Juniper Networks, Inc. (JNPR)

$24.21 (As of 01/14/21)

Price Target (6-12 Months): **$26.00**

Long Term: 6-12 Months | **Zacks Recommendation:** Neutral
(Since: 12/28/20)
Prior Recommendation: Underperform

Short Term: 1-3 Months | **Zacks Rank:** (1-5) 3-Hold
Zacks Style Scores: VGM:B
Value: B | Growth: D | Momentum: B

Summary

Juniper is witnessing solid momentum in Mist Systems and strength in its services organization. It has made changes to the go-to-market structure to better align sales strategies with each of its customer verticals. The company is set to capitalize on the increasing demand for data center virtualization, cloud computing and mobile traffic optical convergence. Juniper plans to launch several products over the next few quarters, which are expected to strengthen its position across service provider, cloud and enterprise markets. However, it is experiencing coronavirus-related supply constraints that are resulting in extended lead time. Juniper faces competition in each of the served markets that have traditionally spearheaded innovation. Uncertain macro environment and weak investment patterns among carrier customers are other headwinds.

Price, Consensus & Surprise

Source: Zacks Investment Research

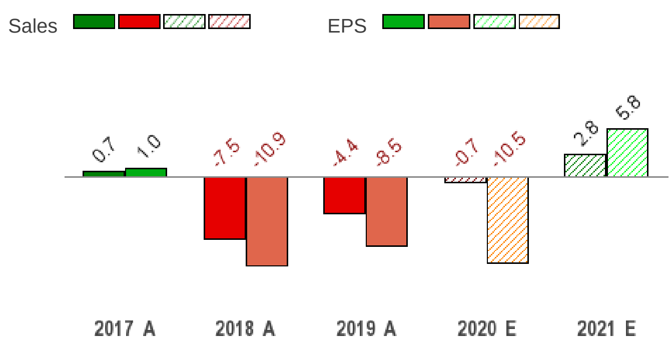
Data Overview

52-Week High-Low	**$26.49 - $15.20**
20-Day Average Volume (Shares)	**4,068,219**
Market Cap	**$8.0 B**
Year-To-Date Price Change	**7.6%**
Beta	**0.90**
Dividend / Dividend Yield	**$0.80 / 3.3%**
Industry	**Wireless Equipment**
Zacks Industry Rank	**Top 42% (106 out of 253)**

Last EPS Surprise	**-2.3%**
Last Sales Surprise	**0.6%**
EPS F1 Estimate 4-Week Change	**0.0%**
Expected Report Date	**01/28/2021**
Earnings ESP	**0.0%**

P/E TTM	**15.2**
P/E F1	**14.9**
PEG F1	**3.3**
P/S TTM	**1.8**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2021	1,041 E	1,121 E	1,160 E	1,220 E	4,539 E
2020	998 A	1,086 A	1,138 A	1,194 E	4,416 E
2019	1,002 A	1,103 A	1,133 A	1,208 A	4,445 A

EPS Estimates

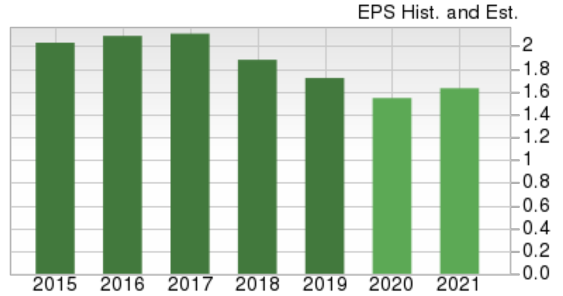
	Q1	Q2	Q3	Q4	Annual*
2021	$0.28 E	$0.39 E	$0.44 E	$0.53 E	$1.63 E
2020	$0.23 A	$0.35 A	$0.43 A	$0.54 A	$1.54 E
2019	$0.26 A	$0.40 A	$0.48 A	$0.58 A	$1.72 A

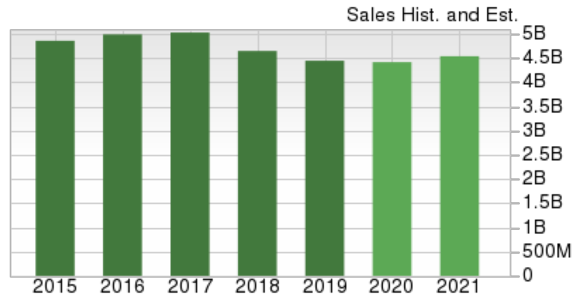
*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 01/14/2021. The reports text is as of 01/15/2021.

Overview

Based in Sunnyvale, CA, Juniper Networks, Inc. is a leading provider of networking solutions and communication devices. The company develops, designs and sells products that help to build network infrastructure used for services and applications based on single Internet protocol network worldwide. The company caters to the networking needs of enterprises and public sector organizations and service providers across the globe. Hence, the two primary markets for its networking products and services happen to be Enterprise and Service Provider.





Juniper offers a broad range of routing, switching and security products. Routing includes products and services from the E, M, MX, PTX, T Series, and ACX router families. Switching primarily consists of products and services for EX Series and wireless local area network solutions as well as QFabric. Security includes High-End SRX services and vGW Virtual Gateways, High-End Firewall virtual private network (VPN) systems and appliances, branch SRX, branch firewall, and J-Series product families, secure socket layer VPN appliances, intrusion detection and prevention appliances, and wide area network optimization platforms.

Per Juniper's integrated operating plan (IOP) formulated in February 2014, the company has realigned the organization into a One-Juniper structure. The company reports under two segments — Total Product (comprises Routing, Switching and Security products) and Total Services.

Product (64.5% of total revenues in third-quarter 2020) includes revenues from networking product sales and from sales made through distribution channels.

Service (35.5%) includes revenues generated from maintenance, training and other professional services.

Source: Zacks Investment Research

Reasons To Buy:

Juniper's innovative product launches and cost reduction initiatives are encouraging. Expansion into the SDN segment is expected to strengthen its position in the networking space.

- Juniper is witnessing encouraging trends across various areas of its business including solid momentum in Mist Systems and strength in the services organization. Despite short-term challenges, particularly within the service provider vertical, the company expects developments in most areas of business that bode well for its long-term growth. It has made significant changes to the go-to-market structure to better align sales strategies to each of its core customer verticals. Juniper plans to launch several products over the next few quarters, which are expected to strengthen its competitive position across service provider, cloud and enterprise markets. Offerings include new MX line card that will strengthen its ability to capitalize on carrier 5G initiatives as increased traction from 400-gig platform improved its capability to capture data centric footprint particularly in the cloud, and enhancement to its Contrail Enterprise Multicloud platform that will help its mid to large enterprise customers' transition to a multicloud world with increased simplicity and reduced cost. Juniper believes the 400-gig upgrade cycle, 5G deployment and enterprise multicloud initiatives hold huge opportunities where it is well positioned to benefit over the next several years.

- Juniper is leveraging the 400-gig cycle to capture hyperscale switching opportunities inside the data center. The company is set to capitalize on the increasing demand for data center virtualization, cloud computing and mobile traffic packet/optical convergence. It is offering suites of products such as the T4000 core router, QFX data center platform, ACX and PTX packet/optical solution among others. With the growing usage of smartphones and tablets, mobile data traffic has gone up. This has resulted in growing demand for advanced networking architecture, in turn leading service providers to spend more on routers and switches. Juniper is expected to benefit from the higher spending pattern among carriers to upgrade their networks and support the incremental growth in data traffic. Increased spending from AT&T and Verizon, Juniper's two customers, are expected to aid its top line. We believe Juniper's new products will be able to meet the escalating needs and thereby find easy acceptance among customers.

- Juniper remains bullish on expanding its partnership with firms like Nutanix and Ericsson as this will provide competitive edge over alternative offerings. The company has been successful at developing global channel partners and strategic reseller relationships with Ericsson, International Business Machines Corporation and Nokia Siemens Networks. In addition, it has worked with more than 9,000 channel partners to reach customers globally. The company created the J-Partner program for its preferred reseller and alliance partners. It has also developed partnerships with market leaders, such as Avaya Inc., Microsoft Corporation, NEC and Symantec Corporation. Apart from this, Juniper and IBM entered into an Original Equipment Manufacturer agreement, according to which IBM will provide Juniper's Ethernet networking products and support as part of its data center portfolio of products. Juniper has also collaborated with VMware to provide private cloud-based solutions across the APAC (Asia Pacific) region. Through this collaboration, Juniper will combine its MetaFabric architecture with VMware's NSX network virtualization platform that provides private cloud-based services. These partnerships will enhance its networking technology, ultimately helping companies to transfer an enormous amount of data through different networks.

- As of Sep 30, 2020, the company had $1,342 million in cash and cash equivalents with $1,714 million of long-term debt compared with the respective tallies of $1,858 million and $1,720 million at the end of the previous quarter. Juniper has a debt-to-capital ratio has 0.28 compared with 0.35 of the industry. It has a dividend payout rate of 67.8%. The rate has increased steadily over the past few quarters. This indicates that the company is sharing more of its earnings with shareholders. It is to be seen whether Juniper can maintain the momentum in the coming days amid disruptions stemming from the pandemic.

Reasons To Sell:

- Uncertain macro environment and weak investment patterns among carrier customers are headwinds. In the third quarter of 2020, the company's net revenues in the Cloud unit were down modestly year over year to $253.1 million. This was due to challenges many of the company's carrier customers are facing as well as COVID-19 related supply chain issues. Lower-than-expected business in the Service Provider vertical along with decline in average selling price of products will likely hinder Juniper's top-line growth in the forthcoming quarters.

Uncertain macro environment and weak investment patterns among carrier customers are headwinds. Severe competition and consolidation in the telecom industry are other concerns.

- One of the primary markets that Juniper serves is Enterprise, which comprises large businesses; federal, state and local governments; and research and education institutions. Therefore, the company is widely exposed to the stringent budget activities of the U.S. government, which adversely affect its fundamentals. Moreover, Juniper could lose share in the core router market as competition creeps up. The company, together with Cisco, serves almost 80% of the core router market and enjoys the second position in the same. However, Alcatel-Lucent has entered the market with its Extensible Routing System (XRS) 7950 family of core routers. Juniper's competitors are also revamping their product lines with faster and power-efficient options. Although the edge business continues to be strong (helped by the MX line), the competitive pressure at the core is intense.

- Juniper faces severe competition in each of its served markets especially from industry leader, Cisco Systems, which has traditionally spearheaded innovation, charging higher prices for its premium branded products and expanding margins. It is worth mentioning that Cisco's acquisition of cybersecurity solutions provider Sourcefire could be an added pressure on Juniper's security business. Despite having a strong security portfolio (SRX Platform & Security Software, Screen OS and other Legacy products), Juniper has not been performing well for the past few quarters, due to lower-than-expected demand for non-Junos-based security products. Poor performance by the Junos business prompted the company to sell off the mobile security unit.

Last Earnings Report

Juniper Q3 Earnings Miss Estimates, Revenues Beat

Quarter Ending	09/2020
Report Date	Oct 27, 2020
Sales Surprise	0.63%
EPS Surprise	-2.27%
Quarterly EPS	0.43
Annual EPS (TTM)	1.59

Juniper reported relatively modest third-quarter 2020 results exhibiting top-line and bottom-line growth, with the former surpassing the Zacks Consensus Estimate but the latter marginally missing the same. The Sunnyvale, CA-based network products and services provider experienced solid demand during the quarter. Of the top 10 customers, four were Cloud, five were Service Provider and one was in Enterprise vertical.

Net Income

On a GAAP basis, net income in the September quarter increased to $145.4 million or 43 cents per share from $99.3 million or 29 cents per share in the prior-year quarter. The improvement was primarily attributable to income tax benefit during the quarter.

Non-GAAP net income was $144.4 million or 43 cents per share (in line with the mid-point of the company's guidance) compared with $166.6 million or 48 cents per share in the year-ago quarter. The bottom line missed the Zacks Consensus Estimate by a penny.

Revenues

Quarterly total revenues aggregated $1,138.2 million (above the mid-point of the management-provided guidance) compared with $1,133.1 million reported in the year-ago quarter. The marginal increase, despite coronavirus-led adversities leading to supply constraints and extended lead times, was largely driven by a healthy demand curve. Juniper experienced strong demand with orders growing double-digit in the Enterprise vertical year over year. The top line beat the consensus mark of $1,131 million.

Product revenues (comprising Routing, Switching and Security and contributing 64.5% to net revenues) in the quarter fell 1.3% year over year to $733.7 million. Despite healthy momentum in Routing products, Switching and Security business were affected by the virus outbreak. Service revenues (contributing 35.5% to net revenues) inched up 3.7% to $404.5 million, driven by strong renewals and service attach rates.

By vertical, revenues in Cloud declined to $253.1 million from $271.9 million, reflecting normal consumption patterns following five consecutive quarters of year-over-year growth. Revenues in Service Provider improved to $475.1 million from $452.5 million in the year-ago quarter despite coronavirus-related supply chain challenges. Revenues in Enterprise improved to $410 million from $408.7 million, owing to higher-than-anticipated results from U.S. Federal business and solid order momentum.

Region wise, revenues improved to $321.1 million from $301.5 million in the year-ago quarter in Europe, the Middle East, and Africa. Quarterly revenues in the Americas declined 3.8% to $624.3 million. In Asia-Pacific, net revenues increased 5.5% to $192.8 million.

Other Details

Overall, gross profit came in at $657.8 million compared with $678.4 million in the year-ago quarter. Total operating expenses fell from $539.9 million to $532.7 million with cost-cutting initiatives. Operating income was $125.1 million compared with $138.5 million in the year-ago quarter. Non-GAAP operating income declined to $194.7 million from $207.3 million, with a margin of 17.1% and 18.3%, respectively.

Cash Flow & Liquidity

For the first nine months of 2020, Juniper generated $486.2 million of net cash from operating activities compared with $433.2 million in the prior-year period. As of Sep 30, 2020, the company had $1,341.5 million in cash and cash equivalents with $1,714.1 million of long-term debt.

Q4 Outlook

Juniper provided guidance for the fourth quarter of 2020. It expects revenues of $1,190 million (+/- $50 million). Non-GAAP gross margin is anticipated to be 60% (+/- 1%). Non-GAAP operating expenses are expected to be $482 million (+/- $5 million).

The company estimates non-GAAP operating margin to be nearly 19.5% at the midpoint of revenue guidance. Non-GAAP net income is expected to be 53 cents per share (+/- 5 cents), assuming a share count of about 333 million. The sequential revenue and earnings growth as exhibited in the guidance is primarily driven by strong order backlog and healthy momentum in the business, and includes the impact of the acquisition of Netrounds but excludes any impact from the pending acquisition of 128 Technology.

Recent News

On Dec 21, 2020, Juniper announced that JoongAng Group, South Korea's leading media company, has chosen its solutions to transform the network system of the latter. Juniper's wired and wireless network solutions were first deployed in the JTBC building in 2019 followed by the JoongAng building. After completing its JTBC building last year, JoongAng Group prepared to spread its workforce across two office buildings. It was looking for a next-generation network system that would provide a unified experience for all employees in both buildings. JoongAng Group decided to have an infrastructure that is based on the smart office concept.

On Dec 7, 2020, Juniper announced that it inked a definitive agreement to acquire California-based software firm Apstra for an undisclosed amount in a concerted effort to redefine the data center operations and boost intent-based networking in the cloud era. The acquisition is likely to fortify its leading market position within the networking market and optimize operations in multivendor environments.

On Nov 23, 2020, Juniper announced that it teamed up with edge cloud services provider Zenlayer to upgrade the latter's datacenter network while establishing an enhanced global networking infrastructure. The alliance will help Zenlayer support the growing adoption of automated and AI-driven innovation across its network with greater efficiency on the back of Juniper's solutions.

On Oct 19, 2020, Juniper announced that it inked an agreement to acquire smart wide area networking startup — 128 Technology, Inc. — for $450 million. Through this deal, Juniper aims to expand its footprint in the AI-driven enterprise solutions market. The transaction will augment Juniper's AI-driven enterprise network portfolio by combining 128 Technology's Session Smart networking with the former's campus and branch solutions powered by Mist AI.

On Oct 14, 2020, Juniper announced that it teamed up with the Spanish counterpart of Telefonica to ensure a secure mobile infrastructure for its growing 5G network. The telco will capitalize on Juniper's avant-garde security solutions to combat the rising incidences of network threats while fostering dynamic connectivity. The contract, which is considered to be a significant win, underscores Juniper's efforts to establish a streamlined infrastructure supported by best-in-class network performance, especially at a time when majority of the network operators are migrating toward automated connectivity solutions.

On Oct 7, 2020, Juniper announced additions to its Connected Security portfolio to bolster its footprint in the security sector. It unveiled Adaptive Threat Profiling feature to combat the growing network threats, Juniper Secure Connect to foster dynamic connectivity, and risk-based access control integration with IoT developer, WootCloud, to detect the presence of malicious devices on the radio frequency spectrum. With tech companies feeling the heat of growing incidences of cyber threats, the latest initiative comes as a boon to the remote workforce with an end-to-end secure environment.

Valuation

Juniper's shares are down 2.8% in the trailing 12-month period, but up 4.5% in the past six months. Stocks in the Zacks sub-industry are up 39.8% in the past year and up 47% in the past six months. Stocks in the Zacks Computer and Technology sector are up 34.5% in the past year and up 24.2% in the past six months.

The S&P 500 Index is up 16.2% in the past year and up 18.7% in the past six months.

The stock is currently trading at 12.57X trailing 12-month EV/EBITDA, which compares to 29.92X for the Zacks sub-industry, 16.48X for the Zacks sector and 17.19X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 12.87X and as low as 5.67X, with a 5-year median of 8.88X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our $26 price target reflects 1.76X forward 12-month earnings.

The table below shows summary valuation data for JNPR

Valuation Multiples - JNPR

		Stock	Sub-Industry	Sector	S&P 500
EV/EBITDA TTM	Current	12.57	29.92	16.48	17.19
	5-Year High	12.87	30	16.62	17.37
	5-Year Low	5.67	9.84	8.25	9.55
	5-Year Median	8.88	17.99	12.11	13.22
P/E F12M	Current	14.8	22	28.4	23.07
	5-Year High	21.77	33.47	28.4	23.79
	5-Year Low	12.24	13.61	16.94	15.3
	5-Year Median	17.52	19.02	19.93	17.83
P/S F12M	Current	1.76	4.6	4.85	4.51
	5-Year High	2.24	4.6	4.85	4.51
	5-Year Low	1.28	2.07	2.77	3.2
	5-Year Median	1.93	2.86	3.47	3.68

As of 01/14/2021 *Source: Zacks Investment Research*

Industry Analysis **Zacks Industry Rank:** Top 42% (106 out of 253)

Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
Acacia Communications, Inc. **(ACIA)**	Outperform	3
Comtech Telecommunications Corp. **(CMTL)**	Outperform	1
ADTRAN, Inc. **(ADTN)**	Neutral	3
Motorola Solutions, Inc. **(MSI)**	Neutral	3
Ubiquiti Inc. **(UI)**	Neutral	3
Viasat Inc. **(VSAT)**	Neutral	3
InterDigital, Inc. **(IDCC)**	Underperform	4
Sierra Wireless, Inc. **(SWIR)**	Underperform	3

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

Industry Comparison Industry: Wireless Equipment

	JNPR	X Industry	S&P 500	IDCC	UI	VSAT
				Industry Peers		
Zacks Recommendation (Long Term)	Neutral	-	-	Underperform	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	4	3	3
VGM Score	B	-	-	A	A	B
Market Cap	7.98 B	558.49 M	27.40 B	2.04 B	15.27 B	2.55 B
# of Analysts	8	3	13	3	1	3
Dividend Yield	3.30%	0.00%	1.42%	2.12%	0.66%	0.00%
Value Score	B	-	-	B	C	B
Cash/Price	0.23	0.18	0.06	0.45	0.01	0.15
EV/EBITDA	12.58	11.10	14.74	10.29	31.97	10.51
PEG F1	3.33	2.25	2.60	2.29	1.68	NA
P/B	1.75	1.94	3.77	2.54	NA	1.11
P/CF	12.81	16.15	14.43	21.01	38.52	6.87
P/E F1	14.87	20.26	20.63	34.37	30.85	NA
P/S TTM	1.80	1.59	3.02	5.50	10.64	1.13
Earnings Yield	6.73%	3.24%	4.73%	2.90%	3.24%	-0.26%
Debt/Equity	0.38	0.12	0.70	0.45	-2.34	0.79
Cash Flow ($/share)	1.89	0.57	6.92	3.15	6.31	5.50
Growth Score	D	-	-	A	A	B
Historical EPS Growth (3-5 Years)	-8.98%	-4.44%	9.72%	-38.71%	26.48%	NA
Projected EPS Growth (F1/F0)	5.58%	41.55%	12.26%	18.34%	33.33%	NA
Current Cash Flow Growth	-8.77%	-8.77%	5.20%	-24.58%	15.77%	36.25%
Historical Cash Flow Growth (3-5 Years)	-15.41%	10.37%	8.37%	-8.98%	17.65%	5.53%
Current Ratio	2.02	2.03	1.38	3.25	2.25	1.67
Debt/Capital	27.32%	17.37%	41.97%	31.17%	NA	44.02%
Net Margin	8.92%	3.71%	10.44%	16.17%	30.57%	-0.10%
Return on Equity	8.30%	5.25%	15.40%	5.25%	-147.97%	-0.11%
Sales/Assets	0.51	0.71	0.50	0.24	2.07	0.46
Projected Sales Growth (F1/F0)	2.78%	8.05%	6.01%	3.18%	38.57%	2.15%
Momentum Score	B	-	-	B	A	C
Daily Price Change	3.02%	1.36%	0.11%	1.36%	-0.26%	9.35%
1-Week Price Change	5.73%	2.74%	2.23%	10.07%	-7.72%	4.81%
4-Week Price Change	8.91%	7.30%	2.96%	5.69%	-8.60%	17.95%
12-Week Price Change	7.98%	21.30%	13.26%	10.95%	24.66%	7.33%
52-Week Price Change	-2.77%	23.08%	6.24%	11.03%	42.36%	-48.59%
20-Day Average Volume (Shares)	4,068,219	172,022	1,749,628	172,022	91,269	939,736
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%	0.06%	-0.90%	0.00%	0.00%
EPS F1 Estimate 12-Week Change	-17.02%	4.67%	2.44%	0.65%	24.92%	33.33%
EPS Q1 Estimate Monthly Change	0.00%	0.00%	0.00%	0.00%	NA	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	B
Growth Score	D
Momentum Score	B
VGM Score	B

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

Disclosures

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

Additional Disclosure

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

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

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

Glossary of Terms and Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Periods:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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