Equinix, Inc. (EQIX)

$710.17 (As of 06/01/20)

Price Target (6-12 Months): **$753.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 02/17/19) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5) Zacks Style Scores: Value: D | Growth: B | Momentum: C	**3-Hold** VGM:C

Summary

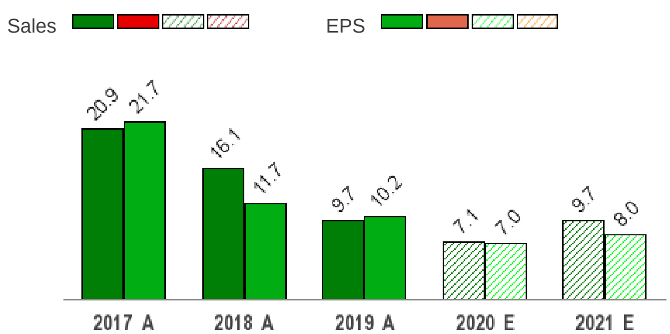
Equinix announced a deal to buy a 13 data-center portfolio across Canada for $750 million. The acquisition will increase the company's footprint in the region. Moreover, its decent first-quarter results were supported by strong performance across all three geographies. Notably, higher remote-working needs amid the pandemic are driving the demand for interconnected data-center space. Equinix, with its interconnectivity-focused global data-center portfolio, is well-positioned to benefit from the tailwind. Also, acceleration in cloud adoption is driving growth for its interconnected ecosystems. Equinix delivered its 69th quarter of consecutive revenue growth. Its shares have outperformed the real estate market over the past year. Yet, capital-intensive activities amid rising debts are concerning. Also, stiff competition may impact pricing power.

Price, Consensus & Surprise

Data Overview

52 Week High-Low	**$716.32 - $471.80**
20 Day Average Volume (sh)	**604,490**
Market Cap	**$61.0 B**
YTD Price Change	**21.7%**
Beta	**0.43**
Dividend / Div Yld	**$10.64 / 1.5%**
Industry	**REIT and Equity Trust - Retail**
Zacks Industry Rank	**Bottom 21% (199 out of 253)**
Last EPS Surprise	**3.9%**
Last Sales Surprise	**-0.4%**
EPS F1 Est- 4 week change	**-2.7%**
Expected Report Date	**07/29/2020**
Earnings ESP	**-0.4%**
P/E TTM	**30.7**
P/E F1	**29.1**
PEG F1	**2.1**
P/S TTM	**10.8**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2021	1,567 E	1,610 E	1,641 E	1,674 E	6,535 E
2020	1,445 A	1,460 E	1,497 E	1,540 E	5,957 E
2019	1,363 A	1,385 A	1,397 A	1,417 A	5,562 A

EPS Estimates

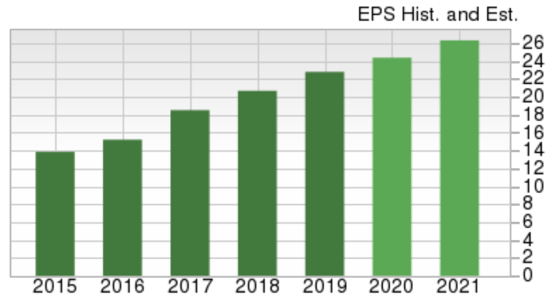
	Q1	Q2	Q3	Q4	Annual*
2021	$6.46 E	$6.60 E	$6.70 E	$6.72 E	$26.34 E
2020	$6.21 A	$6.05 E	$6.03 E	$6.09 E	$24.40 E
2019	$5.95 A	$5.87 A	$5.52 A	$5.51 A	$22.81 A

*Quarterly figures may not add up to annual.

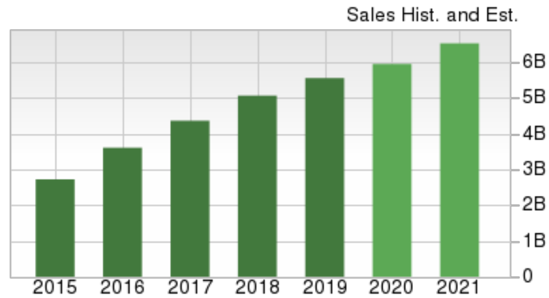
The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 06/01/2020. The reports text is as of 06/02/2020.

Overview

Equinix, Inc. is a global provider of network-neutral data centers and Internet exchange services for enterprises, content companies, systems integrators and network service providers. Incorporated on Jun 22, 1998, Equinix has its U.S. headquarters in Redwood City, CA. The company has two more regional headquarters in London and Singapore. Equinix has a direct sales force and a channel marketing program. It became a REIT in taxable year 2015.



Through its 211 International Business Exchanges or IBX data centers across 50 metros in five continents, customers can directly interconnect critical traffic exchange requirements. While some Equinix customers, such as AOL and Google, build and operate their own data centers for their large infrastructure deployments, these customers rely on Equinix IBX centers for their critical inter-connection relationships. AOL, AT&T, British Telecom, NTT Communications Siemens, Sprint and Verizon Business are the other key customers.



Equinix's business is based on a recurring revenue model comprising Colocation, Interconnection and Managed IT Infrastructure Services. These services are considered to be recurring, as customers are billed at fixed rates on a recurring basis through the life of the respective contracts, which generally run for one to three years. Approximately half of Equinix's existing customers order new services in any given quarter. Recurring revenues accounted for greater than 90% of total revenues for the last three years.

Non-Recurring Revenues comprise professional services, installation services related to initial deployment and customer settlements (fees paid for terminating contracts before expiry). These services are typically billed only upon completion of the installation or performance of services.

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.*

Reasons To Buy:

> The data center business is thriving across geographies and Equinix is well positioned to capitalize on this opportunity. Its recurring revenue model and current expansion plans are also encouraging.

- The growing demand for Big Data exchanges calls for greater usage of data centers. To meet this global need, Equinix is expanding its IBX data centers globally and becoming popular among tech companies looking for data management. Industry experts believe demand for high performing data centers will escalate in the years to come with the exponential rise in data traffic. This will require enterprises to engage data-center service providers such as Equinix. Therefore, increasing total addressable market for data-center provides an immense growth opportunity for Equinix.

- Equinix has been achieving continued business momentum with its critical mass of customers and the resultant "network effect" within its IBX centers. Direct interconnection with its networks, connecting the majority of the world's Internet routes, enables customers to increase the efficiency of their IT infrastructure, remove complexities associated with infrastructure administration and management and reduce costs. Further, service offerings, such as Equinix Exchange and Equinix Internet Exchange, significantly reduce the cost of critical transit, peering and traffic exchange operations by eliminating the costs of private peering or local loops. The benefits provided by the Platform Equinix have led to a loyal and blue-chip customer base of over 6,300 firms. Moreover, the company's joint venture (JV) with GIC to develop and operate xScale data centers in Europe attracts additional partners and other hyperscale providers to Equinix's ecosystem, and also benefits the network effect.

- The massive work-from-home environment due to the COVID-19 pandemic is driving a spike of near-term demand for highly interconnected data-center space from cloud and Internet customers. This sudden incremental network demand, stemming from an increase in remote working, is a positive for the data-center industry and is expected to benefit Equinix in some of its high-margin product lines. Moreover, the situation highlights the importance of real-time, on-demand scalability that the company provides through services like Cloud Exchange Fabric (ECX Fabric) and Network Edge.

- Equinix continues focusing on acquisitions to expand data-center capacity in key markets as well as strengthen its competitive positioning and global reach. In fact, recently the company announced a deal to buy a 13 data-center portfolio across Canada for $750 million. The acquisition will increase its footprint in the region. Moreover, following the success of a JV with GIC for xScale data centers in Europe, it has announced a similar JV in Japan with GIC in April. The xScale JV-approach is a strategic fit to tap the high-growth hyperscale data-center market in Europe, the Middle East and Africa (EMEA), and the AsiaPacific regions. Further, it will provide incremental cash flows without straining the company's balance sheet. In March 2020, Equinix completed the acquisition of Packet, a leader in the bare metal automation platform. The acquisition will likely facilitate enterprises to seamlessly deploy hybrid multicloud architectures on Equinix's data-center platform. In early January, the company wrapped up the acquisition of three data centers from Axtel S.A.B. de C.V., as part of its ongoing expansion plans to meet customer demand in the Americas. Through the platform-enhancing acquisitions, expansions and an active construction pipeline of 32 projects currently underway, the company aims to achieve ending cabinet equivalent capacity of around 314,000 in 2020.

- The demand for Equinix's interconnected ecosystem remains strong, driven by acceleration in enterprise cloud adoption and increasing cloud or Internet customers' demands for highly interconnected datacenter space. Amid the tailwinds, the company continues to strengthen its interconnection portfolio. In the first quarter, it added an incremental 6,800 interconnections that were driven by video streaming and conferencing services. With this, Equinix has more than 370,000 interconnections. In fact, first-quarter 2020 marked the company's 13th consecutive quarter of adding more interconnections relative to its top 10 competitors combined. These efforts along with the company's global reach resulted in strong interconnection activities, reflected in interconnection revenue growth for the first quarter. The company's interconnection offering reflects a unique product line that is driving significant customer value. Moreover, going forward the xScale JV with GIC in Japan will fuel Equinix's interconnected ecosystem.

- Equinix's financial policy approach underlines a disciplined and balanced debt and equity funding strategy to support organic and acquisition-driven growth. The company's regular utilization of its at-the-market (ATM) equity program as well as borrowing from a new $750-millionterm loan facility in April indicates the consistent capital sourcing policy. Other than external financing, the company generates significant recurring revenues, contributing to internally-generated cash from operating activities. Additionally, as of Mar 31, 2020, the company had $1.2 billion of unrestricted cash and $1.7 billion available under its $2-billion revolver. Hence, it has sufficient liquidity to meet operating requirements, fund acquisitions and pay dividends. It has only $350 of debts maturing in 2020. Moreover, Equinix's increasing asset portfolio and impressive operating resilience are supportive of higher leverage tolerance. As of the first-quarter end, the company's net leverage was 3.9x. Moreover, investment-grade rating of Baa3 from Moody's as well as BBB- from S&P and Fitch will help to lower the future cost of capital.

- Equinix could benefit from favorable operating leverage. Its business generates a substantial portion of recurring revenues (greater than 90% of total revenues for the last three years). As the majority of the cost structures are of a fixed nature, every unit growth in revenues would result in lower expenses as a percentage of total revenues. Given the growing demand for data exchanges across the world, Equinix is well poised to grow its revenue base. Higher revenues along with lower costs will expand margins and increase profitability in the long run.

Reasons To Sell:

Competition from carrier-neutral data centers, capital intensity of data center builds, growing debt, foreign-exchange fluctuations and consolidation in the telecommunication industry are concerning.

- Equinix competes with Internet data centers operated by established communications carriers, as well as REITs including Digital Realty Trust. In addition to competing with neutral colocation providers, the company competes with traditional colocation providers, Internet service providers and Web-hosting facilities. Considering the strong growth potential, competition is expected to increase from existing players and entry of new players into the space. The increased competition could prompt competitors to resort to aggressive pricing policies, making Equinix vulnerable to pricing pressure.

- Equinix operates across 50 metros and continues to rapidly expand its footprint in new markets. Although this provides revenue diversification across geographies, foreign currency exchange rate fluctuations may affect its bottom line and revenue growth. In fact, the ongoing coronavirus pandemic has resulted in volatility in foreign currency exchange rates, impacting the company's revenue growth for the first quarter. Additionally, it has lowered the 2020 outlook to reflect the foreign exchange impact due to weaker operating currencies. Specifically, the reduced revenue guidance indicates a $105-million impact from foreign exchange and a $25-million adjustment relating to COVID-19.

- The telecommunications industry is currently undergoing consolidation. As customers combine businesses, they may require less colocation space, and there may be fewer networks available to choose from. In addition, increased utilization of existing colocation space could reduce the attractive expansion opportunities available to Equinix.

- Equinix's offerings have long sales cycles that may have a negative impact on the business, financial condition and results of operations. A customer's decision to license cabinet space in one of its IBX centers and to purchase additional services typically involves a significant commitment of resources. In addition, some customers are reluctant to relocate to IBX centers until they are confident that the IBX center has adequate carrier connections. The sales cycle of the company, therefore, gets stretched.

- Equinix plans to add more data centers in the coming quarters to satisfy the growing demand for colocation and interconnection services. Although such moves are a strategic fit, it requires huge capital outlays and given the company's significant debt obligations, these capital-intensive activities are concerning. Growing debt burden will likely adversely impact the operating results as interest expenses would go up. It should be noted that at the end of first-quarter 2020, Equinix had cash and cash equivalents of $1.17 billion, while its total debt principal outstanding was $11.8 billion. Moreover, integration costs related to acquisitions will likely impede its bottom-line growth. The company anticipates incurring $20 million of integration costs in 2020.

- Over the past year, shares of Equinix have outperformed the real estate market. The stock has surged 46.3% as against the real estate market's decline of 12.2% during the same period. However, the trend in estimate revisions of current-year FFO per share does not indicate a favorable outlook for the company, as it witnessed a 1.5% downward estimate revision over the past month. Therefore, given the above-mentioned concerns and downward estimate revision, the stock has limited upside potential.

Last Earnings Report

Equinix FFO Surpass Estimates in Q1, Revenues Miss

Quarter Ending	03/2020
Report Date	May 06, 2020
Sales Surprise	-0.44%
EPS Surprise	3.85%
Quarterly EPS	6.21
Annual EPS (TTM)	23.11

Equinix posted mixed results for first-quarter 2020, wherein adjusted FFO (AFFO) per share surpassed the Zacks Consensus Estimate, while revenues lagged. Nonetheless, both AFFO and revenues improved year over year.

The company's quarterly AFFO per share was $6.21, beating the Zacks Consensus Estimate of $5.98. The figure also improved 13% from the year-ago quarter's $5.95.

The upside primarily stemmed from steady growth in interconnection revenues. However, the negative impacts of foreign currency hindered revenue growth and adjusted earnings before interest, taxes, depreciation and amortization (EBITDA). Further, $3 million in integration costs hurt AFFO and adjusted EBITDA.

Quarter in Detail

Total quarterly revenues were $1.44 billion, missing the Zacks Consensus Estimate of $1.45 billion. Nonetheless, the top-line figure improved 6% year over year, representing the 69th consecutive quarter of revenue growth.

Recurring revenues were $1.36 billion, up 6.8% from the year-ago quarter's figure. Non-recurring revenues declined 6.3% from the year-ago quarter to $82.8 million.

Revenues from the three geographic regions increased on a year-over-year basis as well. Revenues from the Americas, EMEA and the Asia Pacific jumped 2.7%, 10.2% and 6.9% to $661.9 million, $478.9 million and $303.7 million, respectively.

Cash gross margin was 67%, stable year over year. Total operating expenses were up 11.4% year over year to $283.8 million.

Adjusted EBITDA was $684 million, up 3.6% year over year. Adjusted EBITDA margins were 47%, down from 48% recorded in the prior-year quarter. AFFO appreciated 13% year over year to $535 million in the March-end quarter.

Balance Sheet

Equinix exited the first quarter with cash and cash equivalents of $1.17 billion. The company's total debt principal outstanding was $11.75 billion as of Mar 31, 2020.

Guidance

The company widened its guidance for the ongoing year. For 2020, it estimates generating revenues of $5.877-$5.985 billion. It predicts adjusted EBITDA of $2.765-$2.845 billion and AFFO of $2.043-$2.133 billion. Further, AFFO per share is estimated to be between $23.62 and $24.66.

For second-quarter 2020, Equinix projects revenues of $1.446-$1.466 billion. Adjusted EBITDA is likely to be between $679 million and $699 million.

Recent News

Equinix to Buy $750M Data-Center Portfolio From BCE - Jun 1, 2020

Equinix announced a deal to acquire a portfolio of 13 data centers across Canada from BCE Inc. ("Bell") for $750 million.

Subject to customary closing norms, the all-cash transaction is expected to close in the second half of 2020.

Upon closing, it will be immediately accretive to the company's AFFO per share (excluding integration costs). Moreover, the assets are anticipated to generate around $105 million in annualized revenues.

The data centers will add around 1.2 million gross square feet of space and 400,000 square feet of colocation space to Platform Equinix.

Additionally, under the terms of the agreement, Equinix and Bell will start a partnership, leveraging on the combined ecosystem of both parties. The joint offering will bring together Bell's telecommunications services and technology expertise with Equinix's global, interconnected data-centers platform and rich business ecosystems. This will help the partnership to provide integrated networking and hybrid multi-cloud solutions to accelerate digital adoption.

The additions of the strategic assets will drive interconnection within Canada and between Canada and the rest of the world. This offers global expansion opportunities to local businesses and the scope for multinational corporations to pursue growth and innovation in the Canada market.

Moreover, it will accelerate enterprises to shift from traditional to digital businesses, providing rapid scaling of infrastructure as well as the seamless adoption of hybrid multi-cloud architectures. It will also open doors for interconnecting with strategic business partners within the Platform Equinix ecosystem that consists of around 10,000 customers.

Notably, the company's existing footprint in Toronto, Ontario, consists of two operating IBX data centers. Adding new capacity through the buyout will strengthen Equinix's asset coverage throughout Canada and extend its interconnection services to seven new metros. Including Calgary, Alberta; Millidgeville, New Brunswick; Kamloops and Vancouver, British Columbia; Montreal, Quebec; Ottawa, Ontario and Winnipeg, Manitoba.

Equinix to Raise $1.5B in Secondary Equity Issuance – May 11, 2020

Tapping the equity market for additional capital, Equinix announced a public offering of 2,250,000 shares of its common stock. Further, as part of the offering, the company will give underwriters a 30-day option to purchase up to an additional 337,500 shares.

The shares are priced at $665 per share. The $1.5-billion offering, subject to the fulfillment of customary closing conditions, was closed on May 14.

The company plans to utilize the net proceeds from the offering to fund the acquisition of selected data center sites and their operations that is currently in discussions. Remaining proceeds will be used for general corporate purposes, including debt repayment, capital expenditure and working capital. Moreover, if the acquisition is not executed, then Equinix plans to use the entire net proceeds for general corporate purposes.

Equinix Expands ECX Fabric in Seven New EMEA Markets – Apr 28, 2020

Launching its largest expansions of ECX Fabric, Equinix added seven locations across the EMEAregion,where the global interconnection service will be available.

Specifically, the services will be introduced in Barcelona, Brussels, Geneva, Istanbul, Lisbon and Sofia, and will be extended in Hamburg in the ongoing quarter. With theaddition, ECX Fabric will be available to customers in 45 markets in the Americas, EMEA and the AsiaPacific.

This will likely help global businesses to simplify hybrid infrastructures and multi-cloud connectivity, and provide new interconnection opportunities for businesses on Platform Equinix.

Equinix Forms JV With GIC for xScale Data Centers in Japan – Apr 21, 2020

Equinix signed a JV in the form of a limited liability partnership with GIC — Singapore's sovereign wealth fund — to develop and operate xScale data centers in Japan. The deal was worth more than $1 billion and followed the successful partnership between the parties to develop and operate xScale data centers in Europe completed last year.

The initial three facilities — two in Tokyo and one in Osaka — in the JV will be provided by Equinix. Specifically, the company will transfer its Tokyo TY12 and Osaka OS2 development assets as well as land and development rights for another data center in Tokyo. At full built-out, the three xScale data centers will provide 138 megawatts (MW) of power capacity.

Per the terms of the deal, GIC will contribute cash to fund 80% equity interest in the JV and Equinix will transfer its assets for the remaining 20% equity interest. Equinix will also receive net cash proceeds of more than $100 million. The joint venture is anticipated to close in the second half of 2020.

Notably, xScale data centers provide differentiated services to hyperscale companies as compared to existing wholesale data center operators. Specifically, such data centers provide access to Equinix's complete range of interconnection and edge services that integrate into the hyperscale companies' existing access points at Equinix, thereby offering speedy connectivity to their existing and future enterprise customers. Further, these data centers facilitate hyperscale companies to consolidate core and access point deployments to a global provider in a bid to simplify accelerated growth.

With an existing footprint of 13 IBX data centers, Equinix is set to expand its presence in the country that has emerged as a key hub for regional interconnection with high demand for hyperscale services. Hence, the deal is a strategic fit for the company.

Dividend Update

On May 6, concurrent with its first-quarter 2020 earnings release, Equinix's board of directors approved a quarterly cash dividend of $2.66 per share. The dividend will be paid out on Jun 17 to shareholders of record as of May 20.

Valuation

Equinix's shares have surged 46.3% over the trailing 12-month period. Stocks in the Zacks industry and the Zacks Finance sector have declined 24.7% and 12.1%, over the past year.

The S&P 500 Index has been up 11.4% over the trailing 12-month period.

The stock is currently trading at 31.15X forward 12-month FFO, which compares to 12.05X for the Zacks industry, 16.34X for the Zacks sector and 22.13X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 51.28X and as low as 16.17X, with a 5-year median of 23.42X. Our neutral recommendation indicates that the stock will perform in line with the market. Our $753 price target reflects 33.03X FFO.

The table below shows summary valuation data for EQIX.

Valuation Multiples - EQIX

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	31.15	12.05	16.34	22.13
	5-Year High	51.28	19.44	16.34	22.13
	5-Year Low	16.17	9.72	11.57	15.23
	5-Year Median	23.42	14.84	13.96	17.49
P/S F12M	Current	9.84	6.60	5.80	3.44
	5-Year High	9.84	13.91	6.69	3.44
	5-Year Low	4.75	5.43	4.98	2.53
	5-Year Median	6.56	8.19	6.06	3.02
P/B TTM	Current	7.04	2.44	2.28	4.18
	5-Year High	11.74	5.57	2.90	4.56
	5-Year Low	3.77	1.77	1.71	2.83
	5-Year Median	5.27	3.36	2.53	3.65

As of 06/01/2020

Industry Analysis **Zacks Industry Rank:** Bottom 21% (199 out of 253)

Top Peers

Company (Ticker)	Rec	Rank
American Tower Corporation REIT **(AMT)**	Neutral	3
Crown Castle International Corporation **(CCI)**	Neutral	3
CyrusOne Inc **(CONE)**	Neutral	3
CoreSite Realty Corporation **(COR)**	Neutral	3
Digital Realty Trust, Inc. **(DLR)**	Neutral	3
Iron Mountain Incorporated **(IRM)**	Neutral	3
QTS Realty Trust, Inc. **(QTS)**	Neutral	3
SBA Communications Corporation **(SBAC)**	Neutral	3

Industry Comparison Industry: Reit And Equity Trust - Retail

Industry Peers

	EQIX	X Industry	S&P 500	CONE	COR	DLR
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	C	-	-	B	C	D
Market Cap	61.02 B	1.25 B	21.80 B	8.55 B	4.74 B	38.22 B
# of Analysts	7	6	14	9	10	9
Dividend Yield	1.50%	8.02%	1.97%	2.70%	3.90%	3.15%
Value Score	D	-	-	D	D	D
Cash/Price	0.02	0.14	0.06	0.01	0.00	0.01
EV/EBITDA	29.27	12.16	12.62	21.77	21.26	24.18
PEG Ratio	2.09	5.38	2.92	0.88	1.16	3.57
Price/Book (P/B)	7.04	1.15	2.98	3.62	28.83	2.43
Price/Cash Flow (P/CF)	31.81	6.98	11.85	19.90	20.33	16.41
P/E (F1)	29.11	9.75	21.45	19.33	24.29	23.50
Price/Sales (P/S)	10.81	3.71	2.30	8.53	8.16	11.88
Earnings Yield	3.44%	10.26%	4.48%	5.18%	4.12%	4.25%
Debt/Equity	1.44	1.18	0.76	1.40	9.56	0.87
Cash Flow ($/share)	22.33	2.19	6.96	3.73	6.15	8.68
Growth Score	B	-	-	A	C	D
Hist. EPS Growth (3-5 yrs)	15.90%	1.39%	10.87%	13.77%	16.68%	6.60%
Proj. EPS Growth (F1/F0)	6.95%	-10.52%	-10.79%	5.75%	0.98%	-8.84%
Curr. Cash Flow Growth	12.38%	0.37%	5.46%	24.40%	4.75%	14.13%
Hist. Cash Flow Growth (3-5 yrs)	22.24%	5.61%	8.55%	30.81%	17.21%	19.36%
Current Ratio	1.26	2.53	1.29	1.20	0.17	0.45
Debt/Capital	59.00%	54.42%	44.75%	58.41%	90.53%	44.41%
Net Margin	9.00%	22.53%	10.59%	-3.32%	12.74%	21.35%
Return on Equity	5.80%	6.04%	16.29%	1.54%	32.98%	7.65%
Sales/Assets	0.24	0.13	0.55	0.17	0.28	0.13
Proj. Sales Growth (F1/F0)	7.10%	-3.98%	-2.67%	5.17%	5.69%	13.04%
Momentum Score	C	-	-	A	A	B
Daily Price Chg	1.80%	5.13%	0.80%	-0.19%	0.21%	-0.78%
1 Week Price Chg	4.12%	3.14%	4.60%	2.81%	2.31%	5.71%
4 Week Price Chg	5.06%	8.27%	8.94%	4.80%	2.31%	-2.28%
12 Week Price Chg	23.71%	-28.24%	8.65%	31.07%	21.63%	18.04%
52 Week Price Chg	46.25%	-39.85%	0.08%	26.56%	9.20%	24.01%
20 Day Average Volume	604,490	1,351,927	2,465,511	1,270,178	533,346	2,038,062
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	-2.70%	-2.74%	-0.27%	0.29%	0.10%	-5.71%
(F1) EPS Est 12 week change	-3.01%	-10.88%	-16.20%	-0.10%	-0.22%	-7.25%
(Q1) EPS Est Mthly Chg	-3.44%	-4.92%	-0.83%	0.87%	0.54%	-8.27%

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 have an excellent 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	B
Momentum Score	C
VGM Score	C

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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