

Lamar Advertising (LAMR)

\$93.68 (As of 03/30/21)

Price Target (6-12 Months): **\$100.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 08/14/19)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM: C

Value: C

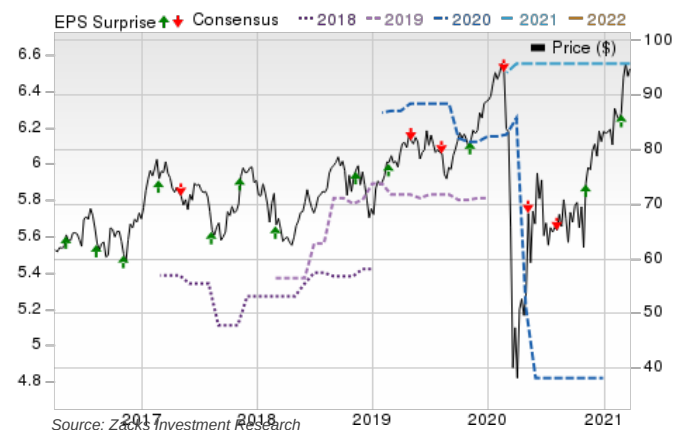
Growth: C

Momentum: C

Summary

Lamar has an impressive footprint of outdoor advertising assets and holds a leading position as a provider of logo signs in the United States. The company has a diversified tenant base across various sectors, which bodes well. Further, its high retention level of tenants gives it a strong footing. Also, increased focus on bolstering its digital capabilities augurs well for long-term growth. The company operates in an industry that is characterized by high barriers to entry due to permitting restrictions. Also, recovery in national advertising played a tailwind and it benefited from cost-cutting efforts in the fourth quarter. Shares have outperformed the industry over the past three months. However, a dent in advertising values and reduced expenditures by customers amid the pandemic is a concern. A high level of debt also adds to its woes.

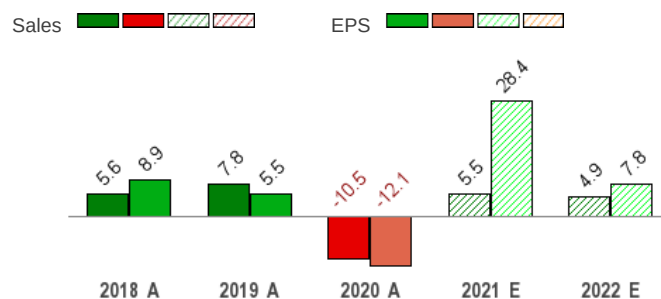
Price, Consensus & Surprise



Data Overview

52-Week High-Low	\$100.38 - \$36.08
20-Day Average Volume (Shares)	684,490
Market Cap	\$9.5 B
Year-To-Date Price Change	12.6%
Beta	1.48
Dividend / Dividend Yield	\$3.00 / 3.2%
Industry	REIT and Equity Trust - Other
Zacks Industry Rank	Bottom 20% (203 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	14.0%
Last Sales Surprise	2.9%
EPS F1 Estimate 4-Week Change	0.0%
Expected Report Date	05/06/2021
Earnings ESP	0.0%
P/E TTM	18.4
P/E F1	14.3
PEG F1	2.1
P/S TTM	6.0

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022					1,736 E
2021	358 E	407 E	432 E	450 E	1,655 E
2020	407 A	348 A	386 A	429 A	1,569 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022					\$7.06 E
2021	\$1.17 E	\$1.77 E	\$1.74 E	\$1.82 E	\$6.55 E
2020	\$1.12 A	\$0.95 A	\$1.32 A	\$1.71 A	\$5.10 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 03/30/2021. The report's text and the analyst-provided price target are as of 03/31/2021.

Overview

Headquartered in Baton Rouge, LA, Lamar Advertising Company is one of the largest owners and operators of outdoor advertising structures in the United States. This real estate investment trust (REIT) provides advertising services to restaurants, retailers, automotive, real estate, health care and gaming companies. The company has its operations spread across the United States and Canada.

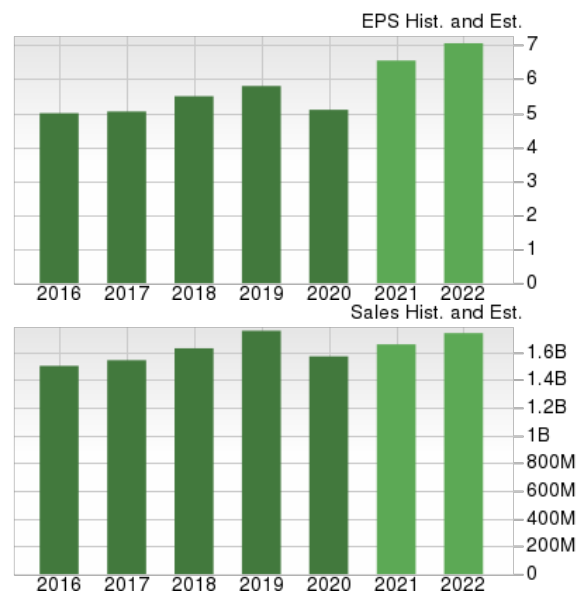
The company's operations include:

(i) **Billboard advertising:** Most of the company's advertising space are on two types of billboard advertising displays: bulletins and posters. In addition to traditional static displays, Lamar also rents digital billboards. As of Dec 31, 2020, the company owned and operated around 153,200 billboard advertising displays in 45 states and Canada. Moreover, as of the same date, the company owned and operated more than 3,600 digital billboard advertising displays in 43 states and Canada.

(ii) **Logo sign advertising:** Lamar installs logo signs that generally advertise nearby food, gas, camping, lodging and other attractions, as well as directional signs to direct vehicle traffic to nearby services and tourist attractions, near highway exits. The company has emerged as the largest provider of logo signs in the United States, operating 23 of the 26 privatized state logo sign contracts. As of Dec 31, 2020, the company operated more than 137,100 logo sign advertising displays in 23 states and the province of Ontario, Canada.

(iii) **Transit advertising:** The company generally enters into transit contracts with the local municipalities and airport authorities, allowing it exclusive right to rent advertising displays to customers, at airports and on buses, benches or shelters. As of Dec 31, 2020, the company operated more than 47,700 transit advertising displays in 22 states and Canada.

Note: All EPS numbers presented in this report represent FFO per share. FFO, a widely used metric to gauge the performance of REITs, is obtained after adding depreciation and amortization and other non-cash expenses to net income.



Reasons To Buy:

- ▲ Lamar enjoys an impressive national footprint and holds a leading position as a provider of logo signs in the United States. The company enjoys a diversified tenant base comprising restaurants, services, retailers and health care companies and none accounting for more than 2% of sales. Apart from this, the company sources a significant part of its revenues from local business, with a diversified base of tenants. This generally leads to less volatility in revenues.
- ▲ Over the recent years, the company has made efforts to upgrade its portfolio, increasing occupancy in its existing advertising displays. It holds significant market share in the U.S. outdoor advertising business, which is encouraging. Further, the company's increased focus on bolstering its digital capabilities augurs well for long-term growth. Particularly, the growing digital platform allows Lamar to tap into expanding programmatic advertising channel. As of Dec 31, 2021, the company owned and operated more than 3,600 digital billboard advertising displays in 43 states and Canada.
- ▲ Fragmentation of other advertising media and technological advancements in the outdoor segment are aiding the shift to outdoor advertising. Also, outdoor advertising is a low-cost and wide-reaching medium. Therefore, the company's expansion activities over the recent years bode well for long-term growth. Even amid the pandemic induced uncertainties in the current year, the company has completed acquisitions worth \$45.6 million in 2020. Though in light of the pandemic, the company has restricted acquisition activity as a means to conserve liquidity in 2020, the company plans to resume strategic acquisitions during 2021 as the economic conditions caused by the health crisis improve and opportunities arise.
- ▲ Moreover, on Feb 25, Lamar announced a quarterly dividend of 75 cents per share, which reflects a 50% increase from the 50 cents paid in the prior quarter. The company predicts total quarterly distributions to stockholders in 2021 to aggregate \$3.00 per common share, inclusive of the dividend payable on Mar 31, 2021. Although, it is still below the pre-pandemic dividend level, such effort raises investors' optimism on the stock.
- ▲ Lamar operates in an industry that is characterized by high barriers to entry due to permitting restrictions. This is because the company typically owns permits that allow out-of-home advertising at each location and in fact, the permits are the most prized assets gained in an acquisition. But as there is a control on the permits, inventory as well as the intrusion from other market players, both local and national, are restricted. This provides the company with a solid competitive edge.

Lamar holds significant market share in the U.S. outdoor advertising business. Diversified tenant base, opportunistic acquisitions, and efforts to upgrade its portfolio are growth drivers for Lamar.

Reasons To Sell:

- ▼ Outdoor travel has taken a hit as the coronavirus pandemic has compelled people to stay indoors, bringing in a dent in advertising values. Though the situation has improved from the onset of the pandemic and the company's fourth-quarter performance was aided by a recovery in national advertising and a surge in political spending, any likely robust turnaround remains elusive until the vaccines become widely available and help normal activities resume. Also, the choppiness in the economy might continue to limit advertising spends, though situations are expected to improve as the year progresses.
- ▼ Lamar's total debt to total capital is high. Moreover, the coronavirus-induced slowdown will impede revenue growth and affect cash flow from operations. Management expects leverage to increase modestly at the end of first quarter, with a full year post COVID results inclusion.
- ▼ Although the company enjoys a significant market share in many of its small and medium-sized markets, it also faces competition from other outdoor advertisers and other forms of media in all its markets. Lamar competes against larger companies with diversified operations such as television, radio and other broadcasting media. These diversified competitors have an advantage of cross-selling complementary advertising products to advertisers. So, despite a significant portion of the company's revenues coming from local business, we believe this competition from national players may partly impede its growth momentum.
- ▼ Shares of Lamar have gained 12.6%, outperforming the industry's increase of 7.3% over the past three months. However, the trend in estimate revision does not indicate a favorable outlook for the company. The Zacks Consensus Estimate for 2021 FFO per share remained unchanged over the past month. Therefore, given the above-mentioned concerns and lack of upward estimate revisions, there is a limited upside potential to the stock.

Dent in advertising values amid coronavirus pandemic is a pressing concern. Moreover, high debt level and stiff competition from several advertising channels pose challenges.

Last Earnings Report

Lamar Q4 FFO & Revenues Top Estimates, Costs Decline

Lamar reported fourth-quarter 2020 adjusted FFO per share of \$1.71, outpacing the Zacks Consensus Estimate of \$1.50. Moreover, the figure is up from the \$1.64 reported in the year-ago period.

Results reflect better-than-expected revenue numbers for the quarter. Also, the company benefited from a fall in operating expenses.

Particularly, quarterly net revenues came in at \$428.5 million, surpassing the consensus mark of \$416.4 million. However, on a year-over-year basis, net revenues for the quarter declined 7.4%.

According to the company's chief executive Sean Reilly, "We concluded 2020 with a strong fourth quarter, aided by a recovery in national advertising and a surge in political spending, as well as further good work on the expense side."

Moreover, he pointed that, "We have begun to invest again in our platform, and, with the strongest balance sheet in the industry, we are positioned well to benefit as the advertising market recovers further in 2021."

For full-year 2020, the company reported adjusted FFO per share of \$5.10, down from the prior year's \$5.80. Net revenues declined 10.5% to \$1.57 billion from the \$1.75 billion reported last year.

Quarter in Detail

Acquisition-adjusted net revenues for the fourth quarter decreased 6.8% year on year to \$428.5 million. Also, acquisition-adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) fell 2.8% to \$207.9 million.

Operating income marginally declined to \$141.2 million from the year-earlier period's \$141.4 million, while adjusted EBITDA went down 3.6% to \$207.9 million. However, free cash flow of \$160.1 million increased 18.3% year over year during the December-end quarter.

Operating expenses slid 10.6% from the prior-year quarter to \$287.3 million.

Balance Sheet

At the end of 2020, Lamar Advertising had total liquidity of \$910.1 million. This comprised \$736 million available for borrowing under its revolving senior credit facility, \$52.5 million available under the Accounts Receivable Securitization Program, and \$121.6 million in cash and cash equivalents.

Outlook

Lamar Advertising projects 2021 adjusted FFO per share at \$5.20-\$5.50.

Quarter Ending **12/2020**

Report Date	Feb 26, 2021
Sales Surprise	2.91%
EPS Surprise	14.00%
Quarterly EPS	1.71
Annual EPS (TTM)	5.10

Recent News

Dividend Update

On Feb 25, Lamar announced a quarterly dividend of 75 cents per share, which reflects a 50% increase from the 50 cents paid in the prior quarter. The dividend is scheduled to be paid on Mar 31, to stockholders of record of Lamar's Class A and Class B common stock as of Mar 22, 2021.

Lamar predicts total quarterly distributions to stockholders in 2021 to aggregate \$3.00 per common share, inclusive of the dividend payable on Mar 31, 2021.

Valuation

Lamar's shares have been up 108.9% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Finance sector have increased 35.5% and 61.4%, respectively.

The S&P 500 Index is up 62.7% over the trailing 12-month period.

The stock is currently trading at 14.30X forward 12-month FFO, which compares to 20.59X for the Zacks sub-industry, 17.10X for the Zacks sector and 22.36X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 15.98X and as low as 5.39X, with a 5-year median of 13.55X. Our neutral recommendation indicates that the stock will perform in line with the market. Our \$100 price target reflects 15.26X FFO.

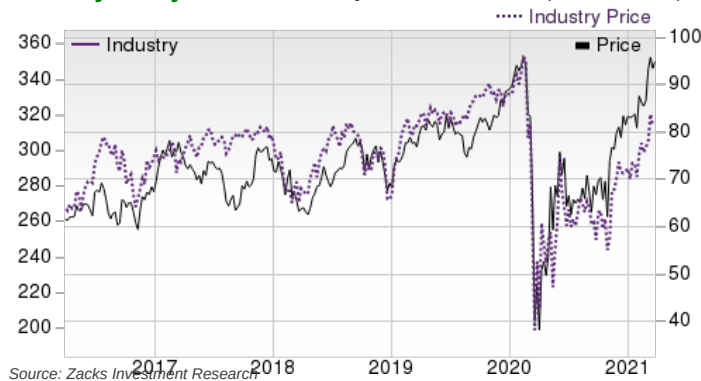
The table below shows summary valuation data for LAMR.

Valuation Multiples - LAMR					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	14.3	20.59	17.10	22.36
	5-Year High	15.98	20.59	17.13	23.83
	5-Year Low	5.39	14.57	11.60	15.30
	5-Year Median	13.55	16.34	14.59	17.90
P/S F12M	Current	5.64	8.02	7.60	4.57
	5-Year High	6.01	8.02	7.60	4.57
	5-Year Low	1.77	5.45	5.03	3.21
	5-Year Median	4.41	6.31	6.14	3.69
P/B TTM	Current	7.86	2.43	3.13	6.69
	5-Year High	8.36	2.72	3.16	6.73
	5-Year Low	2.75	1.63	1.74	3.84
	5-Year Median	6.58	2.33	2.60	4.98

As of 03/30/2021

Source: Zacks Investment Research

Industry Analysis Zacks Industry Rank: Bottom 20% (203 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
Alexandria Real Estate Equities, Inc. (ARE)	Neutral	3
Pebblebrook Hotel Trust (PEB)	Neutral	3
Ryman Hospitality Properties, Inc. (RHP)	Neutral	3
RLJ Lodging Trust (RLJ)	Neutral	3
Vornado Realty Trust (VNO)	Neutral	3
Americold Realty Trust (COLD)	Underperform	4
OUTFRONT Media Inc. (OUT)	Underperform	4
CoreCivic, Inc. (CXW)	NA	NA

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

Industry Comparison Industry: Reit And Equity Trust - Other				Industry Peers		
	LAMR	X Industry	S&P 500	COLD	OUT	PEB
Zacks Recommendation (Long Term)	Neutral	-	-	Underperform	Underperform	Neutral
Zacks Rank (Short Term)	3	-	-	4	4	3
VGM Score	C	-	-	C	D	F
Market Cap	9.45 B	2.88 B	29.18 B	9.74 B	3.15 B	3.25 B
# of Analysts	1	4	13	4	2	6
Dividend Yield	3.20%	3.24%	1.34%	2.28%	0.00%	0.16%
Value Score	C	-	-	C	B	F
Cash/Price	0.01	0.04	0.06	0.07	0.22	0.04
EV/EBITDA	18.84	17.21	16.52	27.85	24.20	-106.89
PEG F1	2.08	3.20	2.37	3.99	2.59	NA
P/B	7.86	1.44	3.97	2.08	3.14	0.99
P/CF	18.89	15.97	16.40	32.17	34.35	NA
P/E F1	14.36	17.27	21.68	27.96	25.88	NA
P/S TTM	6.03	6.66	3.33	4.90	2.55	7.33
Earnings Yield	6.99%	5.60%	4.52%	3.58%	3.86%	-3.40%
Debt/Equity	2.31	0.87	0.66	0.03	2.62	0.70
Cash Flow (\$/share)	4.96	1.70	6.78	1.20	0.63	-0.74
Growth Score	C	-	-	C	D	F
Historical EPS Growth (3-5 Years)	2.92%	0.87%	9.36%	NA	-7.51%	-10.81%
Projected EPS Growth (F1/F0)	28.43%	5.94%	15.07%	6.98%	25.94%	42.35%
Current Cash Flow Growth	-20.23%	-2.76%	0.44%	12.89%	-68.94%	-126.42%
Historical Cash Flow Growth (3-5 Years)	1.76%	10.49%	7.37%	17.07%	-15.00%	NA
Current Ratio	0.69	1.55	1.39	0.31	1.82	0.63
Debt/Capital	69.82%	46.65%	41.42%	3.21%	65.45%	41.13%
Net Margin	15.51%	9.13%	10.59%	1.24%	-4.93%	-88.45%
Return on Equity	21.15%	2.56%	14.86%	0.98%	-6.02%	-11.24%
Sales/Assets	0.26	0.11	0.50	0.37	0.21	0.07
Projected Sales Growth (F1/F0)	5.52%	5.74%	7.28%	23.47%	16.33%	31.76%
Momentum Score	C	-	-	C	D	F
Daily Price Change	2.15%	0.39%	-0.10%	-1.35%	1.26%	1.35%
1-Week Price Change	1.50%	0.33%	2.12%	4.20%	-3.91%	-0.82%
4-Week Price Change	8.97%	3.74%	4.39%	11.85%	4.32%	10.41%
12-Week Price Change	13.50%	11.69%	10.27%	9.10%	14.00%	30.52%
52-Week Price Change	82.68%	37.14%	61.32%	13.37%	61.28%	127.00%
20-Day Average Volume (Shares)	684,490	737,158	2,376,431	2,461,279	1,848,113	1,963,327
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	0.00%	0.00%	0.00%	-0.25%	-28.42%	-9.31%
EPS F1 Estimate 12-Week Change	0.00%	-1.45%	2.20%	-5.08%	-45.16%	-53.50%
EPS Q1 Estimate Monthly Change	0.00%	0.00%	0.00%	-1.12%	-180.00%	-9.61%

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	C
Momentum Score	C
VGM Score	C

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

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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.