

Duke Realty Corp. (DRE)

\$38.99 (As of 12/21/20)

Price Target (6-12 Months): **\$42.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 02/03/19)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:F

Value: D

Growth: C

Momentum: D

Summary

Duke Realty secured a lease with MiD, Inc. for 36,228 square feet of space at 2800 Perimeter Park in Morrisville, NC. Moreover, the company raised the guidance for 2020 development starts to \$775-\$850 million following significant development transactions since the beginning of the current quarter. Apart from the e-commerce boom, supply-chain disruption caused by the pandemic is likely to spur demand for incremental inventory storage over the long term. Given its solid capacity to offer modern facilities in tier 1 markets, Duke Realty is well poised to capitalize on this favorable demand. Furthermore, its solid balance-sheet strength enables it to pursue growth endeavors. The stock has also outperformed the industry in the past year. However, the pandemic's adverse impact on economy and a development boom in some markets are concerns.

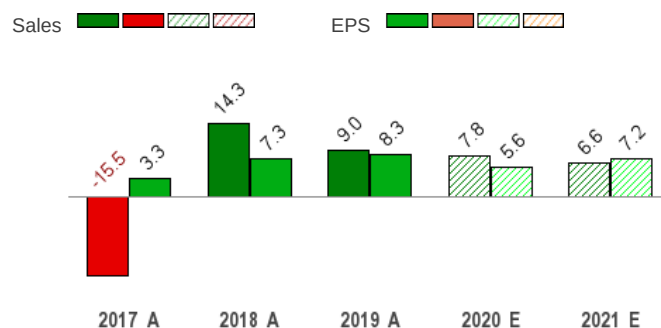
Price, Consensus & Surprise



Data Overview

52-Week High-Low	\$43.45 - \$25.19
20-Day Average Volume (Shares)	2,035,313
Market Cap	\$14.5 B
Year-To-Date Price Change	12.5%
Beta	0.52
Dividend / Dividend Yield	\$1.02 / 2.6%
Industry	REIT and Equity Trust - Other
Zacks Industry Rank	Bottom 15% (217 out of 255)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	2.6%
Last Sales Surprise	NA
EPS F1 Estimate 4-Week Change	0.0%
Expected Report Date	02/03/2021
Earnings ESP	0.0%
P/E TTM	26.2
P/E F1	25.7
PEG F1	5.7
P/S TTM	15.2

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021					984 E
2020	219 A	226 A	235 A	241 E	923 E
2019	210 A	213 A	215 A	217 A	856 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.39 E	\$0.41 E	\$0.42 E	\$0.43 E	\$1.63 E
2020	\$0.33 A	\$0.38 A	\$0.40 A	\$0.41 E	\$1.52 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 12/21/2020. The reports text is as of 12/22/2020.

Overview

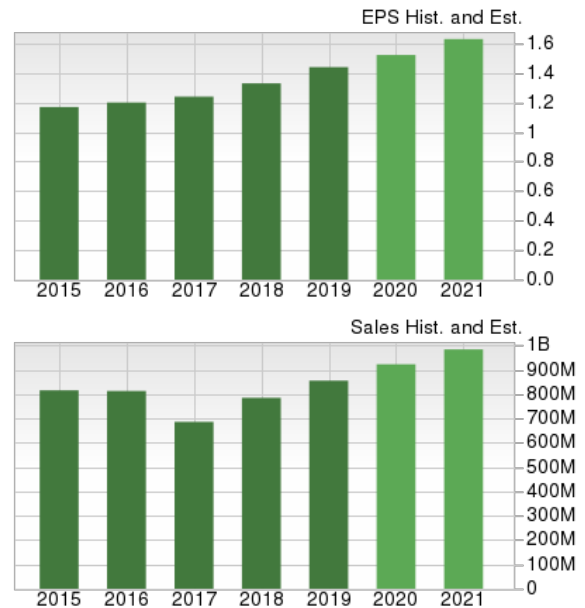
Headquartered in Indianapolis, IN, Duke Realty Corporation is a domestic pure-play industrial REIT in the United States, engaged in owning, managing and developing industrial properties across the nation. Its portfolio of industrial properties comprises about 159 million rentable square feet. These properties are located in 20 key logistic markets.

As of Sep 30, 2020, the company owned or jointly controlled 529 mainly industrial properties, of which 517 properties with 151.8 million square feet were in service while 12 properties with 7.0 million square feet were under development. As of the same date, the company's total portfolio, including properties under development, was 95.6% leased, up 30 basis points (bps) from the previous-quarter end, and 170 bps from the prior-year quarter end. In-service portfolio was 97.1% leased as of Sep 30, 2020, up from 96.7% as of Jun 30, 2020 and 96.2% as of Sep 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 as well as speculative basis, in high-barrier markets with solid growth potential.

With a robust lease up of its speculative space, the company commenced two new speculative development projects during third-quarter 2020, one in Southern California and one in Seattle, aggregating 1.4 million square feet. Moreover, with rental rates continuing to climb in the coastal markets, the company is targeting for growth in these 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:

- ▲ 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. In fact, this leading domestic pure-play industrial REIT's focus on a national platform with growing diversification into tier 1 markets to capitalize on robust demand for industrial space in these markets. The company is targeting tier market exposure of 70% by 2021, up from 65% in 2020 and 37% in 2010.
- ▲ 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 grow. Moreover, over the long term, apart from the fast adoption of e-commerce, logistics real estate is anticipated to benefit from a likely increase in inventory levels post crisis. Given Duke Realty's solid capacity to offer modern, high-quality logistics facilities, the company remains well poised to bank on this trend. Particularly, the company is making efforts to improve its portfolio on the back of development and acquisitions in strategic markets with solid growth potential. The company has revised its 2020 acquisition estimates to \$225-\$325 million compared with the previous projection of \$50-\$250 million. Moreover, in December, the company raised the guidance for 2020 development starts to \$775-\$850 million from the prior estimate of \$650-\$800 million, following significant development transactions since the beginning of the current quarter. With a robust pipeline of development, both build-to-suit and speculative, as well as an active pipeline of build-to-suit prospects, Duke Realty is well poised to enhance its presence in Tier 1 markets.
- ▲ Duke Realty enjoys a strong balance sheet, ample liquidity and easy access to capital. Particularly, the company ended the quarter with \$1.2 billion of liquidity. Moreover, the company maintains high unencumbered asset pool with 98% of unencumbered assets in its portfolio. It has no significant debt maturities until 2023 and its leverage metrics remain conservative with debt-to-EBITDA on a trailing 12-month basis at 5 times, consistent with the midpoint of its guidance. Finally, the company enjoys investment-grade credit rating of BBB+ and Baa1 from Standard & Poor's and Moody's, respectively, allowing the company to borrow at an advantageous rate. Given its balance-sheet strength and prudent financial management, the company is well poised to bank on growth opportunities.
- ▲ Solid dividend payouts remain the biggest attraction for REIT investors and Duke Realty remains committed to that. The company raised its dividend every year in the past few years with the most recent being an 8.5% increase to 25.50 cents announced concurrent with its third-quarter 2020 earnings release. 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 14.6% over the past year, as against the industry's decline of 5.3%. In addition, the trend in estimate revisions of 2020 FFO per share indicates a favorable outlook for the company as the estimates have moved 2% north over the past month. Therefore, given the progress on fundamentals and upward estimate revisions, the stock has decent upside potential.

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.

Reasons To Sell:

- ▼ With the asset category being attractive in these 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/concessions and deferrals will likely remain an issue, specifically, for the company's tenants that have been hurt by the current economy amid the virus outbreak.
- ▼ Recovery in the industrial market has continued for long and market rents are expected to remain nearly flat for the remaining of the year. Moreover, industrial real estate fundamentals though seems more resilient than other asset categories is not immune. There is continued uncertainty across the globe and as such the pandemic's adverse impact on the economy might dampen demand for space in the near term.
- ▼ Although Duke Realty's large development pipeline is encouraging for 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 7-million-square-foot development pipeline, aggregating \$897 million in expected costs, which was 63% leased.

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.

Last Earnings Report

Duke Realty's Q3 FFO Surpasses Estimates, View Up

Duke Realty Corporation's third-quarter 2020 core FFO per share of 40 cents surpassed the Zacks Consensus Estimate of 39 cents. The figure also increased 8.1% from the year-ago tally of 37 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 an optimistic outlook for current-year earnings compared with the guidance issued in July. This positive outlook is backed by a solid operational performance, and particularly strong rent collections so far. Notably, the company has collected or has executed deferral agreements for 99.9% of third-quarter rents and 99.8% of October rents.

Rental and related revenues of \$235.4 million increased 9.3% on a year-over-year basis.

Quarter in Detail

Duke Realty leased 7.3 million square feet of space during the September-end quarter. Tenant retention was 45.7% for the reported quarter and 67.2% after considering immediate backfills.

Moreover, the company registered same-property net operating income (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 17.2% and 32.1%, respectively, during the third quarter.

As of Sep 30, 2020, the company's total portfolio, including properties under development, was 95.6% leased, up 30 bps from the previous-quarter end, and 170 bps from the prior-year quarter end. In-service portfolio was 97.1% leased as of Sep 30, 2020, up from 96.7% as of Jun 30, 2020 and 96.2% as of Sep 30, 2019. The company experienced decent leasing of its speculative spaces.

Duke Realty exited the third quarter with \$6.7 million of cash and cash equivalents, down from \$110.9 million as of Dec 31, 2019.

Portfolio Activity

During the July-September period, Duke Realty completed the acquisition of five properties amounting to \$112 million. The company acquired three buildings in East Bay Submarket of Northern Carolina, one in Northern New Jersey and one in Seattle, all of which are fully leased.

The company also sold a wholly-owned fully-leased property in Indianapolis spanning an area of 280,000 square feet for \$18 million.

Notably, the company commenced four wholly-owned development projects, spanning an area of two million square feet, with expected costs of \$261 million. The projects are 28% leased in total.

2020 Guidance

Duke Realty revised the 2020 core FFO per share outlook to \$1.50-\$1.54 from the prior estimate of \$1.48-\$1.54.

The company estimates same-property NOI growth of 4.7-5.1% compared with the prior guidance of 3.5-4.5%. It has lowered its bad debt expense estimate and included improved leasing assumption compared with the July outlook.

With better tenant demand and the expectation of fewer tenant defaults compared with the company's previous guidance, it projects average percentage leased of its stabilized in-service portfolio to be 97.3-97.7% compared with the previous range of 96.5-97.9%.

Further, the company projects \$250-\$350 million of property dispositions compared with the prior guidance of \$200-\$400 million, while acquisitions are estimated to be \$225-\$325 million compared with the previous estimate of \$50-\$250 million.

Quarter Ending	09/2020
Report Date	Oct 28, 2020
Sales Surprise	NA
EPS Surprise	2.56%
Quarterly EPS	0.40
Annual EPS (TTM)	1.49

Recent News

Duke Realty Seals Lease With MiD for Raleigh-Durham Property – Dec 21, 2020

Duke Realty secured a lease with MiD, Inc. for 36,228 square feet of space at 2800 Perimeter Park in Morrisville, NC. The tenant is in the business of offering installation services of major appliances for new construction and multi-family developments, right from Raleigh to the Carolina coast.

Notably, the three-million-square-foot, master-planned office and industrial development — Perimeter Park — enjoys an advantageous location, having situated off I-40 and I-540, and only three minutes from Raleigh-Durham International Airport. In fact, being centrally located between Raleigh, Durham and Chapel Hill, the property is likely to enjoy healthy demand over the long term.

Amid significant demand in the Raleigh metro area, Duke Realty is well poised to bank on robust fundamentals with its 3.1 million square feet of industrial properties.

Duke Realty Seals Long-Term Lease With Premier LogiTech - Dec 15, 2020

Duke Realty sealed a long-term lease agreement with Premier LogiTech LLC pertaining to 178,984 square feet of space at Freeport II in Coppell, TX. Particularly, with the lease agreement, the company secured a lease expansion, with improvements of 110,157 square feet of space at the project. Further, the agreement includes the extension of the present lease for 68,827 square feet in the same project for Premier.

Notably, the Freeport II facility at 600 South Royal Lane enjoys an advantageous location, having proximity to the Dallas-Fort Worth International Airport as well as access to key thoroughfares linking the Southwest region. This location seems to lure the tenant for the move, as the facility allows Premier LogiTech to reach its customers in 95% of the United States within three days, thus playing a key role in streamlining its logistics.

With significant demand in the Texas markets, Duke Realty is making strategic investments to tap its growth scope. It is poised to benefit from its strong development pipeline and improvements to its existing properties in its portfolio encompassing more than 24 million square feet of space.

Duke Realty Sees Solid Demand, Backfills 2 Facilities in NJ - Dec 10, 2020

Duke Realty is witnessing solid demand for its modern distribution spaces in New Jersey and along the New Jersey Turnpike Corridor, particularly. Recently, the company signed lease deals for two neighboring distribution facilities in Cranbury, promptly backfilling the facilities following prior tenant's relocation.

One of these deals involved long-term lease agreement for the 650,000-square-foot facility at 315 Half Acre Road with Cooper Electric. The other one involved leasing Comptree a nearly 300,000-square-foot facility at 311 Half Acre Road.

Both facilities are minutes from the New Jersey Turnpike Exit 8A. This advantageous location is likely to have enabled Duke Realty to immediately backfill the facilities following prior tenant's exit.

Remarkably, there has been a surge in e-commerce's share of total retail sales, spurring demand for warehouse and distribution spaces. Apart from the fast adoption of e-commerce, the industrial real estate space is anticipated to gain traction over the long run from a likely rise in the inventory levels of companies as a precaution for any supply-chain disruptions.

In New Jersey too, there is a solid demand for modern distribution spaces and thus, Duke Realty's New Jersey portfolio, aggregating eight million square feet across 20 properties, is fully occupied.

Duke Realty Raises Guidance for 2020 Development Starts - Dec 7, 2020

Duke Realty has raised the guidance for 2020 development starts to \$775-\$850 million, from the prior estimate of \$650-\$800 million, following significant development transactions since the beginning of the current quarter.

This industrial REIT executed two leases in its speculative development projects in the under-construction pipeline, having scheduled delivery dates not until the second quarter of 2021, reflecting the solid demand for the company's properties. One of those is a 622,000-square-foot lease in Northern New Jersey to a national home furnishings retailer. The other is a 290,000-square-foot lease in the Southern California South Bay submarket to a national beverage distributor.

With the leasing activities, the company was able to raise its pre-leasing level of the Sep 30, 2020 under-construction pipeline to 76%, considerably up from the 63% reported at third-quarter end.

Moreover, since the end of the third quarter, Duke Realty has commenced seven development projects aggregating \$405 million. These projects are 73% pre-leased in total. Of these, two are speculative developments in the Southern California Inland Empire West and San Gabriel Valley submarkets, aggregating 649,000 square feet of space.

The remaining are five build-to-suit development starts in the Southern California, Northern California, Dallas, Columbus, and Indianapolis markets, comprising 1.75 million square feet in total.

According to Jim Connor, Duke Realty's chairman and CEO, "The announced transactions, including the year-to-date total as of September 30th, brings the Company's total development starts for 2020 to 5.8 million square feet and a projected \$780 million in total project costs, with an initial pre-leasing level of 64 percent."

Executed with the existing customers in the e-commerce business, along with new customers in the global tire manufacturing and distribution

business, the above-discussed leases reflect the decent demand for this domestic pure play industrial REIT's properties.

Dividend Update

Concurrent with the third-quarter earnings release on Oct 28, Duke Realty announced an 8.5% hike in quarterly cash dividend on common stock to 25.50 cents per share from 23.50 cents. The dividend for the third quarter was paid out on Nov 30 to shareholders on record as of Nov 16, 2020.

Valuation

Duke Realty's shares have been up 14.7% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Finance sector have declined 5.3% and 4.3% over the past year.

The S&P 500 Index has been up 16.8% over the trailing 12-month period.

The stock is currently trading at 23.96X forward 12-month FFO, which compares to 19.10X for the Zacks sub-industry, 16.91X for the Zacks sector and 22.95X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 27.34X and as low as 15.65X, with a 5-year median of 21.65X. Our neutral recommendation indicates that the stock will perform in line with the market. Our \$42 price target reflects 25.81X FFO.

The table below shows summary valuation data for DRE.

Valuation Multiples - DRE					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	23.96	19.10	16.91	22.95
	5-Year High	27.34	19.50	16.91	23.79
	5-Year Low	15.65	14.31	11.59	15.3
	5-Year Median	21.65	16.25	14.45	17.81
P/S F12M	Current	14.76	7.38	7.07	4.34
	5-Year High	16.6	7.45	7.07	4.34
	5-Year Low	7.95	5.19	5.02	3.17
	5-Year Median	12.5	6.29	6.11	3.67
P/B TTM	Current	2.85	2.24	2.8	6.36
	5-Year High	2.99	2.73	2.94	6.4
	5-Year Low	1.89	1.63	1.74	3.74
	5-Year Median	2.44	2.33	2.58	4.93

As of 12/21/2020

Source: Zacks Investment Research

Industry Analysis Zacks Industry Rank: Bottom 15% (217 out of 255)



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	3

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

Industry Comparison Industry: Reit And Equity Trust - Other				Industry Peers		
	DRE	X Industry	S&P 500	EGP	FR	PLD
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	F	-	-	D	D	D
Market Cap	14.50 B	2.44 B	26.07 B	5.36 B	5.29 B	71.89 B
# of Analysts	5	4	13	8	7	9
Dividend Yield	2.62%	3.51%	1.49%	2.33%	2.44%	2.39%
Value Score	D	-	-	D	D	D
Cash/Price	0.00	0.04	0.06	0.00	0.03	0.01
EV/EBITDA	20.41	14.81	14.52	25.02	16.35	28.47
PEG F1	5.78	3.97	2.81	4.00	NA	3.53
P/B	2.85	1.34	3.62	4.30	2.80	1.97
P/CF	18.80	12.19	13.87	23.29	14.11	23.35
P/E F1	25.94	16.49	22.02	25.26	22.21	25.78
P/S TTM	15.15	5.37	2.83	15.01	11.86	17.31
Earnings Yield	3.90%	5.54%	4.36%	3.96%	4.51%	3.88%
Debt/Equity	0.62	0.94	0.70	0.97	0.85	0.45
Cash Flow (\$/share)	2.07	2.05	6.93	5.82	2.91	4.17
Growth Score	C	-	-	C	D	C
Historical EPS Growth (3-5 Years)	5.70%	0.38%	9.71%	7.87%	5.75%	9.65%
Projected EPS Growth (F1/F0)	5.69%	-2.44%	1.22%	7.66%	6.16%	13.96%
Current Cash Flow Growth	9.22%	3.22%	5.23%	25.62%	28.05%	3.51%
Historical Cash Flow Growth (3-5 Years)	4.21%	12.69%	8.33%	13.87%	19.83%	15.92%
Current Ratio	1.00	1.55	1.39	0.00	1.72	0.84
Debt/Capital	38.21%	48.55%	41.97%	49.32%	45.95%	31.16%
Net Margin	22.76%	9.87%	10.40%	33.84%	46.84%	38.21%
Return on Equity	4.30%	3.53%	14.99%	9.94%	11.50%	4.67%
Sales/Assets	0.11	0.12	0.50	0.14	0.12	0.08
Projected Sales Growth (F1/F0)	7.87%	0.00%	0.39%	9.58%	4.60%	34.35%
Momentum Score	D	-	-	D	A	D
Daily Price Change	-0.64%	-0.67%	-0.77%	-0.63%	0.69%	-0.84%
1-Week Price Change	2.35%	0.00%	0.87%	2.84%	-0.15%	0.72%
4-Week Price Change	1.43%	0.50%	1.83%	-3.21%	-3.00%	-2.32%
12-Week Price Change	5.58%	11.36%	14.52%	2.30%	0.61%	-2.78%
52-Week Price Change	14.61%	-14.46%	5.55%	3.52%	0.86%	11.02%
20-Day Average Volume (Shares)	2,035,313	744,634	2,035,313	250,529	731,133	3,084,075
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.00%	0.08%	-0.01%
EPS F1 Estimate 4-Week Change	0.00%	0.00%	0.00%	-0.00%	0.08%	-0.01%
EPS F1 Estimate 12-Week Change	2.15%	0.49%	3.79%	0.94%	2.62%	1.04%
EPS Q1 Estimate Monthly Change	0.00%	0.00%	0.00%	0.16%	-0.32%	0.41%

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

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

Glossary of Terms and Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Periods:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

P/TB Ratio: The price-to-tangible-book value ratio is calculated as 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.