

Kimco Realty (KIM)

\$15.50 (As of 01/12/21)

Price Target (6-12 Months): **\$16.50**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 02/03/19)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:F

Value: C

Growth: F

Momentum: F

Summary

Kimco has a well-located and largely grocery-anchored portfolio that offers essential goods and services. The company's rent collection figures are also improving. Further, its focus on mixed-use assets clustered in strong economic metropolitan statistical areas (MSAs) bodes well. The company has also been making efforts to bolster its financial flexibility as well as hiked its dividend in recent times. However, Kimco, which was already battling against store closures and bankruptcy issues, might be hurt by low footfall amid social distancing and higher e-commerce adoption. Amid the choppy retail real estate market, store closures and tenant bankruptcies remain as concerns. Its rent-collection woes are also likely to prevail given the current uncertainties. Moreover, shares of Kimco have underperformed the industry in the past year.

Price, Consensus & Surprise

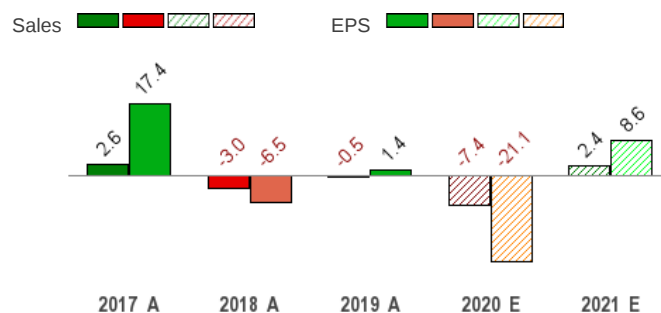


Source: Zacks Investment Research

Data Overview

52-Week High-Low	\$20.56 - \$7.45
20-Day Average Volume (Shares)	3,172,186
Market Cap	\$6.7 B
Year-To-Date Price Change	3.3%
Beta	1.46
Dividend / Dividend Yield	\$0.64 / 4.1%
Industry	REIT and Equity Trust - Retail
Zacks Industry Rank	Bottom 19% (204 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-3.9%
Last Sales Surprise	-2.1%
EPS F1 Estimate 4-Week Change	-1.9%
Expected Report Date	02/11/2021
Earnings ESP	1.5%
P/E TTM	12.6
P/E F1	12.3
PEG F1	3.1
P/S TTM	6.2

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2021	276 E	276 E	279 E	284 E	1,099 E
2020	290 A	239 A	260 A	270 E	1,073 E
2019	295 A	285 A	283 A	296 A	1,159 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	\$0.31 E	\$0.31 E	\$0.32 E	\$0.32 E	\$1.26 E
2020	\$0.37 A	\$0.24 A	\$0.25 A	\$0.30 E	\$1.16 E
2019	\$0.37 A	\$0.36 A	\$0.37 A	\$0.37 A	\$1.47 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 01/12/2021. The reports text is as of 01/13/2021.

Overview

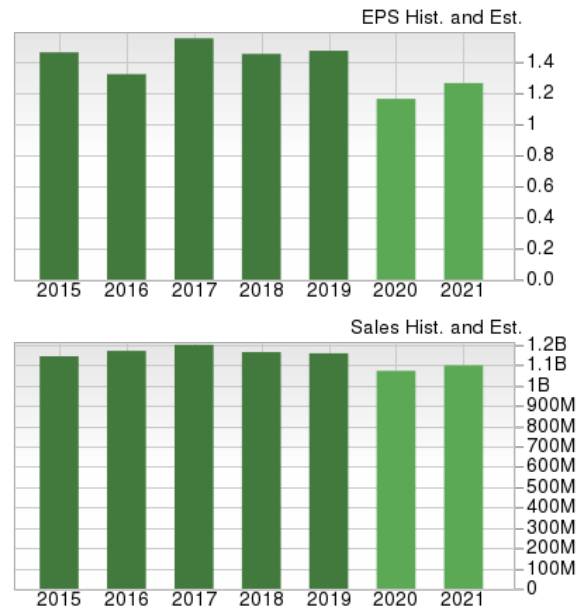
Jericho, NY-based Kimco Realty Corporation — a retail real estate investment trust (REIT) — along with its subsidiaries is one of the major owners and operators of neighborhood and community shopping centers in the United States. Since Kimco went public in 1991, it has been widely recognized for acquiring properties with below-market-rate leases and maintaining a strong balance sheet with an easy access to capital that enables it to pursue strategic opportunities and facilitate continuous growth.

As of Sep 30, 2020, Kimco owned interests in 400 U.S. shopping center properties, spanning 70.1 million square feet of gross leasable area (GLA), mainly situated in the top major metropolitan markets, located in 27 states. Apart from these, the company had 140 other property interests, mainly through its preferred equity investments and other real estate investments, aggregating 5.5 million square feet of GLA.

The company focuses on the ownership of high-quality assets, concentrated in major metro markets which offer several growth levers. It is aimed at increasing net asset value through a selected collection of mixed-use projects, redevelopments as well as active investment management.

During the July-September quarter, the company executed 233 leases, aggregating 1.5 million square feet of space. Renewals/options marked roughly 75% of all leases executed in the said period and totaled 174 leases for 1.2 million square feet of space, with only eight leases at a lower spread than the prior lease. Pro-rata rental-rate leasing spreads on comparable spaces increased 8.2%, with rental rates for new leases and renewals/options climbing 5.1% and 8.8%, respectively. Pro-rata portfolio occupancy at the end of the third quarter was 94.6%.

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:

- ▲ Kimco is a leading publicly-traded owner and operator of neighborhood and community shopping centers in the United States. The company enjoys ownership of high-quality assets, concentrated in the top 20 major metro markets, which offer several growth levers. Notably, 11% of pro-rata annual base rent (ABR) comes from ground leases mainly to high quality institutional tenants, while 88% of pro-rata ABR comes from anchors, mid-tier stores, and national/franchise-based tenants which usually have stronger credit profiles and greater access to capital.
- ▲ Further, in these uncertain times, having a grocery component has been the saving grace of retail REITs, and Kimco has a high-quality, mixed-use portfolio concentrated in the top U.S. markets and more than 77% of its annual base rent comes from grocery-anchored centers. In fact, percentage of Kimco's ABR from grocery-anchored centers has increased to 77.4% in third-quarter 2020 from 62.4% in second-quarter 2014. With a well-located and largely grocery-anchored portfolio that offers essential goods and services, rent collection figures are improving. The company collected roughly 89% of the total pro-rata base rents billed for third-quarter 2020 and 90% for October. Moreover, the company's focus on multi-family assets is encouraging as demand for this asset category is comparatively better than other asset types.
- ▲ Moreover, apart from having a focus on grocery and home-improvement tenants, the company emphasizes on mixed-use assets clustered in strong economic MSAs that serve the last mile. Retailers are utilizing these last-mile stores as indispensable fulfillment and distribution centers to serve the dense population close by and outperforming pure e-commerce players on delivery times and cost efficiency. In addition, curbside pick-up, combined with click-and-collect options, are likely to continue gaining attention amid the current environment and even in the post-Covid era and the company is focused to capitalize on such trends. Further, the company has also helped restaurant tenants activate sidewalk cafes, and green spaces to help with capacity constraints. Such efforts are likely to add competitive advantage in current times.
- ▲ Kimco has achieved significant diversification with respect to geography and tenants. As of Sep 30, 2020, the company's five largest tenants were TJX Companies, Home Depot, Ahold Delhaize USA, Albertsons and Ross Stores. These companies contributed 4.0%, 2.6%, 2.1%, 2.0% and 1.9%, respectively, to Kimco's annualized base rental revenues. Given the strength of its retailers with a developed omni-channel presence, Kimco remains well poised to navigate through the challenging times. Moreover, as the COVID-19 pandemic has led to a substantial increase in the number of tenants that have made late or partial rent payments, requested a deferral of rent payments, or defaulted on rent payments, this diversification is likely to support the company's cash flows.
- ▲ Further, Kimco has been engaged over the recent years in the execution of measures to boost its capital structure, enhance growth profile and tax efficiency. Also, the company has been making concerted efforts to bolster its financial flexibility to tide through the current challenging environment. With such moves, at the end of third-quarter 2020, Kimco had more than \$2.3 billion of immediate liquidity at the end of the quarter. This included full availability under its \$2-billion unsecured revolving credit facility and \$325 million in cash. Moreover, the company maintains more than \$550 million of Albertson's common stock, subject to certain lock-up provisions. Kimco ended the third quarter with consolidated net debt-to-EBITDA of 7.6X, reflecting an improvement from the 8.6X reported last quarter. In addition, the company has 320 unencumbered assets, which represents roughly 85% of its total net operating income (NOI). The company remains opportunistic in the capital markets and has further extended its debt maturity profile. In fact, the company has one of the longest weighted-average debt maturity profiles in the industry at 11.1 years, owing to its decent balance-sheet management so far and there are limited maturities on the horizon. As of Sep 30, 2020, the company had no consolidated debt maturing for the balance of the year and only \$141 million of consolidated mortgage debt maturing in 2021. Further, Kimco has strong investment grade ratings of BBB+ from S&P and Baa1 from Moody's, allowing the company to borrow at an advantageous rate.

Premium properties in high-growth areas, diversified tenant base, focus on grocery anchored centers and mixed use assets, and balance sheet-strengthening moves to help sail through present turbulence.

Reasons To Sell:

- ▼ Over the recent years, mall traffic has continued to suffer amid a rapid shift in customers' shopping preferences and patterns with online purchases growing by leaps and bounds. These have made retailers reconsider their footprint and eventually opt for store closures. Further, retailers that are not being able to cope with competition are filing bankruptcies. This has emerged as a pressing concern for retail REITs like Kimco, as the trend is curtailing demand for the retail real estate space considerably. The situation has been further aggravated amid social-distancing requirements and higher e-commerce adoption due to the coronavirus crisis. The pro-rata portfolio occupancy at the end of the third quarter was 94.6%, reflecting a contraction of 100 basis points (bps) sequentially and 180 bps year on year, reflecting tenant bankruptcies, including Modell's, Pier 1 Imports, Ascena and GNC.
- ▼ Furthermore, the escalating number of coronavirus cases had forced several retailers to close stores or reduce store hours. Situations have now improved compared with the outbreak of the pandemic and at the end of October, all of the company's shopping centers were open and operational with around 98% of tenants, based on the annualized base rent currently open, including some that are operating on a limited basis. However, rent collection woes prevail and the company collected roughly 89% of the total pro-rata base rents billed for third-quarter 2020 and 90% for October. It also granted rent deferrals approximating 5% of pro-rata minimum base rent for the reported quarter. Given the current environment, this choppiness is likely to persist in the near term.
- ▼ Solid dividend payouts remain the biggest attraction for REIT investors and Kimco had remained committed to that. However, on May 8, amid the coronavirus pandemic and related economic uncertainties, the company announced that its board has temporarily suspended the dividend on its common shares. While in September, it announced the reinstatement of dividend for the third quarter of 2020, with dividend declaration of 10 cents per share and in November, further announced a hike to 16 per share for the fourth quarter, the figure is still way down from the dividend paid in the pre-pandemic period.
- ▼ Shares of Kimco have underperformed its industry over the past year. During this time frame, the stock has depreciated 22.6% compared with the industry's decline of 15.8%. Moreover, the recent trend in estimate revisions does not indicate a favorable outlook as the Zacks Consensus Estimate for 2021 FFO per share has witnessed a marginal downward revision over the past month. Given the above-mentioned concerns and downward estimate revisions, the stock has a limited upside potential.

Dwindling traffic at retail properties, store closures and tenant bankruptcy remain concerns. The coronavirus pandemic and the resultant rent collection issues have added to the company's woes.

Last Earnings Report

Kimco Realty's Q3 FFO and Revenues Miss Estimates

Kimco Realty's third-quarter 2020 FFO per share came in at 25 cents, marginally missing the Zacks Consensus Estimate of 26 cents. The FFO per share also comes in lower than the year-ago quarter's 35 cents.

Results reflect a decline in same-property NOI mainly affected by a charge for potentially uncollectible accounts receivable. The company also witnessed a decline in occupancy due to the tenant bankruptcies.

The retail REIT generated revenues of \$259.8 million, which slipped 8.2% year over year and also missed the Zacks Consensus Estimate of \$265.4 million.

However, at the end of October, all of the company's shopping centers were open and operational with around 98% of tenants, based on the annualized base rent currently open, including some that are operating on a limited basis.

With a well-located and largely grocery-anchored portfolio that offers essential goods and services, rent collection figures are improving. The company collected roughly 89% of the total pro-rata base rents billed for third-quarter 2020 and 90% for October. It also granted rent deferrals approximating 5% of pro-rata minimum base rent for the reported quarter.

Quarter in Detail

Pro-rata portfolio occupancy at the end of the third quarter was 94.6%, reflecting a contraction of 100 bps sequentially and 180 bps year on year. Results reflect tenant bankruptcies, including Modell's, Pier 1 Imports, Ascena and GNC.

Kimco ended the July-September quarter with pro-rata anchor occupancy at 97.4%, down 80 bps sequentially and 130 bps year on year. Small-shop occupancy at the end of the reported quarter was 86.7%. This marks a contraction of 130 bps sequentially and 320 bps, year on year.

The company executed 233 leases aggregating 1.5 million square feet of space. Renewals/options marked roughly 75% of all leases executed in the said period and totaled 174 leases for 1.2 million square feet of space, with only eight leases at a lower spread than the prior lease.

Pro-rata rental-rate leasing spreads on comparable spaces increased 8.2%, with rental rates for new leases and renewals/options climbing 5.1% and 8.8%, respectively.

Same-property NOI declined 9.1% year over year, primarily reflecting a charge for potentially uncollectible accounts receivable.

Balance Sheet Position

Kimco exited third-quarter 2020 with cash and cash equivalents of \$324.98 million, up from the \$123.9 million recorded at the end of 2019. The retail REIT had more than \$2.3 billion of immediate liquidity at the end of the quarter. This included full availability under its \$2-billion unsecured revolving credit facility and \$325 million in cash. Moreover, Kimco maintains more than \$550 million of Albertson's common stock, subject to certain lock-up provisions.

Quarter Ending	09/2020
Report Date	Nov 05, 2020
Sales Surprise	-2.11%
EPS Surprise	-3.85%
Quarterly EPS	0.25
Annual EPS (TTM)	1.23

Recent News

Kimco Announces Opening of ShopRite at The Boulevard – Oct 5, 2020

Kimco announced the opening of ShopRite — the 70,000-square-foot grocery anchor at The Boulevard. This marks the first tenant opening at this roughly \$200-million Signature Series® redevelopment project on Staten Island, NY.

Notably, The Boulevard, Kimco's redevelopment of the former Hylan Plaza shopping center, is an approximately 400,000-square-foot open-air center and will feature a multi-level "main street" format. The newly-constructed, multi-story center will have a "town square" feel. Site work is significantly complete, and other anchors like Marshalls, Ulta, and PetSmart are scheduled to open in 2021.

With solid trade area demographics, this property is likely to witness decent demand for space and healthy footfall. It is positioned along Hylan Boulevard, which is a major commercial corridor that sees more than 50,000 cars per day and is easily accessible from all parts of Staten Island. Moreover, the densely-populated island has a population of more than 475,000 and an average household income above \$100,000.

ShopRite's omni-channel approach makes it a perfect fit in today's world, and particularly amid the current crisis, with social distancing being an utmost preference to keep the viral infection away. ShopRite's new store concept features convenient in-store pick-up, online orders that can be delivered curbside as well as home delivery options.

Dividend Update

On Nov 19, Kimco announced a quarterly cash dividend of 16 cents per share. This marked an increase from the 10 cents per share paid out in the prior quarter. The dividend was paid out on Dec 23 to its shareholders of record on Dec 9, 2020.

Valuation

Kimco's shares declined 22.6% over the trailing 12 months. Stocks in the Zacks sub-industry and the Zacks Finance sector have declined 15.8% and 0.3% in the past year, respectively.

The S&P 500 Index is up 17.7% in the past year.

The stock is currently trading at 11.48X forward 12-month FFO, which compares to 14.76X for the Zacks sub-industry, 17.22X for the Zacks sector and 23.16X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 20.31X and as low as 5.22X, with a 5-year median of 12.14X. Our neutral recommendation indicates that the stock will perform in line with the market. Our \$16.50 price target reflects 12.22X FFO.

The table below shows summary valuation data for KIM.

Valuation Multiples - KIM					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	11.48	14.76	17.22	23.16
	5-Year High	20.31	19.41	17.22	23.79
	5-Year Low	5.22	9.68	11.59	15.3
	5-Year Median	12.14	14.72	14.53	17.83
P/S F12M	Current	6.09	8.13	7.14	4.52
	5-Year High	11.33	14.44	7.14	4.52
	5-Year Low	2.86	5.54	5.02	3.2
	5-Year Median	6.61	8.33	6.12	3.68
P/B TTM	Current	1.21	2.78	2.93	6.53
	5-Year High	2.48	5.69	2.94	6.58
	5-Year Low	0.69	1.76	1.74	3.73
	5-Year Median	1.45	3.31	2.58	4.94

As of 01/12/2021

Source: Zacks Investment Research

Industry Analysis Zacks Industry Rank: Bottom 19% (204 out of 253)



Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
Brixmor Property Group Inc. (BRX)	Neutral	3
Federal Realty Investment Trust (FRT)	Neutral	4
Retail Properties of America, Inc. (RPAI)	Neutral	3
SITE CENTERS CORP. (SITC)	Neutral	3
Urban Edge Properties (UE)	Neutral	3
Weingarten Realty Investors (WRI)	Neutral	4
Acadia Realty Trust (AKR)	Underperform	3
Regency Centers Corporation (REG)	Underperform	4

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

Industry Comparison Industry: Reit And Equity Trust - Retail				Industry Peers		
	KIM	X Industry	S&P 500	BRX	FRT	REG
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Underperform
Zacks Rank (Short Term)	3	-	-	3	4	4
VGM Score	F	-	-	D	F	D
Market Cap	6.70 B	1.82 B	26.90 B	4.86 B	6.41 B	7.59 B
# of Analysts	9	5	13	7	8	4
Dividend Yield	4.13%	3.75%	1.41%	5.24%	5.00%	5.32%
Value Score	C	-	-	B	C	C
Cash/Price	0.05	0.07	0.06	0.13	0.14	0.04
EV/EBITDA	15.30	12.77	15.05	12.35	14.43	16.74
PEG F1	3.10	3.68	2.62	NA	1.82	8.93
P/B	1.21	1.32	3.76	1.79	2.84	1.24
P/CF	9.51	9.16	14.67	8.19	10.79	12.91
P/E F1	12.48	12.92	20.85	10.02	17.19	13.40
P/S TTM	6.18	4.79	3.00	4.51	7.50	7.26
Earnings Yield	8.13%	7.74%	4.69%	10.00%	5.81%	7.46%
Debt/Equity	0.97	0.97	0.70	2.02	2.01	0.65
Cash Flow (\$/share)	1.63	2.25	6.93	2.00	7.86	3.47
Growth Score	F	-	-	F	F	D
Historical EPS Growth (3-5 Years)	-2.43%	-1.38%	9.72%	-3.87%	1.59%	3.87%
Projected EPS Growth (F1/F0)	8.78%	5.12%	12.36%	10.32%	8.41%	10.96%
Current Cash Flow Growth	-14.81%	0.37%	5.22%	-14.31%	22.11%	-0.84%
Historical Cash Flow Growth (3-5 Years)	1.91%	5.86%	8.37%	5.61%	12.40%	11.14%
Current Ratio	NA	1.96	1.38	1.97	3.86	1.98
Debt/Capital	49.26%	49.26%	41.97%	66.89%	65.99%	39.48%
Net Margin	83.81%	12.55%	10.44%	14.75%	21.56%	4.51%
Return on Equity	17.35%	3.86%	15.37%	6.07%	7.72%	1.01%
Sales/Assets	0.10	0.11	0.50	0.13	0.11	0.09
Projected Sales Growth (F1/F0)	2.50%	2.46%	6.00%	0.61%	4.63%	2.43%
Momentum Score	F	-	-	F	F	C
Daily Price Change	1.84%	1.47%	0.57%	2.37%	2.69%	1.66%
1-Week Price Change	2.86%	2.30%	2.23%	-0.60%	-0.69%	-0.22%
4-Week Price Change	1.57%	-2.99%	3.70%	-2.21%	-9.12%	-6.54%
12-Week Price Change	39.64%	36.12%	14.39%	45.26%	14.35%	19.33%
52-Week Price Change	-22.66%	-28.58%	7.96%	-20.35%	-33.58%	-28.58%
20-Day Average Volume (Shares)	3,172,186	764,258	1,754,762	2,037,951	582,580	974,600
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	-0.38%	-0.60%	0.00%
EPS F1 Estimate 4-Week Change	-1.86%	0.00%	0.06%	-1.80%	-1.55%	-2.30%
EPS F1 Estimate 12-Week Change	-2.55%	-1.48%	2.55%	-3.18%	-7.15%	-6.25%
EPS Q1 Estimate Monthly Change	-2.11%	0.00%	0.00%	-6.56%	-1.46%	-5.48%

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.

Disclosures

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Additional Disclosure

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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.