

BancorpSouth Bank (BXS)

\$29.64 (As of 06/14/21)

Price Target (6-12 Months): **\$31.50**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 12/29/20)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:B

Value: A

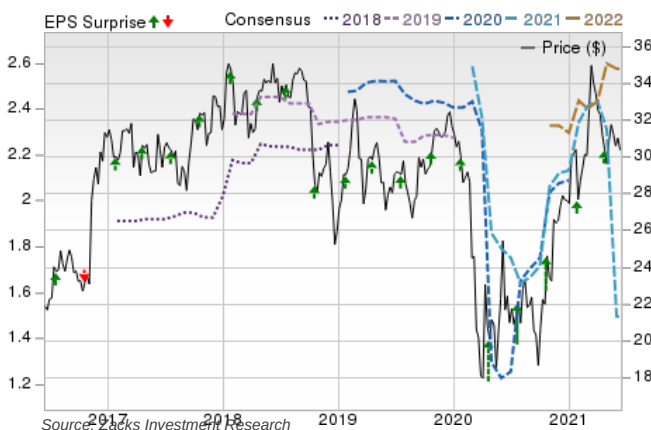
Growth: C

Momentum: B

Summary

Shares of BancorpSouth have underperformed the industry in the past six months. Nonetheless, it has an impressive earnings surprise history, having outpaced the Zacks Consensus Estimate in each of the trailing four quarters. Driven by solid liquidity, the company has been growing through opportunistic acquisitions. Its fee income growth is expected to continue, as lower interest rates are likely to result in higher originations, supporting the mortgage segment's performance. Despite low interest rates, decent lending scenario continues to support growth prospects. Also, capital-deployment activities are commendable. However, rising costs on investments in digitization efforts as well as concentrated loan portfolio might deter bottom-line growth. Further, asset quality is expected to remain strained due to pandemic-induced crisis.

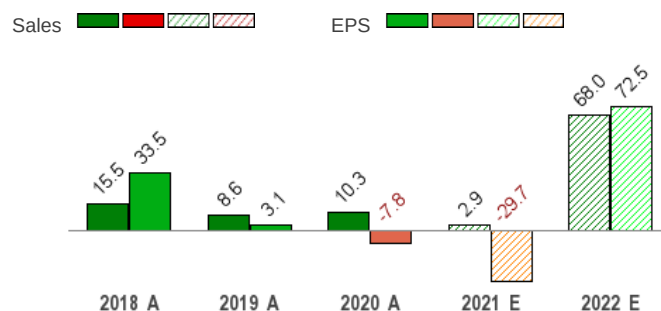
Price, Consensus & Surprise



Data Overview

52-Week High-Low	\$35.59 - \$18.11
20-Day Average Volume (Shares)	678,461
Market Cap	\$3.0 B
Year-To-Date Price Change	8.0%
Beta	1.25
Dividend / Dividend Yield	\$0.76 / 2.6%
Industry	Banks - Southeast
Zacks Industry Rank	Top 16% (40 out of 251)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	14.1%
Last Sales Surprise	2.5%
EPS F1 Estimate 4-Week Change	0.0%
Expected Report Date	07/19/2021
Earnings ESP	0.0%
P/E TTM	11.0
P/E F1	19.9
PEG F1	NA
P/S TTM	2.7

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	436 E	447 E	450 E	450 E	1,776 E
2021	261 A	263 E	273 E	268 E	1,057 E
2020	244 A	262 A	266 A	256 A	1,027 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	\$0.57 E	\$0.63 E	\$0.66 E	\$0.69 E	\$2.57 E
2021	\$0.73 A	\$0.68 E	\$0.68 E	-\$0.95 E	\$1.49 E
2020	\$0.33 A	\$0.59 A	\$0.69 A	\$0.69 A	\$2.12 A

*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 06/14/2021. The report's text and the analyst-provided price target are as of 06/15/2021.

Overview

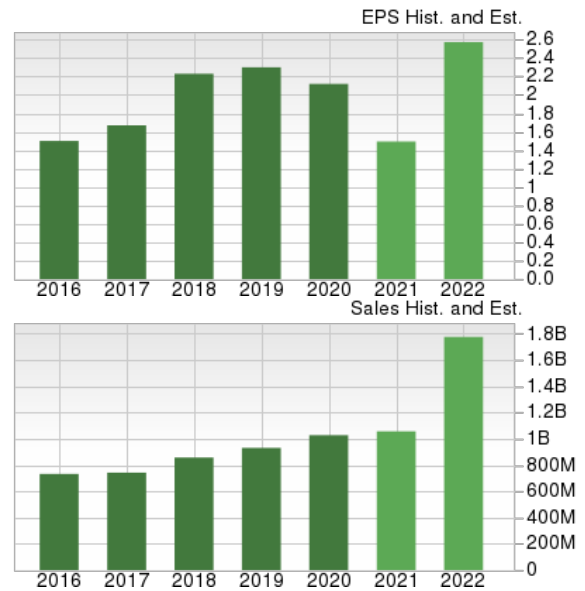
Founded in 1982 and based in Tupelo, MS, BancorpSouth Bank is a financial holding company. Apart from specializing in providing commercial banking and financial services to individuals and small-to-medium businesses, the company operates subsidiaries of investment services and insurance agencies, which engage in investment brokerage services and sale of other insurance products. The company offers its services through 325 offices in nine states.

BancorpSouth has traditionally focused on a strategy that includes expanding and diversifying of its franchise in terms of revenues, profitability and asset size, while maintaining a relationship-based approach to banking. The company primarily operates through the Banking Services Group segment, which provides a full range of deposit products, commercial loans and consumer loans. It also reports through this segment.

Other four reportable segments includes Mortgage segment, which offers mortgage banking activities and servicing of mortgage loans sold on a servicing retained basis. Also, Insurance Agencies segment provides agents for the sale of commercial lines of insurance and full lines of property and casualty, life, health and employee benefits products and services.

Wealth Management segment offers individuals, businesses, governmental institutions and non-profit entities solutions such as credit related products, trust and investment management, asset management, and much more. General Corporate and Other segment provides other activities not allocated to other segments.

On May 1, 2021, the bank completed the merger with National United Bancshares, Inc. and with FNS Bancshares, Inc. In January 2020, BancorpSouth completed its merger with Texas First Bancshares. In September 2019, the company completed the mergers with Van Alstyne Financial Corporation and Summit Financial Enterprises. In April 2019, the company completed the acquisitions of Merchants Trust, Inc. and Casey Bancorp, Inc., while in October 2018, the company purchased Icon Capital Corporation. In January 2018, the company acquired Ouachita Bancshares Corp. and Central Community Corporation. In October 2017, BancorpSouth completed the merger of the company with and into BancorpSouth, following which the bank continues as the surviving entity.



Reasons To Buy:

- ▲ BancorpSouth has been undertaking measures to improve its non-interest income. Fee income recorded a five-year (2016-2020) compound annual growth rate CAGR of around 26% mainly on higher credit and debit card income, along with rise in deposit service charges. The rising trend continued in the first quarter of 2021. The company's fee income is expected to continue rising in the quarters ahead, as lower interest rates are likely to result in higher originations and thereby support the mortgage segment's performance..
- ▲ BancorpSouth has a solid balance sheet position. As of Mar 31, 2021, the company had long-term debt of \$4.3 million and cash and due from banks of \$263.3 million. Further, with high cash level, its earnings before interest and tax have been 25.6 times the interest expenses and have increased in the past few quarters. With record of consistent earnings and strong liquidity position, BancorpSouth has an advantageous position if the economic situation worsens.
- ▲ We remain encouraged by BancorpSouth's ability to generate positive cash flows and enhance shareholders' value through regular dividend payments and share repurchases. Notably, in October 2020, the company raised its quarterly cash dividend by 2.7%. Also, in December 2020, BancorpSouth announced a share repurchase program of up to 6 million shares of its outstanding common stock, which commenced from Jan 4, 2021 and will conclude on Dec 31, 2021. Moreover, its debt/equity ratio compares favorably with that of the broader industry and the consistently improving performance over the last few quarters keep us encouraged.
- ▲ Driven by its solid liquidity position, BancorpSouth has been making strategic investments through mergers and acquisitions (M&As). For the past few years, the company has maintained an acquisition spree fortifying its footprint in various areas. These transactions are anticipated to keep being accretive to earnings. On May 1, the bank completed its proposed merger with National United Bancshares, Inc. and with FNS Bancshares, Inc, while in January 2020, the company completed the acquisition of Texas First Bancshares, and expanded presence geographically. Moreover, the company looks forward to tap similar opportunities in future as well.
- ▲ BancorpSouth has been witnessing rise in net interest margin (NIM) for the past few years. It improved in 2017, 2018 and 2019 as the upward repricing of loan and securities portfolios outpaced the increase in deposit costs. Though interest rates at near-zero level in order to support the U.S. economy from the coronavirus-induced slowdown might impact the company's NIM, decent lending scenario is likely to support. Markedly, NIM declined in 2020 and in the first quarter of 2021, on lower rates.

BancorpSouth's improving fee income is expected to aid bottom-line. Also, decent lending scenario continues to support growth prospects. The bank's inorganic growth efforts are commendable.

Reasons To Sell:

- ▼ Though BancorpSouth's non-interest expenses witnessed a declining trend in the first three months of 2021, it saw a three-year CAGR of 5.5% in 2020 due to rise in almost all components of expenses, including higher personnel costs. Further, the company's inorganic growth and digitization efforts are expected to result in higher expenses in the quarters ahead.
- ▼ BancorpSouth has significant exposure to consumer mortgage and commercial real estate loans. As of Mar 31, 2021, the company's exposure to these loan portfolios constituted around 59% of total loans. Such high exposure can be risky for the company signifying concentration risk amid uncertain markets.
- ▼ Though BancorpSouth's credit quality deteriorated in 2020 due to the pandemic, it witnessed a favorable trend in the first quarter of 2021. Though allowance for credit losses increased, net charge-offs and provisions declined. Notably, the company is consistently making efforts to reduce problematic assets, thus the asset quality is expected to remain strained on coronavirus crisis.
- ▼ Shares of BancorpSouth have underperformed the industry in the past six months. With this unfavorable trend, the company's earnings estimate for the current year has been revised 36% downward over the past 60 days. Therefore, given the above-mentioned concerns and downward estimate revision, the stock has limited upside potential.

BancorpSouth's huge exposure to consumer mortgage and commercial real estate loans remain a concern. Rising cost base due to investment in technology and deteriorating credit metrics are headwinds.

Last Earnings Report

BancorpSouth Q1 Earnings Beat on Solid Revenues

BancorpSouth delivered a earnings surprise of 14.1% in first-quarter 2021 on higher interest income. Net operating earnings of 73 cents per share beat the Zacks Consensus Estimate of 64 cents. Also, the bottom line compares favorably with the 33 cents reported in the year-ago quarter.

Higher net revenues were aided by increases in net interest revenue and non-interest revenues. Moreover, higher deposit balances and decreasing costs aided the company. However, shrinking NIM and loan growth were major drags.

The company's net income for the March-end quarter amounted to \$81.6 million or 77 cents per share, up from the \$24.3 million or 21 cents reported in the year-ago quarter.

Quarter Ending	03/2021
Report Date	Apr 21, 2021
Sales Surprise	2.46%
EPS Surprise	14.06%
Quarterly EPS	0.73
Annual EPS (TTM)	2.70

Revenues & Deposits Climb, Expenses Fall

Net revenues for the reported quarter increased 6.9% year over year to \$260.8 million. In addition, the top-line figure surpassed the Zacks Consensus Estimate of \$254.46 million.

Net interest revenues for the quarter came in at \$172.8 million, up 3.2% year over year. Fully-taxable equivalent NIM was 3.15%, contracting 39 basis points (bps) year over year.

Non-interest revenues climbed 15% year over year to \$87.9 million. The figure included a positive mortgage servicing rights valuation adjustment of \$7.4 million. This upswing resulted from rise in all the components except for deposit service charge fees and other non-interest revenues.

Non-interest expenses were \$155.8 million, down 7.3% year on year. This downside stemmed primarily from lower salaries, other non-interest expenses and merger-related expenses.

As of Mar 31, 2021, total deposits were \$20.5 billion, up 4.4% sequentially, while loans and leases, net of unearned income, edged down 1.3% sequentially to \$15.03 billion.

Credit Quality Strengthens

Non-performing loans and leases were 0.67% of net loans and leases as of Mar31, 2021, down from 0.9% as of Mar31, 2020. Also, non-performing assets were \$110.7 million, down 19.7% from the prior-year quarter. In addition, during the January-March period, the company recorded no provision for credit losses as against the \$46 million in provisions reported in the year-ago quarter.

However, allowance for credit losses to net loans and leases was 1.74% as of Mar31, 2021, up 21 bps year on year.

Capital Position

As of Mar 31, 2021, tier 1 capital and tier 1 leverage capital ratios were 11.95% and 8.59% compared with the 11.1% and 8.9%, respectively, recorded at the end of the prior-year quarter.

However, the ratio of tangible shareholders' equity to tangible assets shrunk 74 bps to 8.08%. Additionally, ratio of its total shareholders' equity to total assets was 10.9% at the end of the first quarter, down from 12.7% as of Mar31, 2020.

Recent News

BancorpSouth Closes National United, FNS Bancshares Deals – May 3, 2021

BancorpSouth has completed the proposed mergers with National United Bancshares (the parent company of National United) and FNS Bancshares (the parent company of FNB Bank) effective May 1, 2021.

The deal with FNS Bancshares was announced in January 2021, while the one with National United was announced in December 2020.

The chairman and CEO of BancorpSouth, Dan Rollins, stated, "We're pleased to announce the completion of these two mergers, which represent positive steps forward in our growth strategy. Both National United and FNB Bank are excellent complements to our existing company. By combining with them, we're able to expand our presence in key markets and align with respected bankers who share our commitment to service."

Notably, as of Dec 31, 2021, National United and FNS Bancshares collectively reported assets worth \$1.5 billion, loans of \$930 million and deposits of \$1.4 billion.

At the time of the deal announcement, it was agreed that BancorpSouth will issue 2.98 million shares of common stock and distribute \$18 million in cash for all outstanding shares of FNS Bancshares. For the National United merger, BancorpSouth agreed to pay \$33.25 million in cash and 3.11 million of its shares.

BancorpSouth's area chairman and former president and CEO of National United, Eugene Worthington, said, "We're pleased to join BancorpSouth's team and have the ability to provide expanded banking services to our customers in Central Texas and additional growth opportunities for our employees. This has been a positive experience for everyone involved and will provide significant long-term value for our stakeholders."

Similarly, Steve Rownd, the president of BancorpSouth Tennessee Valley division and former CEO of FNS Bancshares, said, "The completion of this merger is a great accomplishment for our organization. We're pleased to be partnering with a strong, growing company like BancorpSouth and feel confident that this combination will be beneficial to our employees, customers and communities across Alabama, Georgia and Tennessee."

BancorpSouth to Merge With Cadence in All-Stock Deal – Apr 12, 2021

With consolidations in the banking sector gaining traction, BancorpSouth and Cadence Bancorporation have entered into a merger agreement. The all-stock deal will create a leading Texas and Southeastern regional bank.

Post completion, the combined entity will operate under the name and brand of Cadence with two headquarters in Tupelo, MS and Houston, TX. Also, it is expected to have a market value of more than \$6 billion.

Dan Rollins, CEO at BancorpSouth noted, "Cadence has built an impressive commercial banking franchise that when combined with the strengths of our team at BancorpSouth seems to be a perfect fit. This strategic merger will allow us to expand our reach and offerings with minimal overlap in our existing branch network."

However, the deal awaits certain customary approvals by shareholders of both companies and customary regulatory approvals. The transaction is anticipated to close in fourth-quarter 2021.

Terms of the Deal

Under the terms agreed, each common shareholder of Cadence will get stock equivalent to 0.70 of BancorpSouth share. Also, they will be entitled to a one-time special cash dividend of \$1.25 per share in conjunction with the closing of the merger.

Post deal, BancorpSouth shareholders will own about 55% of the combined company and Cadence shareholders will own 45%.

Notably, the company will combine the best of both brands and logos. The bank will have operations centers in Tupelo, MS and Birmingham, AL as well as specialty sites in Macon, GA; Starkville, MS; and Houston, TX.

Coming to leadership, Dan Rollins will be the Chairman and CEO and Paul Murphy will serve as Executive Vice Chairman of the combined company. The board of directors will initially comprise 20 directors, consisting of 11 from BancorpSouth and nine from Cadence.

Keefe, Bruyette & Woods served as exclusive financial advisor to BancorpSouth, while Goldman Sachs and JPMorgan advised Cadence.

Financial Benefits

Both firms foresee long-term financial benefits from the transaction, which seems attractive for shareholders. The deal is likely to be 17% accretive to earnings of both companies by year-end 2022, assuming fully realized cost savings. EPS might be 14% accretive if 75% cost savings are realized.

Also, immediate accretion to tangible book value per share at close is expected. Pro forma CET 1 ratio of 11.3% and ratio of allowance for credit losses to loans of 2.5% estimated at the close of the transaction.

Dividend Update

On Apr 28, BancorpSouth's board of directors announced a quarterly cash dividend of 19 cents per share. The dividend was paid out on Jul 1 to

its shareholders on record as of Jun 15, 2021.

Valuation

BancorpSouth's shares are up 8% in the year-to-date period and 26.4% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Finance sector are up 33.6% and 20% in the year-to-date period. Over the past year, the Zacks sub-industry and sector are up 79.5% and 45.7%, respectively.

The S&P 500 Index is up 13.8% in the year-to-date period and 40.6% in the past year.

The stock is currently trading at 14.93X forward 12 months earnings, which compares to 12.25X for the Zacks sub-industry, 16.62X for the Zacks sector and 21.85X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 20.7X and as low as 7.49X, with a 5-year median of 13.8X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$31.50 price target reflects 15.87X forward earnings.

The table below shows summary valuation data for BXS

Valuation Multiples - BXS					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	14.93	12.25	16.62	21.85
	5-Year High	20.70	18.10	17.24	23.83
	5-Year Low	7.49	8.52	11.60	15.31
	5-Year Median	13.80	12.98	14.94	18.05
P/TB TTM	Current	1.74	2.78	4.58	17.78
	5-Year High	2.42	3.37	4.61	17.78
	5-Year Low	1.13	1.21	2.09	8.07
	5-Year Median	1.95	2.60	3.62	11.59
P/S F12M	Current	2.20	4.95	8.56	4.73
	5-Year High	4.06	5.13	8.56	4.74
	5-Year Low	1.82	2.44	5.08	3.21
	5-Year Median	3.15	4.21	6.21	3.72

As of 06/14/2021

Source: Zacks Investment Research

Industry Analysis Zacks Industry Rank: Top 16% (40 out of 251)



Top Peers

Company (Ticker)	Rec	Rank
Ameris Bancorp (ABCB)	Outperform	2
Hancock Whitney Corporation (HWC)	Outperform	2
South State Corporation (SSB)	Outperform	2
United Bankshares, Inc. (UBSI)	Outperform	2
Cadence Bancorp (CADE)	Neutral	3
F.N.B. Corporation (FNB)	Neutral	3
Pinnacle Financial Partners, Inc. (PNFP)	Neutral	3
Simmons First National Corporation (SFNC)	Neutral	3

The positions listed should not be deemed a recommendation to buy, hold or sell.

Industry Comparison Industry: Banks - Southeast				Industry Peers		
	BXS	X Industry	S&P 500	ABCB	SSB	UBSI
Zacks Recommendation (Long Term)	Neutral	-	-	Outperform	Outperform	Outperform
Zacks Rank (Short Term)	3	-	-	2	2	2
VGM Score	B	-	-	A	A	F
Market Cap	3.04 B	406.01 M	30.26 B	3.75 B	6.08 B	4.86 B
# of Analysts	5	3	12	3	5	4
Dividend Yield	2.56%	1.91%	1.29%	1.12%	2.20%	3.72%
Value Score	A	-	-	B	B	D
Cash/Price	0.19	0.72	0.05	0.73	0.99	0.61
EV/EBITDA	7.88	3.85	17.28	3.85	2.50	6.99
PEG F1	NA	1.25	2.12	NA	NA	NA
P/B	1.14	1.18	4.16	1.36	1.29	1.12
P/CF	10.09	12.74	17.62	11.31	17.33	17.01
P/E F1	19.72	11.68	21.40	10.22	12.51	14.13
P/S TTM	2.67	2.98	3.49	3.04	4.33	3.94
Earnings Yield	5.03%	8.56%	4.58%	9.79%	7.99%	7.07%
Debt/Equity	0.11	0.16	0.66	0.20	0.10	0.19
Cash Flow (\$/share)	2.94	2.54	6.83	4.75	4.94	2.21
Growth Score	C	-	-	B	B	F
Historical EPS Growth (3-5 Years)	13.16%	12.21%	9.44%	17.93%	3.51%	6.57%
Projected EPS Growth (F1/F0)	-29.53%	41.56%	21.49%	21.40%	33.63%	10.94%
Current Cash Flow Growth	1.04%	-1.05%	0.86%	33.84%	48.34%	15.90%
Historical Cash Flow Growth (3-5 Years)	10.78%	12.37%	7.28%	47.62%	20.33%	14.93%
Current Ratio	0.73	0.91	1.39	1.04	0.93	0.96
Debt/Capital	9.65%	13.40%	41.51%	16.63%	9.22%	15.82%
Net Margin	25.07%	23.97%	11.95%	29.84%	17.34%	28.83%
Return on Equity	10.87%	9.97%	16.36%	14.46%	8.88%	8.32%
Sales/Assets	0.05	0.04	0.51	0.06	0.04	0.05
Projected Sales Growth (F1/F0)	2.85%	0.00%	9.48%	-3.50%	25.91%	-0.82%
Momentum Score	B	-	-	B	A	F
Daily Price Change	-2.34%	-0.80%	0.18%	-0.98%	-0.79%	-0.71%
1-Week Price Change	-2.10%	-1.15%	0.68%	-3.90%	-3.91%	-3.44%
4-Week Price Change	-6.35%	-1.29%	2.21%	-4.90%	-4.57%	-11.11%
12-Week Price Change	-10.70%	3.05%	7.98%	-0.76%	3.38%	-2.49%
52-Week Price Change	35.59%	51.11%	38.76%	122.62%	66.43%	35.63%
20-Day Average Volume (Shares)	678,461	20,107	1,769,004	403,165	245,051	396,793
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.00%	0.09%	0.00%
EPS F1 Estimate 4-Week Change	0.00%	0.00%	0.02%	3.46%	1.31%	-1.48%
EPS F1 Estimate 12-Week Change	8.09%	17.76%	3.44%	20.20%	17.10%	11.59%
EPS Q1 Estimate Monthly Change	0.00%	0.00%	0.00%	3.40%	-0.49%	-1.37%

Source: Zacks Investment Research

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 maintain a 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	A
Growth Score	C
Momentum Score	B
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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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.

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Returns quoted represent past performance which is no guarantee of future results. Investment returns and principal value will fluctuate so that when shares are redeemed, they may be worth more or less than their original cost. Current performance may be higher or lower than the performance shown.

Investing involves risk; principal loss is possible. There is no guarantee that companies that can issue dividends will declare, continue to pay or increase dividends.

Glossary of Terms and Definitions

52-Week High-Low: The range of the highest and lowest prices at which a stock has traded during the past year. This range is determined based on the stock's daily closing price which may differ from the intra-day high or low. Many investors use it as a technical indicator to determine a stock's current value and future price movement. The idea here is that if price breaks out from the 52-week range, in either direction, the momentum may continue in the same direction.

20-Day Average Volume (Shares): The average number of shares of a company traded in a day over the last 20 days. It is a direct indication of a security's overall liquidity. The higher the average daily trading volume, the easier it is to enter or exit the stock at a desired price with more buyers and sellers being available.

Daily Price Change: This is the percentage difference between a trading day's closing price and the prior trading day's closing price. This item is updated at 9 p.m. EST each day.

1-Week Price Change: This is the percentage change in a stock's closing price over the last 5 trading days. This change reflects the collective buying and selling sentiment over the 1-week period.

A strong weekly price increase for the stock, especially when accompanied by increased volume, is an indication of it gaining momentum.

4-Week Price Change: This is the percentage change in a stock's closing price over the last 20 trading days or past 4 weeks. This is a medium-term price change metric and an indication of the stock gaining momentum.

12-Week Price Change: This is the percentage change of a stock's closing price over the last 60 trading days or past 12 weeks. Similar to 4-week price change, this is a medium-term price change metric. It shows whether a stock has been enjoying strong investor demand, or if it has been in consolidation, or distress over this period.

52-Week Price Change: This is the percentage change in a stock's closing price over the last 260 trading days or past 52 weeks. This long-term price change metric is a good reference point for investors. Some investors seek stocks with the best percentage price change over the last 52 weeks, expecting the momentum to continue.

Market Cap: The number of outstanding common shares of a company times its latest price per share. This figure represents a company's size, which indicates various characteristics, including price stability and risk, in which investors could be interested.

Year-To-Date Price Change: Change in a stock's daily closing price in the period of time beginning the first day of the current calendar year through to the previous trading day.

of Analysts: Number of EPS estimates used in calculating the current-quarter consensus. These estimates come from the brokerage analysts tracking this stock. However, the number of such analysts tracking this stock may not match the number of estimates, as all brokerage analysts may not come up with an estimate or provide it to us.

Beta: A measure of risk commonly used to compare the volatility of a stock to the overall market. The S&P 500 Index is the base for calculating beta and carries a value of 1. A stock with beta below 1 is less risky than the market as a whole. And a stock with beta above 1 is riskier.

Dividend: The portion of earnings a company is expected to distribute to its common shareholders in the next 12 months for each share they own. Dividends are usually paid quarterly. Dividend payments reflect positively on a company and help maintain investors' trust. Investors typically find dividend-paying stocks appealing because the dividend adds to any market price appreciation to result in higher return on investment (ROI). Moreover, a steady or increasing dividend payment provides investors a cushion in a down market.

Dividend Yield: The ratio of a company's annual dividend to its share price. The annual dividend used in the ratio is calculated based on the most recent dividend paid by the company. Dividend yield is an estimate of the dividend-only return from a stock in the next 12 months. Since dividend itself doesn't change frequently, dividend yield usually changes with a stock's price movement. As a result, often an unusually high dividend yield is a result of weak stock price.

S&P 500 Index: The Standard & Poor's 500 (S&P 500) Index is an unmanaged group of securities considered to be representative of the stock market in general. It is a market-capitalization-weighted index of stocks of the 500 largest U.S. companies. Each stock's weight in the index is proportionate to its market value.

Industry: One of the 250+ groups that Zacks classifies all stocks into based on the nature of business. These groups are termed as expanded (aka "X") industries and map to their respective (economic) sectors; Zacks has 16 sectors.

Zacks Industry Rank: The Zacks Industry Rank is determined by calculating the average Zacks Rank for all stocks in the industry and then assigning an ordinal rank to it. For example, an industry with an average Zacks Rank of 1.6 is better than an industry with an average Zacks Rank of 2.3. So, the industry with the better average Zacks Rank would get a better Zacks Industry Rank. If an industry has the best average Zacks Rank, it would be considered the top industry (1 out of 250+), which would place it at the top 1% of Zacks-ranked industries. Studies have shown that roughly half of a stock's price movement can be attributed to the industry group it belongs to. In fact, the top 50% of Zacks-ranked industries outperforms the bottom 50% by a factor of more than 2 to 1.

Last EPS Surprise: The percentage deviation of a company's last reported earnings per share from the Zacks Consensus Estimate. Companies with a positive earnings surprise are more likely to surprise again in the future (or miss again if they recently missed).

Last Sales Surprise: The percentage deviation of a company's last reported sales from the Zacks Consensus Estimate.

Expected Report Date: This is an estimated date of a company's next earnings release. The information originated or gathered by Zacks Investment Research from its information providers or publicly available sources is the basis of this estimate.

Earnings ESP: The Zacks Earnings ESP compares the Most Accurate Estimate to the Zacks Consensus Estimate for the yet-to-be reported quarter. The Most Accurate Estimate is the most recent version of the Zacks Consensus EPS Estimate. The idea here is that analysts revising their estimates closer to an earnings release have the latest information, which could potentially be more accurate than what they and others contributing to the consensus had predicted earlier. Thus, a positive or negative Earnings ESP reading theoretically indicates the likely deviation of the actual earnings from the consensus estimate. However, the model's predictive power is significant for positive ESP readings only. A positive Earnings ESP is a strong predictor of an earnings beat, particularly when combined with a Zacks Rank #1 (Strong Buy), #2 (Buy) or #3 (Hold). Our research shows that stocks with this combination produce a positive surprise nearly 70% of the time.

Periods:

TTM: Trailing 12 months. Using TTM figures is an effective way of analyzing the most-recent financial data in an annualized format that helps neutralize the effects of seasonality and other quarter-to-quarter variation.

F1: Current fiscal year. This period is used to analyze the estimates for the ongoing full fiscal year.

F2: Next fiscal year. This period is used to analyze the estimates for the next full fiscal year.

F12M: Forward 12 months. Using F12M figures is an effective way of analyzing the near-term (the following four unreported quarters) estimates in an annualized manner. Instead of typically representing estimates for the full fiscal year, which may not represent the nitty-gritty of each quarter, F12M figures suggest an all-inclusive annualized estimate for the following four quarters. The annualization helps neutralize the potential effects of seasonality and other quarter-to-quarter variations.

P/E Ratio: The price-to-earnings ratio measures a company's current market price per share relative to its earnings per share (EPS). Usually, the trailing-12-month (TTM) EPS, current-fiscal-year (F1) EPS estimate, or forward-12-month (F12M) EPS estimate is used as the denominator. In essence, this ratio shows what the market is willing to pay today for each dollar of EPS. In other words, this ratio gives a sense of what the relative value of the company is at the already reported level of earnings or at a future level of earnings.

It is one of the most widely-used multiples for determining the value of a company and helps comparing its valuation with that of a competitor, the industry group or a benchmark.

PEG Ratio: The price/earnings to growth ratio is a stock's P/E ratio using current fiscal year (F1) EPS estimate divided by its expected EPS growth rate over the coming 3 to 5 years. This ratio essentially determines a stock's value by factoring in the company's expected earnings growth and is thus believed to provide a more complete picture than just the P/E ratio, particularly for faster-growing companies.

P/S Ratio: The price-to-sales ratio is calculated as a company's current price per share divided by trailing 12 months (TTM) sales or revenues per share. This ratio shows what the market is willing to pay today for each dollar of TTM sales per share. The P/S ratio is at times the only valuation metric when the company has yet to become profitable.

Cash/Price Ratio: The cash-to-price ratio or Cash Yield is calculated as cash and marketable securities per share divided by the company's current share price. Like the earnings yield, which shows the anticipated yield (or return) on a stock from earnings for each dollar invested, the cash yield does the same, with cash being the source of return instead of earnings. For example, a cash/price ratio of 0.08 suggests a return of 8% or 8 cents for every \$1 investment.

EV/EBITDA Ratio: The EV/EBITDA ratio, also known as Enterprise Multiple, is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by EBITDA (earnings before interest, taxes, depreciation and amortization). Usually, trailing-12-month (TTM) or forward-12-month (F12M) EBITDA is used as the denominator.

EV/Sales Ratio: The enterprise value-to-sales ratio is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by annual sales. It is an expansion of the P/S valuation, which uses market value instead of enterprise value. The EV/Sales ratio is perceived as more accurate than P/S, in part, because the market capitalization does not take a company's debt into account when valuing it.

EV/CF Ratio: The enterprise value-to-cash flow ratio is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by the trailing-12-month (TTM) operating cash flow. It's a measure of how long it would take to buy the entire business if you were able to use all the company's operating cash flow.

The EV/CF ratio is perceived as more accurate than the P/CF ratio, in part, because the market price does not take a company's debt into account when valuing it.

EV/FCF Ratio: The enterprise value-to-free cash flow metric compares a company's enterprise value to its trailing-12-month (TTM) free cash flow (FCF). This metric is very similar to the EV/CF ratio, but is considered a more exact measure owing to the fact that it uses free cash flow, which subtracts capital expenditures (CAPEX) from a company's total operating cash flow, thereby reflecting the actual cash flow available for funding growth activities and payments to shareholders.

P/EBITDA Ratio: The P/EBITDA ratio is calculated as a company's per share market value divided by EBITDA (earnings before interest, taxes, depreciation, and amortization). This metric is very similar to the EV/EBITDA ratio, but is considered a little less exact measure as it uses market price, which does not take a company's debt into account. However, since EBITDA is often considered a proxy for cash income, the metric is used as a measure of what the market is willing to pay today for each dollar of the company's cash profitability in the trailing 12 months (TTM) or forward 12 months (F12M).

P/B Ratio: The price-to-book ratio is calculated as a company's current price per share divided by its book value (total assets – liabilities – preferred stocks) per share. In short, the book value is how much a company is worth. In other words, it reflects the total value of a company's assets that its common shareholders would receive if it were to be liquidated. So, the P/B ratio indicates whether you're paying higher or lower than what would remain if the company went bankrupt immediately. Investors typically use this metric to determine how a company's stock price stacks up to its intrinsic value.

P/TB Ratio: The price-to-tangible-book value ratio is calculated as the per share market value of a company divided by the value of its tangible assets (total assets – liabilities – preferred stocks – intangible assets) per share. Tangible book value is the same thing as book value except it excludes the value of intangible assets to get a step closer to the baseline value of the company.

P/CF Ratio: The price-to-cash flow ratio measures a company's per share market price relative to its trailing-12-month (TTM) operating cash flow per share. This metric is used to determine whether a company is undervalued or overvalued relative to another stock, industry or sector. And like the P/E ratio, a lower number is typically considered better from the value perspective.

One of the reasons why P/CF ratio is often preferred over P/E ratio is the fact that operating cash flow adds back non-cash expenses such as depreciation and amortization to net income. This feature helps valuing stocks that have positive cash flow but are not profitable because of large noncash charges.

P/FCF Ratio: The price-to-free cash flow ratio is an extension of P/CF ratio, which uses trailing-12-month (TTM) free cash flow per share instead of operating cash flow per share. This metric is considered a more exact measure than P/CF ratio, as free cash flow subtracts capital expenditures (CAPEX) from a company's total operating cash flow, thereby reflecting the actual cash flow available for funding activities that generate additional revenues.

Earnings Yield: The earnings yield is calculated as current fiscal year (F1) EPS estimate divided by the company's current share price. The ratio, which is the inverse of the P/E ratio, measures the anticipated yield (or return) from earnings for each dollar invested in a stock today.

For example, earnings yield for a stock, which is trading at \$35 and expected to earn \$3 per share in the current fiscal year (F1), would be 0.0857 ($3/35 = 0.0857$) or 8.57%. In other words, for \$1 invested in the stock today, the yield from earnings is anticipated to be 8.57 cents.

Investors most commonly compare the earnings yield of a stock to that of a broad market index (such as the S&P 500) and prevailing interest rates, such as the current 10-year Treasury yield. Since bonds and stocks compete for investors' dollars, stock investors typically demand a higher yield for the extra risk they assume compared to investors of U.S. Treasury-backed securities that offer virtually risk-free returns. This additional return is referred to as the risk premium.

Debt/Equity Ratio: The debt-to-equity ratio is calculated as a company's total liabilities divided by its shareholder equity. This metric is used to gauge a company's financial leverage. In other words, it is a measure of the degree to which a company is financing its operations through debt versus its own funds. The higher the ratio, the higher the risk for shareholders.

However, this ratio is difficult to compare across industry groups where ideal amounts of debt vary. Some businesses are more capital intensive than others and typically require higher debt to finance their operations. So, a company's debt-to-equity ratio should be compared with other companies in the same industry.

Cash Flow (\$/share): Cash flow per share is calculated as operating cash flow (after-tax earnings + depreciation + other non-cash charges) divided by common shares outstanding. It is used by many investors as a measure of a company's financial strength. Since cash flow per share takes into consideration a company's ability to generate cash by adding back non-cash expenses, it is regarded by some as a more accurate measure of a company's financial situation than earnings per share, which could be artificially deflated.

Current Ratio: The current ratio or liquidity ratio is a company's current assets divided by its current liabilities. It measures a company's ability to pay short-term obligations. A current ratio that is in line with the industry average or slightly higher is generally considered acceptable. A current ratio that is lower than the industry average would indicate a higher risk of distress or default. A higher number is usually better. However, a very high current ratio compared to the industry average could be an indication of inefficient use of assets by management.

Debt/Capital Ratio: Debt-to-capital ratio is a company's total debt (interest-bearing debt + both short- and long-term liabilities) divided its total capital (interest-bearing debt + shareholders' equity). It is a measure of a company's financial leverage. All else being equal, the higher the debt-to-capital ratio, the riskier the stock.

However, this ratio can vary widely from industry to industry, the ideal amount of required debt being different. Some businesses are more capital intensive than others and typically require higher debt to finance their operations. So, a company's debt-to-capital ratio should be compared with the same for its industry.

Net Margin: Net margin is calculated as net income divided by sales. It shows how much of each dollar in sales generated by a company translates into profit. For example, if a company's net margin is 15%, its net income is 15 cents for every \$1 of sales it makes.

A change in margin can reflect either a change in business conditions, or a company's cost controls, or both. If a company's expenses are growing faster than sales, its net margin will decline. However, different net margin rates are considered good for different industries, so it's better to compare net margin rates of companies in the same industry group.

Return on Equity: Return on equity (ROE) is calculated as trailing-12-month net income divided by trailing-12-month average shareholder equity (including reinvested earnings). This metric is considered a measure of how effectively management is using a company's assets to generate profits. For example, if a company's ROE is 10%, it creates 10 cents profits for every \$1 shareholder equity, which is basically the company's assets minus debt. A company's ROE deemed good or bad depends on what's normal for its peers or industry group.

Sales/Assets Ratio: The sales-to-assets ratio or asset utilization ratio or asset turnover ratio is calculated as a company's annual sales divided by average assets (average of assets at the beginning of the year and at the year's end). This metric helps investors understand how effectively a company is using its assets to generate sales. For example, a sales-to-assets ratio of 2.5 indicates that the company generated \$2.50 in sales for every \$1 of assets on its books.

The higher the sales-to-assets ratio, the better the company is performing. However, similar to many other ratios, the asset turnover ratio tends to be higher for companies in certain industries/sectors than in others. So, a company's sales-to-assets ratio should be compared with the same for its industry/sector.

Historical EPS Growth (3-5 Years): This is the average annual (trailing-12-month) EPS growth rate over the last 3-5 years. This metric helps investors see how a company's EPS has grown from a long-term perspective.

Note: There are many factors that can influence short-term numbers — a recession will reduce this number, while a recovery will inflate it. The longterm perspective helps smooth out short-term events.

Projected EPS Growth (F1/F0): This is the estimated EPS growth rate for the current financial year. It is calculated as the consensus estimate for the current fiscal year (F1) divided by the reported EPS for the last completed fiscal year (F0).

Current Cash Flow Growth: It measures the latest year-over-year change in operating cash flow. Cash flow growth tells an investor how quickly a company is generating inflows of cash from operations. A positive change in the cash flow is desired and shows that more 'cash' is coming in than going out.

Historical Cash Flow Growth (3-5 Years): This is the annualized change in cash flow over the last 3-5 years. The change in a longer period helps put the current reading into proper perspective. By looking at the rate, rather than the actual dollar value, the comparison across the industry and peers becomes easier.

Projected Sales Growth (F1/F0): This metric looks at the estimated sales growth for the current year. It is calculated as sales estimate for the current fiscal year (F1) divided by the reported sales for the last completed fiscal year (F0).

Like EPS growth, a higher rate is better for sales growth. A look at a company's projected sales growth instantly tells you what the outlook is for their products and services. However, different sales growth rates are considered good for different industries, so it's better to compare sales growth rates of companies in the same industry group.

EPS F1 Estimate 1-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past week. The change in a company's consensus EPS estimate (or earnings estimate revision) has proven to be strongly correlated with the near-term price movement of its shares. It is an integral part of the Zacks Rank.

If a stock's consensus EPS estimate is \$1.10 now versus \$1.00 a week ago, that will be reflected as a 10% upward revision. If, on the other hand, it went from \$1.00 to 90 cents, that would be a 10% downward revision.

EPS F1 Estimate 4-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past four weeks.

A stock's earnings estimate revision in a 1-week period is important. But it's more meaningful to look at the longer-term revision. And, of course, the 4-week change helps put the 1-week change into proper perspective.

EPS F1 Estimate 12-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past 12 weeks.

This metric essentially shows how the consensus EPS estimate has changed over a period longer than 1 week or 4 weeks.

EPS Q1 Estimate Monthly Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal quarter over the past four weeks.

While the revision in consensus EPS estimate for the current fiscal year is strongly correlated with the near-term price movement of its shares, the estimate revision for the current fiscal quarter is an important metric as well, especially over the short term, and particularly as a stock approaches its earnings date. If a stock's Q1 EPS estimate decreases ahead of its earnings release, it's usually a negative sign, whereas an increase is a positive sign.