CBRE Group Inc. (CBRE)

$49.04 (As of 09/02/20)

Price Target (6-12 Months): **$52.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 06/17/20) Prior Recommendation: Underperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5) Zacks Style Scores: Value: B | Growth: B | Momentum: C	**4-Sell** VGM:A

Summary

CBRE Group continues to benefit from expansion of its contractual businesses. The company has a broad range of real estate products and services, and an extensive knowledge of global real estate markets. Its Global Workplace Solutions segment's business has been resilient and continues to benefit from occupier clients' increasing reliance on the company for achieving efficiencies and navigating through present challenging times. It also boasts a solid balance sheet, and gained from its buyouts and technology investments. Yet, the macroeconomic uncertainties and adverse impact on commercial real estate transactions are concerning. Advisory leasing revenues and global property sales plunged amid the pandemic and these businesses are likely to remain choppy in the near term. Shares too have underperformed the industry over the past year.

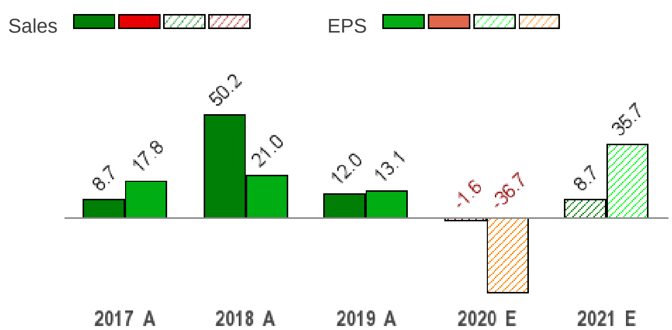
Price, Consensus & Surprise

Source: Zacks Investment Research

Data Overview

52-Week High-Low	$64.75 - $29.17
20-Day Average Volume (Shares)	1,481,377
Market Cap	$16.4 B
Year-To-Date Price Change	-20.0%
Beta	1.63
Dividend / Dividend Yield	$0.00 / 0.0%
Industry	Real Estate - Operations
Zacks Industry Rank	Bottom 15% (213 out of 251)
Last EPS Surprise	16.7%
Last Sales Surprise	5.3%
EPS F1 Estimate 4-Week Change	2.5%
Expected Report Date	11/04/2020
Earnings ESP	-2.3%
P/E TTM	15.3
P/E F1	20.9
PEG F1	1.9
P/S TTM	0.7

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2021	5,940 E	5,911 E	6,494 E	7,733 E	25,571 E
2020	5,889 A	5,381 A	5,591 E	6,660 E	23,522 E
2019	5,136 A	5,714 A	5,925 A	7,119 A	23,894 A

EPS Estimates

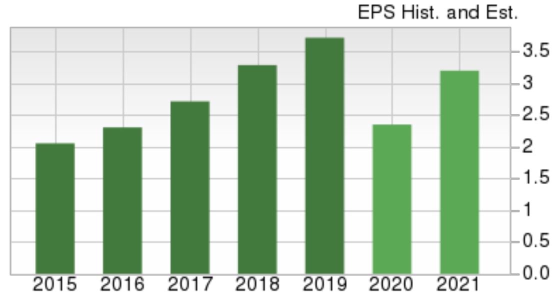
	Q1	Q2	Q3	Q4	Annual*
2021	$0.74 E	$0.65 E	$0.80 E	$1.29 E	$3.19 E
2020	$0.75 A	$0.35 A	$0.44 E	$0.83 E	$2.35 E
2019	$0.79 A	$0.81 A	$0.79 A	$1.32 A	$3.71 A

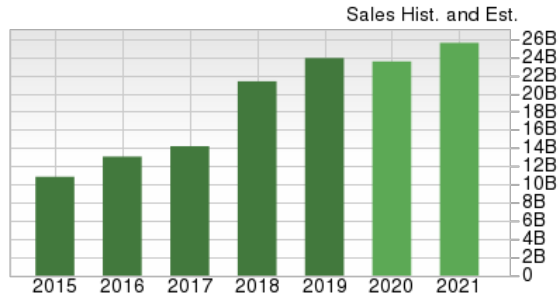
*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 09/02/2020. The reports text is as of 09/03/2020.

Overview

Headquartered in Los Angeles, CBRE Group, Inc., is a commercial real estate services and investment firm, offering a wide range of services to tenants, owners, lenders and investors in office, retail, industrial, multi-family and other types of commercial real estates in all major metropolitan areas across the globe. The services include valuation, real estate investment management, commercial property and corporate facilities management, tenant representation, occupier and property/agency leasing, property sales, commercial mortgage origination and servicing, capital markets (equity and debt) solutions, development services and proprietary research.





CBRE Group's new organizational structure became effective on Jan 1, 2019. Under the new structure, the company reported on three global business segments: Advisory Services, Global Workplace Solutions and Real Estate Investments.

Advisory Services offers a broad range of services globally. This includes property leasing, property sales, mortgage services, valuation, property management and project management. Global Workplace Solutions provides an extensive set of integrated, contractually-based services to occupiers of real estate, including facilities management, project management, transaction management and management consulting.

Real estate investments comprises investment management services offered globally, development services in the United States and a new service designed for helping institutional property owners address the demand for flexible office space solutions.

Source: Zacks Investment Research

Reasons To Buy:

CBRE Group's wide real estate products and services offerings, healthy outsourcing business, strategic buyouts, technology investments and solid balance sheet are expected to drive performance.

- ▲ CBRE Group has a broad range of real estate products and services, and an extensive knowledge of domestic and international real estate markets. The year 2019 marked the company's 10th consecutive year of double-digit adjusted earnings per share growth. The company's market leading position is likely to give it a competitive edge in navigating through the current challenges and capitalize on compelling opportunities. As the largest commercial real estate services and investment firm (based on 2019 revenues), the company enjoys a robust scale. It is among a few companies offering a full suite of services to multinational clients. Moreover, the company has grown organically and banked on strategic in-fill acquisitions to boost its service offerings and geographic reach. With an expanded capability to service, the company's number of large clients has increased significantly over the past years. As large corporations continue to seek consolidation of the number of service providers, CBRE Group is expected to remain a beneficiary of this trend.

- ▲ CBRE Group has opted for a better-balanced and more resilient business model and in pursuit of this the company has shifted toward more diversified and contractual revenue base over the past years. Contractual revenues and leasing, largely recurring over time, constituted 72% of total fee revenues in fourth-quarter 2019. This makes the company relatively resilient to market disruptions and positions it well to achieve both top and bottom-line growth even amid capital market headwinds. The company's continued expansion of its contractual businesses over the past decade supported its second-quarter 2020 performance despite the coronavirus mayhem.

- ▲ The company's solid technology platform helps it to develop and deliver superior analytical, research and client service tools to meet diverse client needs. In fact, strategic reinvestment in its business, specifically on the technology front, is expected to differentiate CBRE Group from its peers. The company has been spending millions, besides opting for the acquisition of technology solution providers in the commercial real estate market. Moreover, CBRE Group has gained from its cost-cutting efforts and benefited from operational efficiencies in the past quarters. Also, a considerable part of costs of sales in the Advisory business is variable in nature. To temporarily lower costs within its transactional business, the company has resorted to furloughs and reduced work schedules as well as some job eliminations. These efforts are likely to support margins in this adverse situation.

- ▲ Further, the company's Global Workplace Solutions segment, which provides a broad suite of integrated, contractually-based services to occupiers of real estate, including facilities management, project management, transaction management and management consulting, is well poised to grow. Occupiers of real estate have been increasingly opting for outsourcing and depending on the expertise of third-party real estate specialists to achieve improvement in execution and efficiency. As a result, CBRE Group has been witnessing continued momentum from both new and existing customers. Moreover, high-quality client base is bumping up contractual revenues. Also, GWS serves clients across a wide array of property types and industries, including many deemed essential during the current crisis. Demand remains solid from technology and transportation/logistics and life-sciences industries. In addition, with occupiers seeking guidance to navigate uncertain environment and drive critical cost efficiencies, the segment's services are in demand. The company also sustained a high contract renewal rate in the quarter. Amid these, management expects GWS segment's gross revenues to rise in the mid-single-digit and fee revenues in the mid- to high single-digits with growth in contractual facilities, management revenues offsetting an expected decline in GWS transaction revenues. Moreover, due to disciplined cost management, the company expects to achieve modest margin expansion, which will likely drive high single-digit adjusted EBITDA growth.

- ▲ CBRE Group has banked on strategic in-fill acquisitions to widen its geographic coverage, as well as expand and reinforce service offerings. The company focuses on acquiring regional or specialty firms which complement its existing platform as well as independent affiliates in which, at times, it holds small stakes. Furthermore, the company opts for larger, transformational deals driven by macro policies. In July 2020, the company acquired a firm specializing in performing real estate valuations in South Korea. Moreover, in first-quarter 2020, the company acquired leading local facilities management firms in Spain and Italy, a U.S. firm that helps companies reduce telecommunications costs and a leading provider of workplace technology project management, consulting and procurement services to occupiers across the United States. Further, during 2019, the company completed eight in-fill acquisitions: a leading advanced analytics software company based in the U.K., a commercial and residential real estate appraisal firm headquartered in Florida, the company's former affiliate in Omaha, a project management firm in Australia, a valuation and consulting business in Switzerland, a leading project management firm in Israel, a full-service real estate firm in San Antonio with a focus on retail, office, medical office and land, and a debt-focused real estate investment management business in the U.K. These opportunistic acquisitions and strategic investments will likely serve as growth drivers, supplementing its organic growth.

- ▲ CBRE Group is focused on maintaining solid balance-sheet strength and ample liquidity amid the challenging macroeconomic conditions. The company exited second-quarter 2020 with $3.5 billion of liquidity and no debt maturities until 2023. The company's net leverage was 0.59X as of the same date. This is 3.66X below the company's primary debt covenant of 4.25X. Notably, the company expects to continue prioritizing liquidity preservation over pursuing large, discretionary capital outlays. Therefore, with significant balance-sheet flexibility and industry-leading market position, the company remains well poised to navigate through current challenging times.

- ▲ Shares of CBRE Group have lost 6.8% over the trailing 12-month period compared with the industry's decline of 1.3%. However, the recent trend in earnings estimate revisions for the current quarter indicates a favorable outlook for CBRE Group. The Zacks Consensus Estimate for 2020 earnings per share has been revised 3.5% upward over the past month. Therefore, given the progress in fundamentals and northward estimate revisions, there is a decent upside potential left for the stock in the near term.

Reasons To Sell:

- The coronavirus pandemic has led to significant amounts of uncertainty, interruption of business activity and substantial impact on global markets as well as adverse impact on consumer and business sentiments. Particularly, in the second quarter, global commercial real estate investment volumes have been adversely affected. CBRE too has not been spared and leasing contracted 38% and 43% globally, and in the United States, respectively, while Property sales fell 48% globally and 51% in the United States. In its advisory services segment, the company now expects the recovery in transaction businesses to be more gradual and drawn out. Revenue declines in the third and fourth quarters are expected to be similar to that of the second quarter.

Macroeconomic uncertainty due to the coronavirus pandemic and adverse impact on commercial real estate transactions are key concerns. Also, there is stiff competition from regional and local players.

- CBRE Group faces stiff competition from international, regional and local players in the market. Some of these firms enjoy greater financial resources than the company. Also, some of them are larger on a regional or local basis, or have a stronger position in a specific market segment or service offering. This affects the company's ability to do business and crack deals on favorable terms.

- Given its international presence, the company often faces an unfavorable foreign currency movement and uneasiness in some economies, which impact its top-line growth. In addition, though the company's business is geographically diverse, the United States and the U.K. comprise more than 70% of its global leasing and property sales revenue in 2019. However, with both the United States and the U.K being significantly impacted by the coronavirus pandemic, the company's business is likely to be adversely impacted.

Last Earnings Report

CBRE Group Q2 Earnings & Revenues Beat Estimates

Quarter Ending	06/2020
Report Date	Jul 31, 2020
Sales Surprise	5.25%
EPS Surprise	16.67%
Quarterly EPS	0.35
Annual EPS (TTM)	3.21

CBRE Group reported second-quarter 2020 adjusted earnings per share of 35 cents, beating the Zacks Consensus Estimate of 30 cents. However, the figure plummeted 57.1% year over year.

The company generated revenues of $5.4 billion, outpacing the Zacks Consensus Estimate of $5.1 billion. The revenue figure, however, compares unfavorably with the year-ago quarter's $5.7 billion. Moreover, fee revenues were down 20.8% (19.5% in local currency), year on year, to $2.3 billion. Adjusted EBITDA plunged 42.9% (42.2% local currency) to $267 million.

The company's continued expansion of its contractual businesses over the past decade supported this performance despite the coronavirus pandemic mayhem.

Per management, "Double-digit adjusted EBITDA growth in our Global Workplace Solutions segment demonstrated the resiliency of a business that occupier clients increasingly rely on, in good times and bad, to run essential operations and drive critical cost efficiencies."

However, quarterly results were adversely impacted by incremental Covid-19-related costs and donation to the company's Covid-19 Relief Fund.

Quarter in Detail

The company's Advisory Services segment reported year-over-year revenue decline of 28.7% (27.4% local currency) to $1.6 billion. Fee revenues decreased 30.8% (29.6% local currency) to $1.3 billion.

With capital flows being severely disrupted and market-wide sales activity falling significantly amid the pandemic, global property sales revenues plunged 48% (47% local currency), including a decline of more than 50% in the United States. However, Greater China, Korea, Mexico and Switzerland registered solid sales revenue growth during the quarter.

Advisory leasing revenues dipped 38% (37% local currency), reflecting the impact of the pandemic since late March. With occupiers pausing leasing decisions, activity was weak across major parts of the world. Particularly, U.S. leasing revenues plummeted 43% year on year, though Germany, Greater China and Mexico were among the nations reporting notable growth.

Commercial mortgage origination revenues were down 28% (same local currency). Global capital market revenues, which comprise property sales and commercial mortgage origination, dropped 44% (43% local currency).

Valuation revenues were down 12% (9% local currency). In addition, property management and advisory project management revenues and fee revenues slipped 8% (6% local currency) and 4% (2% local currency), respectively.

However, Global Workplace Solutions segment results were relatively better because of the contractual nature of the facilities management business. The segment registered an increase of 8.3% (10.1% local currency) in revenues to $3.7 billion. Nonetheless, fee revenues edged down 1.2% (but up 0.5% in local currency) to $755 million. Quarterly results reflect growth in facilities management being offset by lower project management and transaction revenues.

Healthy demand from logistics, technology, financial services, and life-sciences sectors supported new contract activity. The company also witnessed a high renewal rate for expiring contracts.

The Real Estate Investments segment recorded 8% (9.5% local currency) growth in revenues to $162 million. However, adjusted EBITDA slumped 40.9% (39.5% local currency). This reflects a lower development asset sales activity due to transaction timing, and losses in the U.K. multi-family residential development business (Telford Homes) and Hana, the start-up flexible workspace business.

At second-quarter end, assets under management (AUM) aggregated $109.6 billion, reflecting an increase of $1.5 billion ($0.7 billion in local currency), from the prior-quarter end. This reflects net capital inflows and beneficial foreign-currency movement.

In-process development portfolio decreased to $13.7 billion, down $0.2 billion from the prior-quarter end. During the quarter, the pipeline increased $0.3 billion to $6.1 billion.

Balance Sheet Position

CBRE Group exited the April-June quarter with cash and cash equivalents of $1.2 billion, up from $971.8 million as of Dec 31, 2019.

As of Jun 30, 2020, the company had $3.5 billion of total liquidity. This comprised $1.1 million in cash in addition to the ability to borrow a total of $2.3 billion under its revolving credit facilities, net of any outstanding letters of credit. The company's net leverage ratio was 0.59x as of the same date. This is 3.66x below the company's primary debt covenant of 4.25x.

During the June-end quarter, the company did not repurchase any of its stock. Currently, it has $350 million of stock-repurchase capacity.

Recent News

CBRE Retains Global Investment Sales Activity Top Spot - Mar 16, 2020

CBRE Group announced that it has once again secured the top spot in the global rankings for commercial real estate investment sales for 2019. The data is as per Real Capital Analytics (RCA).

This, in fact, is the ninth consecutive year of the company securing the first position. Per the RCA data, CBRE had 23% market share in 2019 across all property types on a global basis, which is a massive 680 basis points ahead of its closest competitor. Apart from being number one globally, CBRE held the top spot for commercial real estate investment sales in the Americas and Europe, Middle East & Africa (EMEA).

In 2019, the company executed $61.30 billion in global office sales as seller representative for an industry-leading market share of 21.5%. Further, with $38.43 billion in transactions for a market share of 31.6%, the company once again became the top global firm in logistics and industrial sales.

In addition, CBRE maintained its top global rank in retail sales with $13.62 billion in transactions as well. The company's global market share was 19.7% in 2019. In addition, the company executed $39.57 billion in global apartment sales for a market share of 24%.

Valuation

CBRE Group's shares have been down 6.8% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Finance sector have declined 1.3% and 6.2%, over the past year, respectively.

The S&P 500 Index is up 14% over the past year.

The stock is currently trading at 16.82X forward 12-month earnings, which compares to 20.49X for the Zacks sub-industry, 16.75X for the Zacks sector and 23.18X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 19.25X and as low as 7.35X, with a 5-year median of 14.00X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our $52 price target reflects 17.84X earnings.

The table below shows summary valuation data for CBRE.

Valuation Multiples - CBRE

		Stock	Sub-Industry	Sector	S&P 500
P/E F 12M	Current	16.82	20.49	16.75	23.18
	5-Year High	19.25	20.60	16.75	23.18
	5-Year Low	7.35	11.80	11.60	15.25
	5-Year Median	14	16.41	14.26	17.60
P/S F12M	Current	0.66	3.17	6.23	3.95
	5-Year High	1.07	4.71	6.67	3.95
	5-Year Low	0.38	2.20	4.97	2.53
	5-Year Median	0.74	3.14	6.07	3.07
P/B TTM	Current	2.62	0.49	2.55	4.53
	5-Year High	4.94	0.90	2.91	4.76
	5-Year Low	1.59	0.30	1.72	2.83
	5-Year Median	3.4	0.64	2.54	3.76

As of 09/02/2020

Industry Analysis **Zacks Industry Rank:** Bottom 15% (213 out of 251)

Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
FirstService Corporation **(FSV)**	Outperform	1
Jones Lang LaSalle Incorporated **(JLL)**	Neutral	3
The RMR Group Inc. **(RMR)**	Neutral	5
WalkerDunlop, Inc. **(WD)**	Neutral	2
Colliers International Group Inc. **(CIGI)**	Underperform	5
CushmanWakefield PLC **(CWK)**	Underperform	5
MarcusMillichap, Inc. **(MMI)**	Underperform	5
Newmark Group, Inc. **(NMRK)**	Underperform	5

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

Industry Comparison Industry: Real Estate - Operations

	CBRE	X Industry	S&P 500	CIGI	CWK	JLL
				Industry Peers		
Zacks Recommendation (Long Term)	Neutral	-	-	Underperform	Underperform	Neutral
Zacks Rank (Short Term)	4	-	-	5	5	3
VGM Score	A	-	-	B	C	A
Market Cap	16.44 B	583.16 M	24.30 B	2.70 B	2.63 B	5.43 B
# of Analysts	4	2	14	2	3	4
Dividend Yield	0.00%	0.00%	1.6%	0.15%	0.00%	0.00%
Value Score	B	-	-	C	D	A
Cash/Price	0.08	0.18	0.07	0.06	0.33	0.08
EV/EBITDA	8.51	8.68	13.46	11.47	8.85	6.18
PEG F1	1.89	1.90	3.09	NA	1.46	1.98
P/B	2.62	1.17	3.25	5.24	2.55	1.06
P/CF	9.12	9.12	13.12	13.62	6.23	5.57
P/E F1	20.83	19.22	22.15	19.22	14.64	17.79
P/S TTM	0.68	2.46	2.57	0.95	0.31	0.31
Earnings Yield	4.79%	4.82%	4.29%	5.21%	6.80%	5.62%
Debt/Equity	0.28	0.25	0.70	2.15	3.56	0.27
Cash Flow ($/share)	5.38	1.19	6.93	4.96	1.91	18.82
Growth Score	B	-	-	A	B	A
Historical EPS Growth (3-5 Years)	15.27%	14.24%	10.41%	5.97%	NA	9.38%
Projected EPS Growth (F1/F0)	-36.79%	-29.21%	-4.75%	-24.73%	-50.41%	-58.16%
Current Cash Flow Growth	11.78%	8.44%	5.22%	12.01%	259.21%	25.02%
Historical Cash Flow Growth (3-5 Years)	16.49%	7.89%	8.49%	7.34%	NA	13.41%
Current Ratio	1.23	1.85	1.35	0.99	1.41	2.16
Debt/Capital	21.91%	21.06%	42.92%	74.38%	78.07%	21.06%
Net Margin	4.72%	3.81%	10.25%	2.53%	-1.69%	2.40%
Return on Equity	17.96%	2.62%	14.66%	14.61%	-12.14%	11.47%
Sales/Assets	1.55	0.23	0.50	1.05	1.22	1.32
Projected Sales Growth (F1/F0)	-1.56%	0.00%	-1.42%	-11.26%	-9.96%	-12.43%
Momentum Score	C	-	-	C	D	F
Daily Price Change	2.66%	0.00%	1.82%	5.78%	1.45%	2.24%
1-Week Price Change	6.55%	1.12%	2.59%	2.46%	7.48%	8.18%
4-Week Price Change	14.50%	3.31%	4.80%	24.58%	12.36%	9.08%
12-Week Price Change	-4.46%	0.00%	6.31%	7.56%	-2.62%	-9.10%
52-Week Price Change	-6.73%	-13.50%	5.43%	1.35%	-31.47%	-21.90%
20-Day Average Volume (Shares)	1,481,377	15,731	1,788,967	86,944	721,180	406,298
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	2.51%	0.00%	0.00%	-6.90%	-439.13%	-12.71%
EPS F1 Estimate 12-Week Change	-12.61%	0.00%	3.89%	-8.47%	-439.13%	-19.76%
EPS Q1 Estimate Monthly Change	-1.68%	0.00%	0.00%	10.00%	-1,100.00%	-27.44%

Source: Zacks Investment Research

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.

Value Score	B
Growth Score	B
Momentum Score	C
VGM Score	A

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.

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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Additional Disclosure

This material represents an assessment of the market and economic environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. Forward-looking statements are subject to certain risks and uncertainties. Any statements that refer to expectations, projections or characterizations of future events or circumstances, including any underlying assumptions, are forwardlooking statements. Actual results, performance, or achievements may differ materially from those expressed or implied.

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 mediumterm 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 mostrecent 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 a 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.