

Host Hotels & Resorts (HST)

\$12.02 (As of 09/15/20)

Price Target (6-12 Months): **\$13.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 06/01/20)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

4-Sell

Zacks Style Scores:

VGM:F

Value: C

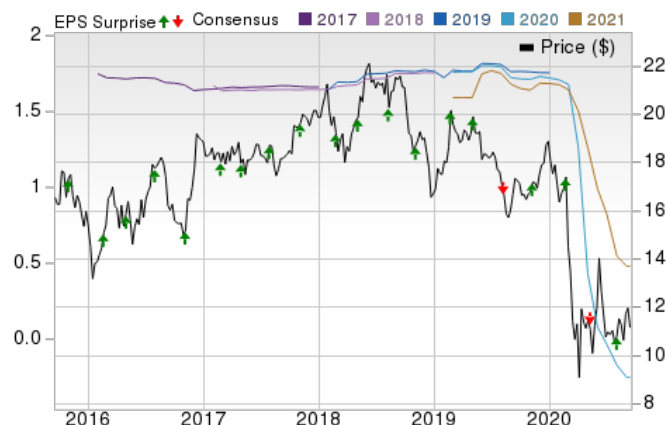
Growth: F

Momentum: F

Summary

Continued hotel reopenings and encouraging leisure demand are boosting RevPAR and occupancy gains for Host Hotels in the third quarter. The company reopened 19 hotels in July and August and has no further plans for additional reopening in September. This is driving its occupancy and RevPAR. Amid a recovery in leisure demand, sizable exposure to drive-to resort markets bodes well. Also, it has a strong liquidity position that is sufficient until mid-2022, assuming hotel performance remains at the second-quarter levels. However, shares of Host Hotels have underperformed its industry in the past year. Notably, the coronavirus outbreak and the related restrictions on travel are affecting the group and business transient demand. In fact, continued group cancellations in the second half of 2020 are worrisome for the upcoming quarters' performance.

Price, Consensus & Surprise

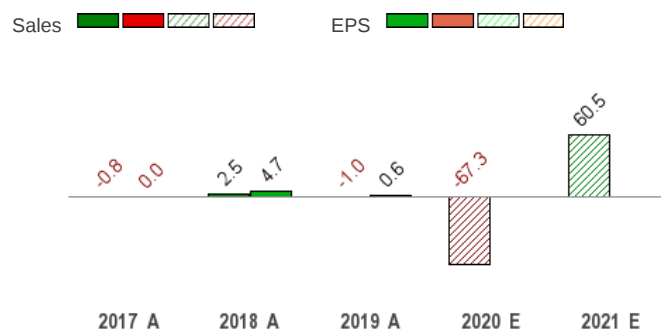


Source: Zacks Investment Research

Data Overview

52-Week High-Low	\$18.90 - \$7.86
20-Day Average Volume (Shares)	7,323,263
Market Cap	\$8.5 B
Year-To-Date Price Change	-35.2%
Beta	1.24
Dividend / Dividend Yield	\$0.00 / 0.0%
Industry	REIT and Equity Trust - Other
Zacks Industry Rank	Bottom 10% (225 out of 251)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	0.0%
Last Sales Surprise	0.6%
EPS F1 Estimate 4-Week Change	-32.9%
Expected Report Date	11/03/2020
Earnings ESP	-29.8%
P/E TTM	16.5
P/E F1	NA
PEG F1	NA
P/S TTM	2.3

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	477 E	641 E	697 E	809 E	2,866 E
2020	1,052 A	103 A	256 E	350 E	1,786 E
2019	1,390 A	1,483 A	1,262 A	1,334 A	5,469 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	-\$0.07 E	\$0.04 E	\$0.05 E	\$0.14 E	\$0.34 E
2020	\$0.23 A	-\$0.26 A	-\$0.18 E	-\$0.13 E	-\$0.34 E
2019	\$0.48 A	\$0.53 A	\$0.35 A	\$0.41 A	\$1.78 A

*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 09/15/2020. The reports text is as of 09/16/2020.

Overview

Bethesda, MD-based Host Hotels & Resorts Inc., one of the leading lodging real estate investment trusts (REITs), engages in the ownership, acquisition, and redevelopment of luxury and upper-upscale hotels in the United States and abroad.

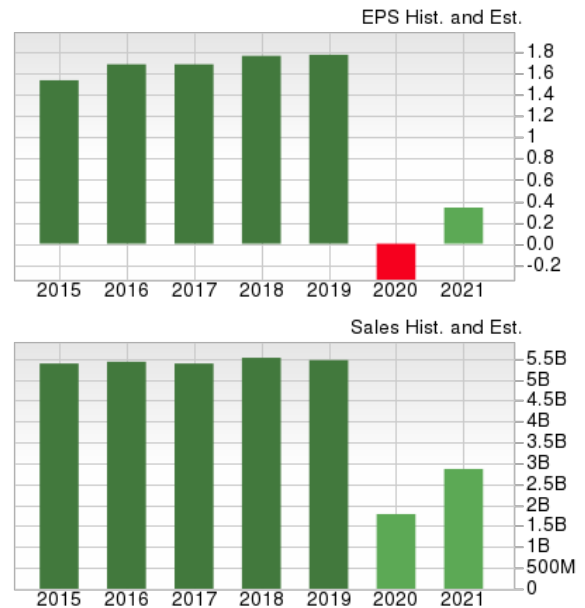
In operating its properties that are positioned mainly in growing markets in the United States and globally, the company teams up with premium brands such as Marriott, Westin, Ritz-Carlton, Hyatt and Hilton. Moreover, in certain select submarkets, the company has several unbranded or soft-branded properties to lure distinctive customer profiles.

Host Hotels currently enjoys ownership of 75 U.S. and five international properties in Brazil and Canada — aggregating around 46,700 rooms.

Host Hotels primarily focuses on the following asset categories:

- **Resorts** in locations with strong airlift and limited supply growth. Operated by premier operators, such properties have superior amenities.
- **Convention destination hotels** in urban and resort markets. These properties are group oriented and have high-quality meeting facilities. Often, these assets are associated with prominent convention centers.
- **High-end urban hotels** positioned in key locations. Such assets have multiple demand drivers for both business and leisure travelers.

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:

- ▲ Host Hotels' properties are positioned in markets with strong demand generators like central business districts of main cities, close to airports and in resort/conference destinations as well as locations that benefit from significant barriers-to-entry. Furthermore, the company's value-enhancement initiatives are likely to aid long-term growth in its revenue per available room (RevPAR). Moreover, amid social-distancing mandates, the company's large property sizes will enable its hotels to capture the budding demand. In fact, it is witnessing a recovery in leisure demand in specific drive-to markets and this is expected to continue improving.
- ▲ As regulations related to the pandemic eased, the company reopened 19 hotels in July and August. With this 70 of its 80 consolidated hotels (88% of total room count) are now operating. Moreover, it is witnessing gradual improvement in occupancy and RevPAR, and this is likely to drive hotel revenues for the third quarter. In fact, total portfolio RevPAR grew at a monthly rate of 10.4% and 33.7% in July and August to \$22.9 and \$30.7, respectively. Similarly, average occupancy advanced 220 basis points (bps) and 600 bps month over month to 12.9% and 18.9%, respectively, in July and August, which is encouraging.
- ▲ Host Hotels undertakes a strategic capital-recycling program to improve its portfolio quality and strengthen its position in the United States, where it has a greater scale and competitive advantage. Since 2018 through Jun 1, the company acquired high-quality properties worth \$1.6 billion, which have scope for long-term growth. Furthermore, the company has been making strategic non-core asset dispositions, aiming at lowering the company's international and New York exposure. With these proceeds, it has flexibility to add premium properties to its portfolio and invest in existing assets. Additionally, the company projects capital expenditure of \$475-\$520 million for the year. This includes \$325-\$345 million in return on investment (ROI) projects, and \$150-\$175 million in renewal and replacement projects. Such investments are likely to help the company improve its portfolio quality and bolster revenues.
- ▲ Host Hotels enjoys a large pool of unencumbered assets. In fact, as of Jun 30, 2020, 100% of its consolidated assets were unencumbered. With a high percentage of such assets, the company can enjoy accessibility to secured and unsecured debt markets, and maintain availability on the line. Moreover, currently Host Hotels is the only lodging REIT that has investment-grade credit rating. The company enjoys BBB-/BBB-/Baa3 credit rating from S&P Global, Fitch and Moody's. This will enable it to enjoy favorable cost of capital in future. Additionally, the company's debt maturity profile is well-laddered and it has no material debt maturities until 2023.
- ▲ Host Hotels has a decent balance sheet and has been undertaking steps to preserve liquidity to withstand any market mayhem. The company exited the second quarter with \$2.5 billion of liquidity consisting of \$1.6 billion of cash balance \$154 million in FF&E escrow reserves, and \$750 million of available capacity under its credit revolver. If the company's hotel performance remains at second-quarter 2020 levels, this amount of liquidity is sufficient until mid-2022. Continued cost-containment and prudent expense-management efforts have also helped to preserve liquidity. Such efforts include the reduction of hotel operating costs, suspension of dividend payments and stock repurchases. Moreover, in June, Host Hotels received waivers of financial covenants related to its revolving credit facility and term loans to ease compliance through second-quarter 2021. Therefore, the financial flexibility provides the company ample scope for deploying capital for long-term growth opportunities and at the same time, carrying out redevelopment initiatives.

With a solid portfolio of upscale hotels across lucrative markets, Host Hotels will likely witness RevPAR growth. Also, strategic capital-recycling program and share buyback activities augur well.

Reasons To Sell:

- ▼ The rampant coronavirus outbreak is weakening travel demand and has compelled the company to withdraw its 2020 guidance. The restrictions on travel resulted in a sharp decline in group, business and leisure travel. Moreover, delays or cancellation of conventions and conferences and other large public gatherings, which are typically demand drivers at the company's hotels, resulted in significant declines in second-quarter revenues and total RevPAR. Additionally, Host Hotels expects to witness continued increase in group cancellations in the second half of 2020, with total cancelled group revenues of \$1 billion as of Jul 30.
- ▼ Majority of Host Hotels' properties are concentrated in the luxury and upper-upscale segments. However, during economic downturn, these segments bear the brunt as unfavorable macroeconomic conditions compel customers to reduce discretionary spending and choose lower-priced brands over the company's premium ones. Also, the hotel industry is cyclical in nature and heavily dependent on the overall health of economies in which it operates. Therefore, in case of an economic slowdown like that of present times, though the company's revenues are immediately affected, many of the expense categories associated with owning and operating hotels, such as debt-service payments, property taxes, insurance, utilities and employee wages and benefits, remain relatively inflexible.
- ▼ Host Hotels is making efforts to enhance its portfolio quality through strategic dispositions of properties, aiming at lowering its international and New York exposure. Since 2018 through Jun 1, the company completed \$3.3 billion in low-RevPAR and high-capex asset sales. While the proceeds, offer the company the flexibility to add properties to its portfolio, invest in existing assets or go for share repurchases, the company cannot bypass the near-term dilutive impact from asset dispositions.
- ▼ Shares of Host Hotels have underperformed its industry over the past year. The company's shares have plummeted 30.3% in the past year compared with the industry's decline of 7.8%. Additionally, the trend in estimate revisions of the current-year FFO per share does not indicate a favorable outlook for the company as it is witnessing significant downward revisions. Therefore, given the above-mentioned concerns and downward estimate revisions, the stock has limited upside potential.

Weakened travel demand due to the coronavirus outbreak is a major concern. Also, cyclical nature of the hotel industry and the dilutive impact of asset dispositions on earnings add to its woes.

Last Earnings Report

Host Hotels Q2 FFO Misses Estimates, Revenues Beat

Host Hotels reported second-quarter 2020 loss in terms of adjusted FFO per share of 26 cents, meeting the Zacks Consensus Estimate. Notably, the company reported adjusted FFO per share of 53 cents in the prior-year quarter.

It generated total revenues of \$103 million, surpassing the Zacks Consensus Estimate of 102 million. The top line, however, declined 93.1% year over year.

Results reflect an adverse impact of the coronavirus pandemic, which has significantly hurt lodging demand, as travel restrictions and mandatory stay-at-home orders to curb the virus spread continued in the June-end quarter.

Behind the Headlines

During the second quarter, all owned hotel RevPAR (on a constant-dollar basis) fell 93% year over year to \$14.31. Second-quarter EBITDA was negative \$160 million. The company reported EBITDA of \$446 million in the prior-year quarter.

Demand during the June-end quarter was primarily driven by drive-to and resort destinations. As of the second-quarter end, room revenues from the transient business were \$37 million, indicating a year-over-year plunge of 92.8%. Room revenues from group and contract businesses declined 94.3% and 83.3% year over year, to \$18 million and \$6 million, respectively.

Moreover, room nights for its transient, group and contract business declined 90%, 90% and 74.1%, respectively, from the prior-year quarter. Notably, the company's transient, group and contract businesses accounted for roughly 61%, 35%, and 4%, respectively, of its 2019 room sales.

Balance Sheet Position

Host Hotels exited the second quarter with a cash balance of \$1.6 billion and FF&E escrow reserves of \$154 million and \$750 million of capacity available under its credit revolver. As of the same date, its debt balance amounted to \$4.5 billion. The company has no significant maturities until 2023.

Moreover, it secured waivers for the quarterly-tested financial covenants in its credit facility, starting Jul 1, 2020, through the second quarter of 2021.

Capital Expenditure

During the January-June period, the company invested around \$300 million in capital expenditure. Of this, \$206 million was ROI capital projects spend, and \$94 million was renewal and replacement project expenditure.

Remarkably, for 2020, the company now guided capital expenditure spending of \$475-\$520 million, as compared with \$450-\$525 million mentioned earlier.

Key capital projects in those assets and markets, which are expected to recover faster, have been prioritized like leisure and drive-to destinations as well as the previously-announced major ROI projects.

Quarter Ending	06/2020
Report Date	Jul 30, 2020
Sales Surprise	0.64%
EPS Surprise	0.00%
Quarterly EPS	-0.26
Annual EPS (TTM)	0.73

Recent News

Host Hotels Sees Green Shoots of Recovery in July & August - Sep 15, 2020

Continued hotels reopening and encouraging leisure demand have been sprouting RevPAR and occupancy for Host Hotels in the third quarter.

In fact, as regulations related to the pandemic eased, the company reopened 19 hotels in July and August. With this, 70 of its 80 consolidated hotels (88% of total room count) are now operating. The company has no intention of additional hotels reopening in September.

Moreover, as of July and August, the hotel REIT had 57 and 66 hotels, respectively, which were open for the entirety of the respective months. For these hotels, average occupancy improved to 17.9% and 22% in July and August, as compared with 16.3% as of June when 45 properties were operating. Moreover, over the same time frame, RevPAR for these properties improved to \$32.02 and \$35.88 from \$29.71. These improvements are likely to aid the company's top-line performance for the September-end quarter.

Additionally, hotel reopenings have boosted Host Hotels' total portfolio (80 properties) performance. In fact, total portfolio RevPAR grew at a monthly rate of 10.4% and 33.7% in July and August to \$22.9 and \$30.7, respectively. Similarly, average occupancy advanced 220 basis points (bps) and 600 bps month over month to 12.9% and 18.9%, respectively, in July and August.

Additionally, in early September, the company issued \$750 million of 3.5% senior notes due 2030 and redeemed 81% of 4.750% series C senior notes due 2023, with a total principal amount of \$450 million. This facilitated the average debt maturity extension and further strengthened its cash position by \$335 million. Moreover, the company projects \$2.2 billion of total available liquidity at the 2020 end, if the second half of the ongoing year continues witnessing the same as second-quarter operational performance.

Host Hotels to Raise \$146M From 3.50% Senior Notes Offering – Aug 31, 2020

Host Hotels priced an offering of additional 3.50% senior notes due 2030, with aggregate principal amount of \$150 million. The net proceeds of the offering are anticipated to be \$146 million, after the deduction of underwriting discount and other expenses.

Markedly, the notes are being issued as additional securities under the company's existing series of 3.50% senior notes. On Aug 20, 2020, it issued \$600 million in aggregate principal amount of the notes.

Host Hotels intends to utilize the net proceeds from the note offering to fund its green projects, including developments and redevelopments of hotels, and revamp of existing hotels that are or are expected to be LEED certified.

Moreover, the company will use funds for improvement and refurbishment projects, including technologies related to energy and water efficiency, and renewable energy. Any remaining proceeds will be allocated to general corporate needs, including the repayment of debt.

Host Hotels Suspends Q2 Dividend to Preserve Liquidity – Jun 19, 2020

Host Hotels announced a temporary suspension of the quarterly cash dividend, starting with the June-end quarter dividend that would have been paid out in July 2020.

The company anticipates this to preserve around \$140 million of cash during the April-June period.

Earlier, it paid out a dividend of 20 cents per share on Apr 15 to stockholders of record of Mar 31, 2020.

Per management, the decision to suspend the quarterly dividend comes as a measure to preserve liquidity and maintain balance sheet flexibility. Nonetheless, the board will continue to keep an eye on the company's financial performance and operating scenario to decide the correct time to restart dividend payments.

Valuation

Host Hotels' shares have lost 30.3% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Finance sector declined 7.8% and 10.9% over the past year, respectively.

The S&P 500 Index has been up 13.7% over the trailing 12-month period.

The stock is currently trading at 45.44X forward 12-month FFO, which compares with the 19.79X for the Zacks sub-industry, 16.38X for the Zacks sector and 22.39X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 51.81X and as low as 5.66X, with a 5-year median of 10.78X. Our neutral recommendation indicates that the stock will perform in line with the market. Our \$13 price target reflects 49.14X FFO.

The table below shows summary valuation data for HST.

Valuation Multiples - HST					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	45.44	19.79	16.38	22.39
	5-Year High	51.81	19.46	16.72	23.44
	5-Year Low	5.66	14.32	11.6	15.26
	5-Year Median	10.78	16.14	14.27	17.63
P/S F12M	Current	3.02	8.58	6.44	4.12
	5-Year High	3.15	8.58	6.67	4.29
	5-Year Low	1.28	5.97	4.97	3.11
	5-Year Median	2.45	7.08	6.07	3.66
P/B TTM	Current	1.26	2.51	2.54	5.82
	5-Year High	2.29	3.03	2.91	6.17
	5-Year Low	0.91	1.81	1.72	3.75
	5-Year Median	1.83	2.51	2.54	4.84

As of 09/14/2020

Source: Zacks Investment Research

Industry Analysis Zacks Industry Rank: Bottom 10% (225 out of 251)



Top Peers

Company (Ticker)	Rec	Rank
Sunstone Hotel Investors, Inc. (SHO)	Neutral	4
Ashford Hospitality Trust Inc (AHT)	Underperform	5
Chatham Lodging Trust REIT (CLDT)	Underperform	4
Diamondrock Hospitality Company (DRH)	Underperform	4
Pebblebrook Hotel Trust (PEB)	Underperform	5
Park HotelsResorts Inc. (PK)	Underperform	5
Ryman Hospitality Properties, Inc. (RHP)	Underperform	5
RLJ Lodging Trust (RLJ)	Underperform	5

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

Industry Comparison Industry: Reit And Equity Trust - Other				Industry Peers		
	HST	X Industry	S&P 500	PEB	PK	RHP
Zacks Recommendation (Long Term)	Neutral	-	-	Underperform	Underperform	Underperform
Zacks Rank (Short Term)	4	-	-	5	5	5
VGM Score	F	-	-	F	F	F
Market Cap	8.48 B	1.89 B	23.70 B	1.84 B	2.63 B	2.22 B
# of Analysts	10	4	13.5	5	6	4
Dividend Yield	0.00%	3.60%	1.61%	0.28%	0.00%	0.00%
Value Score	C	-	-	D	D	D
Cash/Price	0.20	0.06	0.07	0.21	0.55	0.07
EV/EBITDA	6.13	14.20	13.22	8.18	8.47	9.25
PEG F1	NA	3.57	2.98	NA	NA	NA
P/B	1.26	1.33	3.26	0.53	0.49	5.63
P/CF	5.38	11.21	12.81	5.00	4.65	5.97
P/E F1	NA	15.71	21.70	NA	NA	NA
P/S TTM	2.26	4.94	2.45	1.68	1.24	1.92
Earnings Yield	-2.83%	5.76%	4.39%	-8.82%	-12.10%	-5.88%
Debt/Equity	0.68	0.90	0.70	0.70	0.96	6.54
Cash Flow (\$/share)	2.23	2.05	6.93	2.81	2.40	6.75
Growth Score	F	-	-	F	F	F
Historical EPS Growth (3-5 Years)	-2.86%	0.73%	10.41%	-7.77%	-20.58%	0.52%
Projected EPS Growth (F1/F0)	-119.04%	-2.49%	-4.75%	-147.00%	-146.82%	-134.48%
Current Cash Flow Growth	-21.39%	3.36%	5.26%	162.39%	-23.64%	-5.79%
Historical Cash Flow Growth (3-5 Years)	2.03%	12.74%	8.49%	20.82%	5.40%	8.35%
Current Ratio	23.29	1.62	1.35	1.44	7.04	1.66
Debt/Capital	40.33%	47.68%	42.95%	41.28%	49.00%	87.35%
Net Margin	2.48%	10.49%	10.25%	-3.57%	-38.58%	-13.26%
Return on Equity	1.30%	3.32%	14.66%	-0.84%	-13.76%	-32.04%
Sales/Assets	0.29	0.13	0.50	0.17	0.19	0.29
Projected Sales Growth (F1/F0)	-67.34%	0.00%	-1.40%	-70.41%	-64.53%	-67.22%
Momentum Score	F	-	-	D	F	B
Daily Price Change	0.84%	0.45%	0.14%	0.72%	1.55%	2.39%
1-Week Price Change	-6.78%	-3.06%	-1.87%	-3.98%	-4.72%	-6.01%
4-Week Price Change	11.50%	0.15%	0.12%	25.09%	30.99%	14.81%
12-Week Price Change	6.94%	0.72%	7.05%	0.72%	5.68%	13.30%
52-Week Price Change	-30.32%	-21.80%	1.26%	-50.09%	-56.88%	-50.61%
20-Day Average Volume (Shares)	7,323,263	557,892	1,845,558	1,854,442	5,309,309	458,708
EPS F1 Estimate 1-Week Change	-31.91%	0.00%	0.00%	0.00%	-20.79%	0.00%
EPS F1 Estimate 4-Week Change	-32.94%	0.00%	0.00%	-0.98%	-20.79%	0.00%
EPS F1 Estimate 12-Week Change	-1,352.86%	0.00%	4.10%	-133.21%	-5,181.82%	-52.25%
EPS Q1 Estimate Monthly Change	-17.53%	0.00%	0.00%	-3.81%	-21.86%	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	C
Growth Score	F
Momentum Score	F
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.

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ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.

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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 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.