Sep 18, 2020

Duke Realty Corp. (DRE)

$37.04 (As of 09/17/20)

Price Target (6-12 Months): **$39.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 02/03/19) Prior Recommendation: Underperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**2-Buy**
	Zacks Style Scores:	VGM:F
	Value: F | Growth: D	Momentum: D

Summary

Duke Realty's industrial properties have been witnessing solid demand. Apart from the e-commerce boom, supply-chain disruption caused by the coronavirus pandemic is likely to increase the demand for incremental inventory storage over the long term. Given the company's solid capacity to offer bulk distribution properties, it is well-poised to capitalize on this demand. Also, it witnessed healthy rent collections. Solid balance-sheet strength and ample liquidity enable it to pursue growth endeavors. Further, its shares have outperformed the industry in the past year. However, the demand for logistic properties and rent growth are expected to be affected amid a slowdown in the economy. Moreover, development boom is a concern as it is likely to increase supply in the long term. This will curb pricing power and result in more concessions.

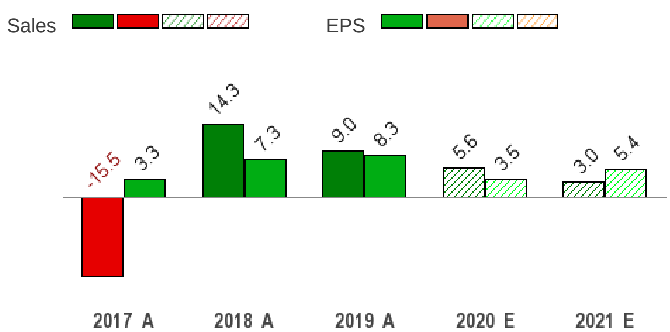
Price, Consensus & Surprise

Source: Zacks Investment Research

Data Overview

52-Week High-Low	**$40.84 - $25.19**
20-Day Average Volume (Shares)	**1,666,360**
Market Cap	**$13.7 B**
Year-To-Date Price Change	**6.8%**
Beta	**0.57**
Dividend / Dividend Yield	**$0.94 / 2.5%**
Industry	**REIT and Equity Trust - Other**
Zacks Industry Rank	**Bottom 10% (227 out of 251)**
Last EPS Surprise	**2.7%**
Last Sales Surprise	**2.3%**
EPS F1 Estimate 4-Week Change	**-0.2%**
Expected Report Date	**11/04/2020**
Earnings ESP	**0.0%**
P/E TTM	**25.4**
P/E F1	**24.9**
PEG F1	**5.5**
P/S TTM	**14.7**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2021	229 E	232 E	234 E	236 E	931 E
2020	219 A	226 A			904 E
2019	210 A	213 A	215 A	217 A	856 A

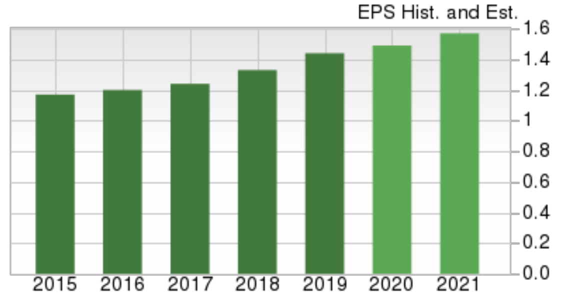
EPS Estimates

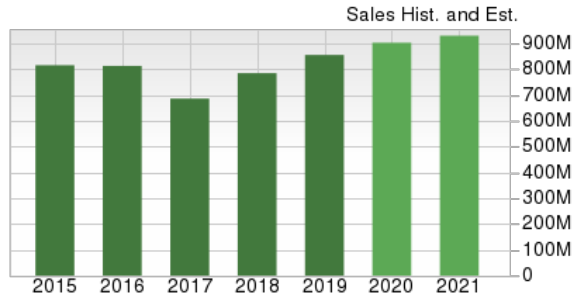
	Q1	Q2	Q3	Q4	Annual*
2021	$0.37 E	$0.39 E	$0.40 E	$0.41 E	$1.57 E
2020	$0.33 A	$0.38 A	$0.39 E	$0.39 E	$1.49 E
2019	$0.33 A	$0.36 A	$0.37 A	$0.38 A	$1.44 A

*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 09/17/2020. The reports text is as of 09/18/2020.

Overview





Headquartered in Indianapolis, IN, Duke Realty Corporation is a domestic pure-play industrial REIT in the United States, engaged in owning, managing and developing industrial properties across the nation. Its portfolio of industrial properties comprises about 156 million rentable square feet. These properties are located in 20 key logistic markets.

Currently, Duke Realty enjoys ownership interests in 518 logistics properties encompassing 156.1 million square feet in 20 major logistics markets. As of Jun 30, 2020, the company's total portfolio, including properties under development, was 95.3% leased, up 100 basis points (bps) from the previous-quarter end, and up 190 bps from the prior-year quarter end.

Increase in total portfolio occupancy reflects leasing of speculative space in both in-service and under-development portfolios. In-service portfolio was 96.7% leased as of Jun 30, 2020, up from 96.5% as of Mar 31, 2020 and 95.4% as of Jun 30, 2019.

Notably, Duke Realty opted for a series of asset sales in the past few years to shed medical and suburban office properties from its portfolio. These dispositions have helped the company simplify its business model and to turn into a leading domestic pure play industrial REIT. The company now focuses on building a superior portfolio of industrial properties through acquisitions and development, on a build-to-suit basis, in high-barrier markets with solid growth potential. In light of the economic uncertainties, the company has suspended new speculative development starts. However, it noted that later in the year it might potentially resume modest speculative development activity in a few markets.

Note: *All EPS numbers presented in this report represent funds from operations ("FFO") per share. FFO, a widely used metric to gauge the performance of REITs, is obtained after adding depreciation and amortization and other non-cash expenses to net income.*

Source: Zacks Investment Research

Reasons To Buy:

> Amid healthy industrial real estate market, Duke Realty's efforts to boost its ownership of strategically-located high-quality properties and decent balance-sheet position augur well for growth.

- Duke Realty has more than 45 years of experience in operation and development of industrial real estate. It focuses on having facilities in major MSA's and key trucking, rail, air cargo and shipping corridors. Such locations help generate solid demand from e-commerce and traditional distribution customers for its industrial properties. Moreover, in recent years, the company opted for a series of asset sales to complete the disposition of its medical office properties and residual suburban office properties. These dispositions have helped the company simplify its business model and turn it into a leading domestic pure-play industrial REIT.

- Amid an e-commerce boom, growth in industries and companies making efforts to improve supply chain efficiencies, demand for logistics infrastructure and efficient distribution networks has been increasing. This is helping the industrial real estate market to grow and given Duke Realty's solid capacity to offer modern, bulk distribution properties, the company remains well poised to capitalize on this trend. The company is making efforts to upgrade its portfolio on the back of development and acquisitions in high-barrier markets with solid growth potential. The company did not commence any new developments during the April-June quarter, as it made a temporary halt on speculative developments. Nonetheless, the company is working with a list of prospective tenants and anticipates more build-to-suit developments to be commenced in the second half of this year. Moreover, the company's guidance for acquisitions of properties is \$50-\$250 million, compared to the previous range of up to \$100 million. Further, the company is making efforts to increase exposure in Tier 1 markets through disciplined capital-recycling efforts. In fact, majority of the company's development pipeline is in coastal Tier 1 markets.

- With respect to tenants, the company has a big-box focus. This helps the company have higher credit quality tenants on its roster. Also, this leads to fewer overall tenants that the company needs to manage. Moreover, the supply-chain disruption caused by the coronavirus pandemic is likely to accelerate consumer adoption of e-commerce and increase demand for incremental inventory storage. Hence, with a decent portion of the company's tenant base being e-commerce oriented, Duke Realty is well positioned to capture growth opportunities from the e-commerce boom, even amid a slowing economy.

- Duke Realty enjoys a strong balance sheet, ample liquidity and easy access to capital. Taking advantage of a favorable pricing, in June, the company issued \$350 million of 10-year unsecured notes at a coupon rate of 1.75% and an all-in yield of 1.85%. A part of the proceeds of these notes were used to extinguish, through an any-and-all tender offer, \$216 million of its \$300 million 3.875% unsecured notes that had a scheduled maturity in October 2022. Such efforts helped the company lower its overall average borrowing rate and near term debt maturities. The company also issued 2 million shares at an average price of \$36.35 per share under its ATM program, reaping \$71 million of net proceeds. Moreover, with just \$281 million of estimated remaining costs to complete its development pipeline, the company remains well poised for future growth through development and selective acquisitions. Finally, the company enjoys investment-grade credit rating of BBB+ and Baa1 from Standard & Poor's and Moody's, respectively.

- Solid dividend payouts remain arguably the biggest attraction for REIT investors and Duke Realty has raised its regular common dividend rate by 9.3% to 23.50 cents for its third-quarter 2019 dividend. The company has maintained the same amount so far. Previously, the company raised dividend payouts by 7.5%, 5.3%, 5.6% and 5.9% fourth-quarter 2018, 2017, 2016 and 2015 respectively. Furthermore, during the fourth-quarter of 2017, the company paid 85 cents as special dividends. Given its financial strength and lower dividend payout (as compared to its industry), the company's dividend distribution is expected to be sustainable.

- Shares of Duke Realty have gained 11% against the industry's decline of 6% over the past year. The company reported a better-than-expected performance with respect to FFO per share in the second quarter. Further, it revised its 2020 core FFO per share outlook to \$1.48-\$1.54 from the prior estimate of \$1.41-\$1.51. This is backed by a solid operational performance, and particularly strong rent collections so far. Therefore, given the progress on fundamentals, the stock has decent upside potential.

Reasons To Sell:

- Recovery in the industrial market has continued for long, and hence growth in rent is expected to slow down in the days to come. Moreover, industrial real estate fundamentals though seems more resilient than other asset categories, but not immune. In the second half of the year, there are concerns associated with the timing and nature of economies reopening. As such, the pandemic's adverse impact on the economy will likely affect demand for space in the near term.

- Furthermore, with the asset category being an attractive in the current challenging times, there is a development boom in some markets. This high supply is likely to fuel competition, curb pricing power and turn on more concessions. Though rent collection trends are decent so far, rent relief and deferrals will likely remain an issue, specifically, for the company's smaller tenants that are adversely impacted by the virus outbreak.

> Slowdown in the economy amid the coronavirus pandemic will likely affect the demand for industrial real estate in the near term. Moreover, a development boom in some markets is concerning.

- Although Duke Realty's large development pipeline is encouraging for its future growth, it increases operational risks by exposing it to rising construction costs, entitlement delays and lease-up risks. Particularly, the company finished the quarter with a 6.7-million-square-foot development pipeline, aggregating $846 million in expected costs, which was 65% leased. Although, in recent years, the company enhanced the amount of speculative development in its portfolio, in light of the economic uncertainty, the company has suspended new speculative development starts. However, the company noted that later in the year it might potentially resume modest speculative development activity in a few markets.

Last Earnings Report

Duke Realty Q2 FFO & Revenues Top Estimates, View Up

Quarter Ending	06/2020
Report Date	**Jul 29, 2020**
Sales Surprise	**2.29%**
EPS Surprise	**2.70%**
Quarterly EPS	**0.38**
Annual EPS (TTM)	**1.46**

Duke Realty's second-quarter 2020 core FFO per share of 38 cents surpassed the Zacks Consensus Estimate of 37 cents. The figure also increased from the year-ago tally of 36 cents.

Results reflect rent growth on new and renewal leases, higher in-service occupancy and leasing of new developments.

The company noted that despite the uncertain economic conditions, it has a more optimistic outlook for current-year earnings compared with the guidance issued in April. This positive outlook is backed by operational performance, and particularly strong rent collections so far. Notably, the company has collected or has executed deferral agreements for 99.9% of second-quarter rents and 99.9% of July rents.

Rental and related revenues of $226.4 million increased 6.2% on a year-over-year basis. Also, the figure surpassed the Zacks Consensus Estimate of $221.3 million.

Quarter in Detail

Duke Realty leased 7.6 million square feet of space during the June-end quarter, including 1.4 million square feet of short-term leases. Tenant retention was 75.1% for the second quarter and 95.9% after considering immediate backfills.

Moreover, the company registered same-property NOI growth of 5% year over year. This uptick was backed by increased occupancy and rental rate growth as well as the expiration of free rent periods. Duke Realty reported overall cash and annualized net effective rent growth on new and renewal leases of 10.7% and 26.6%, respectively, during the quarter.

As of Jun 30, 2020, the company's total portfolio, including properties under development, was 95.3% leased, up 100 basis points (bps) from the previous-quarter end, and up 190 bps from the prior-year quarter end.

Increase in total portfolio occupancy reflects leasing of speculative space in both in-service and under-development portfolios. In-service portfolio was 96.7% leased as of Jun 30, 2020, up from 96.5% as of Mar 31, 2020 and 95.4% as of Jun 30, 2019.

Duke Realty exited the second quarter with $29.9 million of cash and cash equivalents, down from $110.9 million as of Dec 31, 2019.

Portfolio Activity

During the quarter, the company placed eight new consolidated projects, and one expansion to an existing project, aggregating 3.2 million square feet. These projects were 82% leased in total.

However, the company did not commence any new developments during the April-June quarter, as it made a temporary halt on speculative developments. Nonetheless, the company is working with a list of prospective tenants and anticipates more build-to-suit developments to be commenced in the second half of this year.

2020 Guidance

Duke Realty revised the 2020 core FFO per share outlook to $1.48-$1.54 from the prior estimate of $1.41-$1.51.

The company estimates same-property NOI growth of 3.5-4.5% compared with the prior guidance of 1.75-3.25%. It has lowered its bad debt expense estimate and included improved leasing assumption compared with the April outlook. Moreover, the revised guidance for 2020 development starts is $350-$550 million compared with the prior range of $275-$425 million.

Recent News

Duke Realty Sees Solid Rent Collections in July & August – Aug 20, 2020

Duke Realty has been witnessing steady rental collections across its portfolio. The industrial REIT has collected 99.2% of the original contractual August rents, with combined collections and deferrals aggregating 99.6% as of Aug 20, 2020. Moreover, as of the same date, the company collected 97.3% of the original contractual July rents, with combined collections and deferrals totaling 99.9%. Furthermore, the company noted that the deferral agreements required tenants to start repaying the deferred rents in July. Notably, it has made a 100% collection of the previously-deferred rents that were due in July, along with a 99% collection of the earlier deferred rents due in August.

Duke Realty Sees Solid Demand for Properties in Cincinnati – Aug 10, 2020

Duke Realty has been witnessing solid demand for the company's industrial properties in the Cincinnati metro area from both its existing tenants and new ones. The company managed to sign more than 1 million square feet in leases in the first two quarters of 2020, comprising both new leases and renewals. Among the leases signed during the first half of the current year in the Cincinnati metro area was a 252,000-square-foot new lease with Crescent at World Park 5232, a 201,600-square-foot lease at Skyport 2350, as well as 326,400 square feet of area in two buildings – Skyport 2250 and Skyport 2350 – leased by Borderless. Also, there was an 118,629-square-foot renewal by Heidelberg at Skyport 2245 and a 150,811-square-foot new lease with Latitude 36 at Fairfield Logistics Center 7940.

Duke Realty Signs Lease With Optoro, Facility 100% Occupied – Aug 6, 2020

Duke Realty has been witnessing solid demand for its logistic facilities in the Nashville metro area. The company clinched a lease deal for 207,518 square feet of space in Park 840 West 14840 in Lebanon, TN, with the returns technology company Optoro, Inc. With the latest lease, this 653,460-square-foot logistics building, which is just off I-840 at Highway 109, has achieved full occupancy. It highlights the elevated demand for modern Class A facilities. With the property being positioned east of downtown Nashville and within minutes of I-40, I-24 and I-65, it serves as an efficient and convenient one for making distribution throughout the Southern United States as well as the rest of the nation.

Dividend Update

Concurrent with the second-quarter earnings release on Jul 29, 2020, Duke Realty announced a quarterly cash dividend on common stock of 23.50 cents per share. The dividend for the second quarter was paid out on Aug 31 to shareholders on record as of Aug 14, 2020.

Valuation

Duke Realty's shares have been up 11% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Finance sector have declined 6% and 10.7% over the past year.

The S&P 500 Index has been up 13% over the trailing 12-month period.

The stock is currently trading at 23.94X forward 12-month FFO, which compares to 19.42X for the Zacks sub-industry, 16.20X for the Zacks sector and 22.15X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 27.34X and as low as 15.32X, with a 5-year median of 21.43X. Our neutral recommendation indicates that the stock will perform in line with the market. Our $39 price target reflects 25.21X FFO.

The table below shows summary valuation data for DRE.

Valuation Multiples - DRE

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	23.94	19.42	16.2	22.15
	5-Year High	27.34	19.42	16.72	23.44
	5-Year Low	15.32	14.32	11.6	15.26
	5-Year Median	21.43	16.14	14.27	17.63
P/S F12M	Current	14.87	8.42	6.44	4.1
	5-Year High	16.6	8.42	6.67	4.29
	5-Year Low	7.5	5.97	4.97	3.11
	5-Year Median	12.4	7.08	6.07	3.66
P/B TTM	Current	2.71	2.47	2.52	5.77
	5-Year High	2.98	3.03	2.91	6.17
	5-Year Low	1.89	1.81	1.72	3.75
	5-Year Median	2.37	2.51	2.54	4.84

As of 09/17/2020 *Source: Zacks Investment Research*

Industry Analysis **Zacks Industry Rank:** Bottom 10% (227 out of 251)

Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
Americold Realty Trust **(COLD)**	Neutral	3
EastGroup Properties, Inc. **(EGP)**	Neutral	3
First Industrial Realty Trust, Inc. **(FR)**	Neutral	3
Prologis, Inc. **(PLD)**	Neutral	3
PS Business Parks, Inc. **(PSB)**	Neutral	4
Rexford Industrial Realty, Inc. **(REXR)**	Neutral	2
Stag Industrial, Inc. **(STAG)**	Neutral	3
Terreno Realty Corporation **(TRNO)**	Neutral	2

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

Industry Comparison Industry: Reit And Equity Trust - Other

	DRE	X Industry	S&P 500	EGP	FR	PLD
				Industry Peers		
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	2	-	-	3	3	3
VGM Score	F	-	-	D	D	D
Market Cap	13.73 B	1.90 B	23.91 B	5.32 B	5.22 B	74.69 B
# of Analysts	5	4	13.5	5	7	9
Dividend Yield	2.54%	3.60%	1.62%	2.22%	2.43%	2.29%
Value Score	F	-	-	D	D	D
Cash/Price	0.00	0.06	0.07	0.00	0.02	0.01
EV/EBITDA	19.40	14.18	13.24	24.96	16.40	29.23
PEG F1	5.54	3.52	2.97	5.16	NA	3.52
P/B	2.71	1.32	3.29	4.37	2.91	2.04
P/CF	17.86	11.18	12.82	23.25	14.13	24.27
P/E F1	24.86	15.11	21.49	25.45	22.82	27.08
P/S TTM	14.65	4.86	2.52	15.25	11.96	18.61
Earnings Yield	4.02%	5.85%	4.40%	3.93%	4.38%	3.69%
Debt/Equity	0.61	0.90	0.70	1.01	0.91	0.43
Cash Flow ($/share)	2.07	2.05	6.93	5.82	2.91	4.17
Growth Score	D	-	-	C	C	C
Historical EPS Growth (3-5 Years)	5.30%	0.73%	10.41%	7.85%	5.73%	10.06%
Projected EPS Growth (F1/F0)	3.47%	-2.49%	-4.73%	6.71%	3.45%	12.79%
Current Cash Flow Growth	9.22%	3.36%	5.26%	25.62%	28.05%	3.51%
Historical Cash Flow Growth (3-5 Years)	4.21%	12.74%	8.49%	13.87%	19.83%	15.92%
Current Ratio	1.16	1.62	1.35	0.00	1.39	0.48
Debt/Capital	37.81%	47.68%	42.95%	50.32%	47.55%	29.89%
Net Margin	39.78%	10.49%	10.25%	34.10%	57.56%	43.27%
Return on Equity	7.38%	3.32%	14.66%	10.07%	14.15%	5.55%
Sales/Assets	0.11	0.13	0.50	0.14	0.12	0.08
Projected Sales Growth (F1/F0)	5.57%	0.00%	-1.43%	8.64%	2.43%	32.41%
Momentum Score	D	-	-	D	C	C
Daily Price Change	-2.48%	-1.38%	-0.48%	-0.35%	-2.10%	-0.92%
1-Week Price Change	-2.67%	-3.06%	-1.87%	-2.57%	-3.54%	-0.55%
4-Week Price Change	-2.78%	0.02%	0.96%	1.29%	-3.48%	-1.55%
12-Week Price Change	5.71%	0.99%	8.69%	15.53%	10.91%	10.53%
52-Week Price Change	11.03%	-22.76%	1.36%	6.99%	4.29%	18.91%
20-Day Average Volume (Shares)	1,666,360	578,320	1,917,443	198,356	943,273	2,137,304
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.00%	0.00%	0.36%
EPS F1 Estimate 4-Week Change	-0.17%	0.00%	0.00%	-0.22%	0.00%	-0.04%
EPS F1 Estimate 12-Week Change	3.95%	0.00%	4.14%	2.65%	0.98%	4.06%
EPS Q1 Estimate Monthly Change	0.00%	0.00%	0.00%	0.30%	0.00%	0.00%

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	F
Growth Score	D
Momentum Score	D
VGM Score	F

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.

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.