Equinix, Inc. (EQIX)

$690.24 (As of 04/05/21)

Price Target (6-12 Months): **$732.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 04/16/19) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM:D
	Value: D | Growth: C | Momentum: D	

Summary

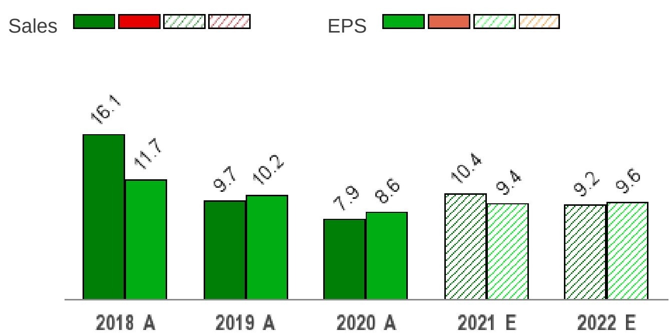
Equinix recently launched an industry-first Time-as-a-Service capability, Equinix Precision Time. The service will be offered globally as a value-added edge service and provides secure time synchronization. Also, the company is seeing increasing demand for interconnected data-center space, stemming from the rising need for digital infrastructure and cloud adoption. It delivered 72 consecutive quarters of revenue growth. Buyouts, backed by a decent balance sheet, are strategic fits for Equinix. Yet, its shares have underperformed the real estate market in the past year. Also, Equinix's expansion efforts involve huge capital outlays and given its significant debt obligations, such activities are likely to increase financial obligations and impact operating results. A global presence exposes it to foreign currency exchange rate volatility.

Price, Consensus & Surprise

Data Overview

52-Week High-Low	**$839.77 - $586.73**
20-Day Average Volume (Shares)	**549,940**
Market Cap	**$60.5 B**
Year-To-Date Price Change	**-5.1%**
Beta	**0.27**
Dividend / Dividend Yield	**$11.48 / 1.7%**
Industry	**REIT and Equity Trust - Retail**
Zacks Industry Rank	**Bottom 27% (184 out of 253)**
Last EPS Surprise	**2.0%**
Last Sales Surprise	**0.2%**
EPS F1 Estimate 4-Week Change	**0.0%**
Expected Report Date	**05/05/2021**
Earnings ESP	**0.0%**
P/E TTM	**27.3**
P/E F1	**25.5**
PEG F1	**1.8**
P/S TTM	**10.1**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2022	1,741 E	1,775 E	1,818 E	1,863 E	7,229 E
2021	1,596 E	1,630 E	1,673 E	1,712 E	6,622 E
2020	1,445 A	1,470 A	1,520 A	1,564 A	5,999 A

EPS Estimates

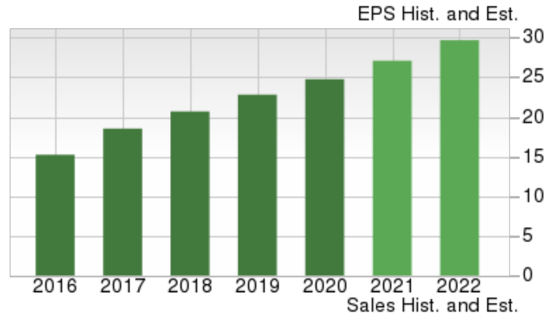
	Q1	Q2	Q3	Q4	Annual*
2022	$7.19 E	$7.41 E	$7.60 E	$7.55 E	$29.68 E
2021	$6.63 E	$6.72 E	$6.83 E	$6.93 E	$27.09 E
2020	$6.21 A	$6.35 A	$6.48 A	$5.76 A	$24.76 A

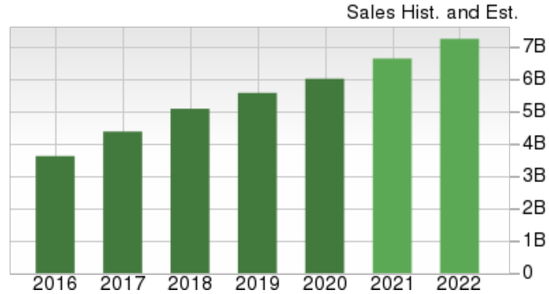
*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 04/05/2021. The report's text and the analyst-provided price target are as of 04/06/2021.

Overview

Incorporated on Jun 22, 1998, Equinix, Inc. is a global digital infrastructure company. Its U.S. headquarters is in Redwood City, CA. The company has two more regional headquarters in Amsterdam and Hong Kong. It became a real estate investment trust (REIT) in taxable year 2015.





Platform Equinix combines a global footprint of International Business Exchange or IBX data centers, interconnection solutions, and edge services for deploying network. It also includes unique business, digital ecosystems, and expert consulting and support.

The company operates in three reportable segments comprised of the Americas, Middle East and Africa (EMEA) and Asia-Pacific geographic regions.

Through its 209 IBX data centers across five continents, customers can directly interconnect critical traffic exchange requirements. These customers rely on Equinix's IBX centers for their critical interconnection relationships. Equinix has a direct sales force and a channel marketing program.

Equinix's business is based on a recurring revenue model comprising colocation, related 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.

Non-recurring revenues comprise installation services related to initial deployment and professional services. Also, revenues from customer settlements (fees paid for terminating contracts before expiry) are treated as contract modifications. These services are typically billed only upon the 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.*

Source: Zacks Investment Research

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 is gaining traction 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. The benefits provided by the Platform Equinix have led to a loyal and blue-chip customer base. 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 company's interconnection offering, including Equinix Fabric, cross connects, Equinix Connect and Equinix Internet Exchange, are unique product lines that are driving significant customer value. Notably, 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 data center space. Amid the tailwinds, the company continues to strengthen its interconnection portfolio. In the fourth quarter, it added an incremental 7,700 interconnections, which were driven by cloud, content and gaming segments. With this, Equinix has more than 392,000 interconnections. These efforts along with the company's global reach have been resulting in strong interconnection activities.

- Equinix continues focusing on acquisitions and developments to expand data-center capacity in key markets and strengthen its competitive positioning and global reach. In fact, recently, the company announced plans to open its first data center in Bordeaux, France, in third-quarter 2021. Also, in fourth-quarter 2020, it had four retail IBX openings in Frankfurt, Paris, São Paulo and Washington, DC. Through such platform-enhancing expansions, acquisitions and an active construction pipeline of 44 projects currently underway, the company aims to achieve ending cabinet-equivalent capacity of around 335,000 in 2021. Moreover, following the success of a JV with GIC for xScale data centers in Europe, it completed a similar JV in the Asia Pacific with GIC in fourth-quarter 2020. The xScale JV-approach is a strategic fit to pursue hyperscale deployments in desired markets and provide incremental cash flows without straining the company's balance sheet.

- Equinix's financial policy approach underlines a disciplined 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 debt raises indicates a consistent capital sourcing policy. In fact, in fourth-quarter 2020, the company established a new $1.5-bilion ATM program. Other than external financing, the company generates significant recurring revenues, contributing to internally-generated cash from operating activities. Additionally, as of Dec 31, 2020, the company had $3.5 billion in available liquidity that is sufficient to meet operating requirements, fund acquisitions and pay dividends. Moreover, Equinix's increasing asset portfolio and impressive operating resilience are supportive of higher leverage tolerance. Also, investment-grade rating of Baa3 from Moody's and BBB- from S&P and Fitch helps to access the debt market at a favorable cost.

- 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.

- Over the past year, shares of Equinix have underperformed the real estate market. The stock has gained 10.7% compared with the real estate market's rally of 39.6% during the same period. Nonetheless, the Zacks Consensus Estimate for 2021 FFO per share has been revised upward over the past month. Given the strong fundamentals and upward estimate revision, the stock has decent upside potential.

Reasons To Sell:

- 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 63 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 top- and bottom-line growth.

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'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 is likely to affect near-term performance. In fact, the company anticipates incurring $30 million of integration costs related to acquisitions in 2021. This will likely impede its bottom-line growth. Also, while investments in business and new products, and enhancement of its go-to-market footprint are likely to propel long-term growth, the same is expected to hinder margin growth in the near term.

- Further, given the company's significant debt obligations, Equinix's 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 fourth-quarter 2020, Equinix had cash and cash equivalents of $1.6 billion, while total debt principal outstanding was $12.5 billion. Further, net leverage ratio increased to 3.8X in the fourth quarter from 3.3.X in the third quarter.

Last Earnings Report

Equinix Tops on Q4 FFO, Sees Revenue Growth in ’21

Quarter Ending	12/2020
Report Date	Feb 10, 2021
Sales Surprise	0.23%
EPS Surprise	1.95%
Quarterly EPS	5.76
Annual EPS (TTM)	24.80

Equinix posted strong results for fourth-quarter 2020, wherein adjusted FFO (AFFO) per share and revenues surpassed the Zacks Consensus Estimate and improved year over year.

The company’s quarterly AFFO per share was $5.76, beating the Zacks Consensus Estimate of $5.65. The figure also improved 4.5% from the year-ago quarter’s $5.51.

The upside primarily stemmed from steady growth in interconnection revenues. In fact, during the fourth quarter, it added an incremental 7,700 interconnections, which were driven by cloud, content and gaming segments.

For 2020, Equinix reported AFFO per share of $24.76, up 8.5% from the prior year’s $22.81 and also outpaced the Zacks Consensus Estimate of $24.60. Total revenues of around $6 billion were up 7.8% year over year, marking the 18th year of consecutive quarterly revenue growth.

Quarter in Detail

Total quarterly revenues were $1.56 billion, surpassing the Zacks Consensus Estimate by 0.23%. Also, the top-line figure improved 10.4% year over year, representing the 72nd consecutive quarter of revenue growth.

Recurring revenues were $1.46 billion, up 9.6% from the year-ago quarter’s figure. Non-recurring revenues improved 23.8% from the year-ago quarter to roughly $98 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 8.9%, 10.3% and 13.7% to $712 million, $511.3 million and $340.7 million, respectively.

Cash gross margin was 65%, declining from the prior-year quarter’s 66%. Total operating expenses flared up 33.4% year over year to $504.8 million.

Adjusted EBITDA was $711.4 million, up 5.4% year over year. Adjusted EBITDA margin was 45%, down from 48% recorded in the prior-year quarter. AFFO appreciated 9.4% year over year to $517 million in the December-end quarter.

Balance Sheet

Equinix exited the fourth quarter with cash and cash equivalents of $1.6 billion. The company’s total debt principal outstanding was $12.5 billion as of Dec 31, 2020.

Guidance

The company expects to realize foreign currency benefits in 2021. Further, for the ongoing year, it estimates generating revenues of $6.58-$6.64 billion, indicating year-over-year growth of 10-11% on a normalized and constant currency basis. Assuming integration costs of $30 million, it predicts adjusted EBITDA of $3.067-$3.127 billion.

Moreover, 2021 AFFO is expected to be $2.413-$2.463 billion, suggesting year-over-year growth of 10-12%. Further, AFFO per share is estimated to be $26.72-$27.28, up 8-10% year over year.

For first-quarter 2021, Equinix projects revenues of $1.587-$1.607 billion, implying midpoint growth of 2% quarter over quarter. Adjusted EBITDA is likely to be between $737 million and $757 million.

Recent News

Equinix Rolls Out Time-as-a-Service Solution Globally – Mar 23, 2021

Equinix has launched an industry-first Time-as-a-Service capability, Equinix Precision Time, which will be delivered over the company's software-defined interconnection service, Equinix Fabric.

It will be offered globally as a value-added edge service on Platform Equinix and can be deployed within minutes. This will enable enterprises to use the service to run applications at the edge with precise, reliable and secure time synchronization.

In fact, for many businesses within the financial services, online gaming, government, manufacturing, and media and entertainment sectors, Time as a Service is critical for meeting compliance requirements and maintaining precise time synchronization across the network. Hence, the edge service is beneficial for latency-sensitive businesses.

Also, since there are security issues, complexities and cybersecurity concerns, with reliance on the public internet or traditional antenna-based GPS timing infrastructure solutions, Equinix Precision Time can be used to run critical applications more effectively and securely.

Equinix's edge services enable enterprises to deploy as-a-service networking, security and hardware across the company's global data-center footprint, as an alternative to buying their physical infrastructures. Given its benefits over traditional timing infrastructure solutions, the new edge service is likely to see decent demand, especially from latency-sensitive businesses and, thereby, boosting monthly recurring revenues for Equinix.

Equinix $3B xScale JV Rides on Hyperscalers' Needs – Mar 9, 2021

Equinix has provided an update on its $3-billion xScale data-center program, which includes facilities that are either open or currently under development in Brazil, Europe and Japan.

Notably, the robust growth of the digital economy has resulted in a spike in demand for global connectivity and hybrid multi-cloud solutions. In fact, leveraging on Equinix's global platform of more than 220 data centers, prominent cloud service providers like Alibaba Cloud, Amazon Web Services, Google Cloud, IBM Cloud, Microsoft Azure and Oracle Cloud Infrastructure, have partnered with the company to establish direct connections to their strategic business partners and customers.

Hence, the planned global expansion of the company's footprint is a strategic fit. It will cater to the growing demands of hyperscale companies that are deploying infrastructure at Equinix's facilities and will also enhance Equinix's dynamic ecosystem by connecting such strategic providers with its 10,000 customers.

EMEA xScale Joint Venture Details

In efforts to develop and operate xScale data centers in the Europe, EMEA region, the company entered into a $1-billion initial JV with GIC, Singapore's sovereign wealth fund. Through this JV, the company aimed to offer 106 megawatts of capacity across six xScale facilities. These sites include two each in Paris, London and Frankfurt.

The PA8x opened in Paris in first-quarter 2019 while PA9x was unveiled this February. PA9x is fully leased by a single hyperscale tenant, and will offer more than 29,600 square feet of co-location space. It will support 10 megawatts of power at completion.

In London, LD13x was opened in fourth-quarter 2019 and LD11x was unveiled this February. Meanwhile, the company's xScale data centers in Frankfurt FR9x and FR11x are anticipated to open in fourth-quarter 2021 and second-quarter 2022, respectively.

Asia-Pacific xScale JV Details

Markedly, following the success of this JV, the company completed a similar greater-than-$1-billion JV with GIC in fourth-quarter 2020 for operations in the Asia Pacific region. This collaboration was announced in April 2020.

The entities have collaborated to develop and operate three xScale data centers in Japan that will offer a total of 138 megawatts of power to hyperscale customers. This includes a recently-opened and a planned future xScale data centerin Tokyo, as well as a facility currently under development in Osaka.

Specifically, on Mar 1, Equinix unveiled its first xScale data center in Tokyo, named TY12x. The first phase opening was successful with the facility securing an anchor tenant for full capacity in the initial phase and a notable portion of phase-two capacity. On completion of all phases, it will provide more than 186,000 square feet of co-location space and support 54 megawatts of power.

This apart, the OS2x xScale data center in Osaka is anticipated to open in fourth-quarter 2021.

Latin America xScale Facility Details

Also launching its xScale data-center footprint in Latin America, Equinix plans to open an xScale facility in São Paulo, Brazil during third-quarter 2021. SP5x is in close proximity to the company's SP4 IBX data center and will support five megawatts of power in the first phase.

Equinix to Set Foot in Bordeaux with New Data Center – Mar 4, 2021

Equinix, announced plans to open its first data center in Bordeaux, France, in third-quarter 2021. This will be the first carrier-neutral data center in the city.

The new facility, named BX1, will have direct fiber links to Equinix's IBX sites in Paris. This will enable global businesses and local authorities in New Aquitaine to establish direct and safe connectivity to the world's digital economy. BX1 is expected to offer 32,000 square feet of colocation space.

BX1 will also be a new European gateway for data traffic between the United States and Europe by offering a landing hub for the new submarine cable, AMITIE. This will bolster the facility's connectivity opportunities.

Notably, Bordeaux has emerged as a new global connectivity hub by attracting notable start-ups and cutting-edge industries such as aerospace and optics photonics. Given the growing demand for low latency, increased bandwidth and strong connectivity by businesses, Equinix's expansion of its French footprint to the city is a strategic fit and will enable it to see significant leasing activity.

Per management, “the Bordeaux hub will serve as one of the key connectivity points to Paris with its rich wide-ranging digital ecosystems. BX1 aims to greatly increase international expansion opportunities for French companies, whilst providing a major connectivity hub from and to the French and global digital economy."

Equinix Expands Bare Metal Presence, Adds Capabilities – Mar 3, 2021

Equinix fortifies its bare-metal service, Equinix Metal, by expanding its availability in 18 global metros. Moreover, the company has added new networking features to support hybrid multi-cloud architecture, launched managed appliance as a Service solution and made the certification of new software integrations available on Equinix Metal.

Specifically, Equinix Metal now has an expanded presence, with availability in 18 global metros across the Americas, EMEA and the Asia Pacific regions.

The company has also added a managed appliance capability by launching a range of as-a-Service partner-infrastructure solutions on the Equinix platform. This will enable OEM, hybrid cloud, storage, hyper-converged and other specialty hardware vendors to provide fully operated, as-a-Service solutions.

The company has partnered with Dell Technologies and Pure Storage for the service offering. This also complements Equinix's existing interconnection, networking and compute services to offer a wider selection of Infrastructure as-a-Service solutions to more than its 10,000 global customers.

This aside, the company has enhanced the networking of the Equinix Metal platform to support all of Equinix Fabric integration options. This integration will offer Equinix Metal customers speedy and safe connectivity to more than 10,000 networks, enterprises, clouds and SaaS platforms.

Further, the company announced the availability of new software integrations on Equinix Metal. This will support hybrid multi-cloud infrastructures.

Per management, “by expanding Equinix Metal globally, adding key networking capabilities and collaborating with leading hardware and software vendors to offer as a Service solutions, we're helping customers, partners and the ecosystem at large create their digital advantage faster."

Dividend Update

Concurrent with its fourth-quarter 2020 earnings release, on Feb 10, Equinix's board of directors approved a quarterly cash dividend of $2.87 per share. The dividend was paid out on Mar 17 to shareholders of record as of Feb 24, 2021.

Valuation

Equinix's shares have gained 5.8% over the trailing 12-month period. Stocks in the Zacks sub-industry have increased 57.8%, while the Zacks Finance sector has gained 53.4% over the past year.

The S&P 500 Index has moved up 53.6% over the trailing 12-month period.

The stock is currently trading at 24.85X forward 12-month FFO, which compares with the 16.79X for the Zacks sub-industry, 17.15X for the Zacks sector and 22.66X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 35.15X and as low as 16.48X, with a 5-year median of 24.36X. Our neutral recommendation indicates that the stock will perform in line with the market. Our $732 price target reflects 26.35X FFO.

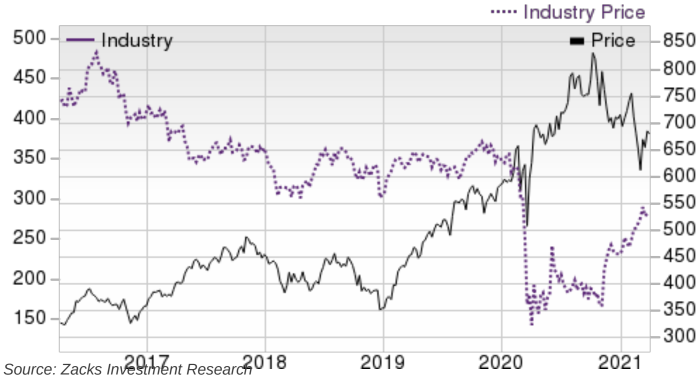
The table below shows summary valuation data for EQIX.

Valuation Multiples - EQIX

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	24.85	16.79	17.15	22.66
	5-Year High	35.15	19.41	17.16	23.83
	5-Year Low	16.48	9.68	11.60	15.30
	5-Year Median	24.36	14.72	14.81	18.00
P/S F12M	Current	9.09	9.04	7.89	4.64
	5-Year High	11.53	14.44	7.89	4.64
	5-Year Low	4.90	5.54	5.03	3.21
	5-Year Median	7.07	8.38	6.16	3.71
P/B TTM	Current	5.80	3.01	3.14	6.79
	5-Year High	7.05	5.69	3.17	6.79
	5-Year Low	3.77	1.76	1.74	3.83
	5-Year Median	5.27	3.28	2.60	4.98

As of 04/05/2021 *Source: Zacks Investment Research*

Industry Analysis **Zacks Industry Rank:** Bottom 27% (184 out of 253)



Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
American Tower Corporation **(AMT)**	Neutral	4
Crown Castle International Corporation **(CCI)**	Neutral	2
CyrusOne Inc **(CONE)**	Neutral	4
CorEnergy Infrastructure Trust, Inc. **(CORR)**	Neutral	2
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

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

Industry Comparison Industry: Reit And Equity Trust - Retail

	EQIX	X Industry	S&P 500	CONE	CORR	DLR
				Industry Peers		
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	4	2	3
VGM Score	D	-	-	C	D	D
Market Cap	60.54 B	1.98 B	29.75 B	8.38 B	97.88 M	40.27 B
# of Analysts	8	5.5	13	9	2	10
Dividend Yield	1.69%	3.57%	1.31%	2.93%	2.79%	3.24%
Value Score	D	-	-	B	B	D
Cash/Price	0.03	0.05	0.06	0.03	1.02	0.00
EV/EBITDA	30.53	17.79	16.95	21.15	-0.85	24.98
PEG F1	1.80	3.44	2.35	0.80	NA	3.26
P/B	5.68	1.61	3.95	3.28	4.06	2.29
P/CF	34.00	15.28	16.86	17.08	NA	22.33
P/E F1	25.48	15.98	21.87	17.75	10.54	22.13
P/S TTM	10.09	6.30	3.39	8.11	NA	10.32
Earnings Yield	4.00%	6.24%	4.49%	5.63%	9.48%	4.52%
Debt/Equity	1.14	1.06	0.66	1.34	4.77	0.76
Cash Flow ($/share)	20.30	1.42	6.78	4.13	-21.33	6.53
Growth Score	C	-	-	C	D	D
Historical EPS Growth (3-5 Years)	14.29%	-2.14%	9.39%	11.02%	NA	3.83%
Projected EPS Growth (F1/F0)	9.41%	3.53%	15.24%	0.48%	30.77%	4.08%
Current Cash Flow Growth	0.20%	-21.22%	0.44%	17.89%	-1,144.01%	1.00%
Historical Cash Flow Growth (3-5 Years)	19.92%	0.58%	7.37%	31.59%	NA	15.90%
Current Ratio	1.29	1.30	1.39	2.14	19.62	0.41
Debt/Capital	53.20%	51.55%	41.26%	57.34%	43.50%	41.98%
Net Margin	6.16%	8.57%	10.59%	4.01%	NA	9.13%
Return on Equity	3.67%	2.51%	14.86%	1.66%	-457.22%	2.98%
Sales/Assets	0.23	0.11	0.51	0.16	NA	0.11
Projected Sales Growth (F1/F0)	10.39%	2.14%	7.36%	9.10%	652.64%	11.00%
Momentum Score	D	-	-	C	F	D
Daily Price Change	1.81%	-0.21%	1.04%	1.45%	0.84%	1.76%
1-Week Price Change	-0.82%	-0.21%	0.35%	1.16%	-0.97%	0.24%
4-Week Price Change	16.02%	-1.45%	5.47%	8.60%	-5.61%	10.28%
12-Week Price Change	1.15%	25.40%	9.17%	2.23%	5.39%	11.05%
52-Week Price Change	5.83%	95.07%	61.87%	13.31%	-61.93%	4.49%
20-Day Average Volume (Shares)	549,940	862,652	2,120,273	760,918	283,604	1,696,085
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 12-Week Change	-0.07%	-0.92%	2.19%	-2.56%	232.04%	-0.68%
EPS Q1 Estimate Monthly Change	0.00%	-0.18%	0.00%	0.00%	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	D
Growth Score	C
Momentum Score	D
VGM Score	D

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

This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock.The EPS and revenue forecasts are the Zacks Consensus estimates, unless indicated otherwise on the reports first page. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

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Additional Disclosure

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

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

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

Glossary of Terms and Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Periods:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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