
01/11/2024 Outperform Target $60.00 Current $57.49	L - 10/24/2023 Outperform Target $60.00 Current $45.31
10/12/2023 Outperform Target $60.00 Current $48.79	N - 08/21/2023 Outperform Target $60.00 Current $47.03

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The fundamental assessment rating system is designed to provide insights on the company's fundamentals both on a macro level, which incorporates a company's market opportunity and competitive position, and on a micro/company specific level. The micro/company specific attributes include operating & financial leverage, and corporate governance/management. The number of check marks that a company receives is designed to provide a quick reference and easy determination of the company's fundamentals based upon the following five attributes of the company (weighting reflects the importance of each attribute in the overall scoring of company’s fundamental analysis):

Attribute	Weighting
Corporate Governance/Management	20%
Market Opportunity Analysis	20%
Competitive Position	20%
Operating Leverage	20%
Financial Leverage	20%

For each attribute, the analysts score the company from a low of zero to a high of ten based upon the analysis described below. The final rating and resulting check marks is a result of dividing the overall score (out of 100%) by ten.

Rating	Score	Checks
Superior	9.1 to 10	Five Checks
Superior	8.1 to 9	Four & A Half Checks
Above Average	7.1 to 8	Four Checks
Above Average	6.1 to 7	Three & A Half Checks
Average	5.1 to 6	Three Checks
Average	4 to 5	Two & A Half Checks
Below Average	3 to 3.9	Two Checks
Below Average	2 to 2.9	One & A Half Checks
Low Quality	0 to 1.9	One Check

While these are the attributes currently used for the analyst's fundamental analysis, the attributes and weighting may be reviewed, updated with additional attributes, and/or changed in the future based on discussions with the analysts and recommendations from the Director of Research.

Following is the description of each attribute in the fundamental analysis.

Corporate Governance/Management

We believe that a review of corporate governance and assessment of the senior management are important tools to determine investment merit. Good corporate governance aligns management with the interests of stakeholders. As such, analysts are to rank the company on the basis of good corporate governance principles that may include rules and procedures, board composition and staggered term limits, rights and responsibilities, corporate objectives, monitoring of actions and policies, and accountability. In addition, analysts will assess issues with controlling shareholders and whether decisions have been made in the past that were in the interests of all shareholders. In addition, management will be assessed based on industry experience, expertise, and/or track record.

High ranking example: Board and management that is aligned with the interests of shareholders with incentives based on stock price appreciation and with an experienced management team known for exceptional shareholder returns.

Low ranking example: Concentrated ownership without independent directors that do not necessarily align with all shareholders' interests.

The Market Opportunity Analysis

In this review, the analyst assesses the company's macro environment as a measure of understanding the industry. Factors considered include the size and growth potential of the industry under various economic conditions, the emerging demands in the market, technological benefits/disruptions, competition, geographical opportunities, and customer demands/needs, and an assessment of supply and distribution channels. In addition, the analyst will review legal and regulatory trends, as well as potential shifts in consumer or social behavior and natural environment changes.

High rank example: A company in an industry that is growing revenues well above GDP rates (which are on average 2% plus) and/or may have unmet or under-served needs in a rapidly growing market opportunity.

Low rank example: A mature industry that is in secular decline and likely to grow below GDP rates.

Competitive Position

The evaluation of the company's competitive position is another macro environment attribute designed to measure the relevance, market share, position and value proposition, and sustainable differentiations of the company and its products/services within its industry. Ease of entry into the industry and the ability of other well-funded players to potentially enter the market would be determined. As such, the assessment would consider the company's strengths and advantages of its products/services against weaknesses and limitations. This may include the company's current brand awareness, pricing and cost structure, current market strategies and geographic penetration that may affect demand for its products/services. In addition, the company's competitors would be evaluated.

High rank example: An analyst would consider the company's product to be superior to its competitors and that should allow the company to gain market share.

Low rank example: A company with a "me-too" product that does not have any significant technology advantages in an industry that has low barriers to entry.

Operating Leverage

Simplistically, operating leverage is determined by the operating income relative to changes in revenue. The analyst will calculate the impact on sensitivity on gross margins and variable costs to determine operating leverage. The analyst will take into account the ability of the company to cut fixed and variable costs in a challenged revenue environment and technological changes that may impact operating expenses. In addition, the analyst is to assess corporate strategies that include capital investment, which may be required for sustainable revenue growth, marketing expenses, and the company's ability to attract and retain talent and/or employees. The analyst should focus on the revenue opportunity and determine the price elasticity of demand for the company's products or services. In other words, the analyst is to rank the company based on improved operating margins going forward on an absolute and relative basis.

High rank example: A company that has improving margins for the foreseeable future, with significant price elasticity.

Low rank example: A company that is in a challenged revenue environment with a fixed cost structure and limited ability to cut costs, indicating an outlook for declining margins.

Financial Leverage

A strict definition of financial leverage is total debt divided by total shareholder's equity. Financial leverage analysis is to determine the company's ability to improve shareholder value by means of utilizing its balance sheet to grow organically or to acquire assets. Analysts may look at the company's debt to cash flow leverage ratio, interest coverage ratios, or debt to equity ratios. In addition, the interest rate environment and the outlook for interest rates are a factor in determining the company's ability to manage financial leverage. Finally, the analyst is expected to determine the ability to service the debt given the industry and/or company profile, such as cyclicality, barriers to entry, history of bankruptcy, consistency in revenue and profit growth, or predictability in sales and profits and large cash reserves. The analyst is expected to take into account capital intensity of the company and the anticipated of capital allocation decisions.

High rank example: A company with predictable and growing revenue and cash flow with modest debt levels. This may indicate that the company could improve shareholder value through growth investments, including acquisitions, using debt financing.

Low rank example: A company in a cyclical industry in a late stage economic cycle that has above average debt leverage and is in an industry that has a history of financial challenges, including bankruptcies.

ANALYST CREDENTIALS, PROFESSIONAL DESIGNATIONS, AND EXPERIENCE

Senior Equity Analyst focusing on Basic Materials & Mining. 20 years of experience in equity research. BA in Business Administration from Westminster College. MBA with a Finance concentration from the University of Missouri. MA in International Affairs from Washington University in St. Louis.
Named WSJ 'Best on the Street' Analyst and Forbes/StarMine's "Best Brokerage Analyst."
FINRA licenses 7, 24, 63, 87.

CONTINUING COVERAGE

Unless otherwise noted through the dropping of coverage or change in analyst, the analyst who wrote this research report will provide continuing coverage on this company through the publishing of research available through Noble Capital Market's distribution lists, website, third party distribution partners, and through Noble’s affiliated website, channelchek.com.

WARNING

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RESEARCH ANALYST CERTIFICATION

Independence Of View

All views expressed in this report accurately reflect my personal views about the subject securities or issuers.

Receipt of Compensation

No part of my compensation was, is, or will be directly or indirectly related to any specific recommendations or views expressed in the public appearance and/or research report.

Ownership and Material Conflicts of Interest

Neither I nor anybody in my household has a financial interest in the securities of the subject company or any other company mentioned in this report.

NOBLE RATINGS DEFINITIONS	% OF SECURITIES COVERED	% IB CLIENTS
Outperform: potential return is >15% above the current price	90%	25%
Market Perform: potential return is -15% to 15% of the current price	10%	3%
Underperform: potential return is >15% below the current price	0%	0%

NOTE: On August 20, 2018, Noble Capital Markets, Inc. changed the terminology of its ratings (as shown above) from "Buy" to "Outperform", from "Hold" to "Market Perform" and from "Sell" to "Underperform." The percentage relationships, as compared to current price (definitions), have remained the same.

Additional information is available upon request. Any recipient of this report that wishes further information regarding the subject company or the disclosure information mentioned herein, should contact Noble Capital Markets, Inc. by mail or phone.

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