

Public Storage (PSA)

\$298.36 (As of 06/18/21)

Price Target (6-12 Months): **\$318.00**

Long Term: 6-12 Months

Zacks Recommendation:
Neutral

(Since: 02/11/19)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:B

Value: D

Growth: B

Momentum: A

Summary

Shares of Public Storage have outperformed the industry so far in the year. Moreover, the trend in estimate revisions for 2021 funds from operations (FFO) per share indicates a favorable outlook for the company with the consensus mark moving north over the past month. Notably, Public Storage is one of the largest owners and operators of storage facilities in the United States. The company is likely to gain from high brand value, economies of scale, expansion efforts through acquisitions and development, and a healthy balance sheet. Moreover, in April, the self-storage REIT closed on the ezStorage portfolio acquisition for \$1.8 billion. This transaction is immediately accretive to FFO. However, a development boom of self-storage units in many markets and a likely rise in move-out rates with the abatement of the pandemic are key concerns.

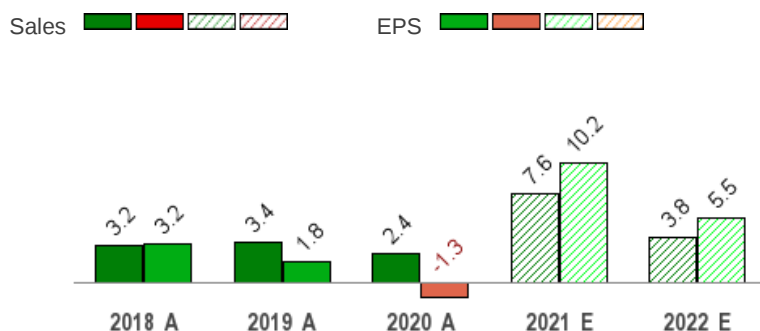
Price, Consensus & Surprise



Data Overview

52-Week High-Low	\$303.80 - \$183.22
20-Day Average Volume (Shares)	728,267
Market Cap	\$52.2 B
Year-To-Date Price Change	29.2%
Beta	0.08
Dividend / Dividend Yield	\$8.00 / 2.7%
Industry	REIT and Equity Trust - Other
Zacks Industry Rank	Bottom 17% (210 out of 252)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	4.4%
Last Sales Surprise	2.3%
EPS F1 Estimate 4-Week Change	0.6%
Expected Report Date	08/04/2021
Earnings ESP	1.0%

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	782 E	801 E	815 E	807 E	3,257 E
2021	767 A	790 E	797 E	787 E	3,137 E
2020	716 A	709 A	731 A	749 A	2,915 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	\$2.96 E	\$3.07 E	\$3.14 E	\$3.21 E	\$12.33 E
2021	\$2.82 A	\$2.86 E	\$2.95 E	\$3.04 E	\$11.69 E
2020	\$2.58 A	\$2.46 A	\$2.63 A	\$2.93 A	\$10.61 A

*Quarterly figures may not add up to annual.

P/E TTM	27.5
P/E F1	25.5
PEG F1	6.4
P/S TTM	17.7

The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 06/18/2021. The report's text and the

analyst-provided price target are as of 06/21/2021.

Overview

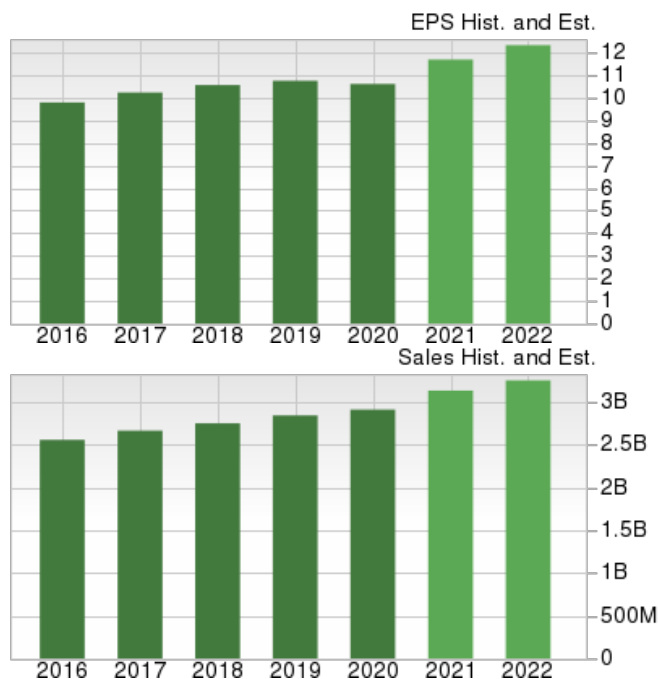
Glendale, CA-based Public Storage is a leading self-storage real estate investment trust in the United States. The company acquires, develops, owns and operates self-storage facilities, generally on a month-to-month basis for business as well as personal use. The company is an S&P 500 index member.

As of Mar 31, 2021, Public Storage had interests in 2,563 self-storage facilities (having around 176 million net rentable square feet) across 38 U.S. states. Moreover, the company had approximately 35% common equity interest in Shurgard Self Storage SA ("Shurgard Europe"), which owned 243 self-storage facilities (comprising roughly 13 million net rentable square feet) across seven countries in Western Europe. These facilities are operating under the "Shurgard" brand name.

In addition, as of the same date, the company had 42% common equity interest in PS Business Parks — a REIT with commercial properties — with 28 million rentable square feet of commercial space.

In April 2021, Public Storage announced closing of the buyout of ezStorage for \$1.8 billion. This transaction, which the company funded by utilizing its growth-oriented balance sheet to issue \$2 billion of senior unsecured notes, is immediately accretive to FFO. The acquisition brings in portfolio of 48 properties, encompassing 4.2 million net rentable square feet, to Public Storage's platform. The move is a strategic fit as the properties are located in regions with solid demand drivers and high barriers for new property development across Washington DC, Virginia, and Maryland. Also, there are scopes for expansion. Public Storage's in-house development team will increase the portfolio's square footage by 10% through development opportunity at eight of the sites.

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.



Reasons To Buy:

- ▲ Public Storage is one of the largest owners and operators of storage facilities in the United States. The 'Public Storage' brand is the most recognized and established name in the self-storage industry, with presence in all major metropolitan markets of the United States. Particularly, the company has market share and concentration in major metropolitan centers, with roughly 70% of its 2020 same-store revenues generated in the 20 Metropolitan Statistical Areas with the highest population levels. As such, apart from benefiting from brand recognition, the company is likely to gain from economies of scale. Moreover, the company remains well poised to benefit from approximately 35% stake in Shurgard Self Storage SA. In fact, the "Shurgard" brand, used by Shurgard Europe, is a well-established and valuable brand in Europe.
- ▲ The self-storage asset category is basically need-based and recession-resilient in nature. This asset class has low capital expenditure requirements and generates high operating margins. Additionally, the self-storage industry continues to benefit from favorable demographic changes. Specifically, migration and downsizing trend, and increase in the number of people renting homes have escalated the needs of consumers to rent space at a storage facility to park their possessions. Further, demand for self-storage spaces has shot up amid the work from home, study from home, elevated home sales and remodeling and the migration in and out of metropolitan markets, while move-outs remain low amid the health crisis, resulting in improved year-over-year occupancy trends and increased average length of stay. This supports revenue growth because of more long-term tenants becoming eligible for rate hikes, and a lesser need to replace vacating tenants with new tenants that lowers promotional expenses and increase its pricing leverage.
- ▲ In addition, Public Storage has been capitalizing on growth opportunities. This April, Public Storage announced closing of the buyout of ezStorage for \$1.8 billion. This transaction is immediately accretive to FFO. The acquisition brings in portfolio of 48 properties, encompassing 4.2 million net rentable square feet, to Public Storage's platform. The move is a strategic fit as the properties are located in regions with solid demand drivers and high barriers for new property development across Washington DC, Virginia, and Maryland. Also, there are scopes for expansion. Public Storage's in-house development team will increase the portfolio's square footage by 10% through development opportunity at eight of the sites. Markedly, Public Storage has fortified its presence in key cities on acquisitions and expansion efforts. Particularly, this self-storage REIT has enhanced its portfolio by 22 million net rentable square feet, or 13%, through \$4.3 billion of acquisitions, development, and redevelopment since the start of 2019. With a solid access to capital at low interest rates, the company is well poised to take advantage of a potential opportunity.
- ▲ The company is also leveraging on technology for revenue optimization and cost efficiencies and as such has invested in technologies over the past few years. To further enhance the move-in experience, the company initiated "eRental®" process in 2020. With this process prospective tenants (including those who initially reserved a space) accelerate the move-in activity through execution of a lease agreement from their smartphone or computer and then going directly to their space on the move-in date. Moreover, last year, the company implemented technology solutions in the area of labor scheduling, an integrated customer smartphone application, automated and centralized property access systems, as well as website customer chat functions. Such efforts are likely to add to the company's competitive edge.
- ▲ Public Storage has one of the strongest balance sheets in the sector, with adequate liquidity to withstand the current challenging times, and bank on expansion opportunities through acquisitions and developments. The company exited first-quarter 2021 with \$159.6 million of cash and equivalents, and \$475.7 million of available borrowing capacity on its revolving line of credit. The company has no material debt maturity until September 2022. Moreover, the company's debt maturity schedule is well-laddered that moderate its refinancing risk. The company maintains a strong financial profile characterized by solid credit metrics including low leverage relative to its total capitalization and operating cash flows plus enjoys an "A" credit rating from Standard & Poor's and an "A2" from Moody's. The sturdy credit profile and ratings enable the company to access both the public and the private capital markets to raise capital at favorable rates. As such, the company seems well poised to take advantage of a potential opportunity.
- ▲ Furthermore, robust dividend payouts are arguably the biggest enticement for investment in REIT stocks. In fact, the successful execution of such growth strategies and efforts to enhance the operating platform have enabled the company to see a 10% CAGR in dividends per share since 2005. Given the company's financial position and a lower debt-to-equity ratio compared to that of the industry's average, its current dividend payout is expected to be sustainable.
- ▲ Shares of Public Storage have gained 29.2% so far in the year compared with the industry's increase of 16.1%. Moreover, the trend in estimate revisions for 2021 FFO per share indicates a favorable outlook for the company. The Zacks Consensus Estimates for the same witnessed marginal upward revision over the past month. Therefore, given the progress on fundamentals and upward estimate revisions, the stock has a decent upside potential.

High brand value, strategic acquisitions, robust presence in key cities and healthy balance sheet serve as major growth drivers for Public Storage.

Reasons To Sell:

- ▼ Public Storage operates in a highly fragmented market in the United States, with intense competition from numerous private, regional and local operators. In addition, in recent years, supply has been increasing in a number of markets. This is likely to fuel competition for the company, affecting occupancies, curbing its power to raise rents and turn on more discounting.
- ▼ For Public Storage, vacancies are still down and are helping occupancy level to remain high. However, such factors are likely to moderate as tenants revert to more normal move-out behavior as the impact of the pandemic abates, leading to upward pressure on vacancy trends, and resulting in adverse pressure on rate growth in many markets. Particularly, these impact the company's ability to raise move-in rents as well as existing tenant price increases over time.
- ▼ The company has a significant development and refurbishment pipeline. As of Mar 31, 2021, Public Storage had several facilities in development (1.4 million net rentable square feet), with an estimated cost of \$224 million, as well as expansion projects (2.0 million net rentable square feet) worth \$286 million. It expects to incur the remaining \$309 million of development costs related to these projects, mainly over the next 18-24 months. Though this is encouraging, the substantial pipeline increases operational risks and exposes the company to rising construction costs, entitlement delays and failure to fulfill government requirements. Further, self-storage spaces are not usually pre-leased and new assets generally take time to generate yields.

A development boom of self-storage units in many markets, a likely rise in move-out rates with the abatement of the pandemic and a huge development and expansion pipeline remain key concerns.

Last Earnings Report

Public Storage Q1 FFO Beats on Rent & Occupancy Gains

Public Storage's first-quarter 2021 core FFO per share of \$2.82 surpassed the Zacks Consensus Estimate of \$2.70. The figure also increased 9.3% year on year.

Quarterly revenues of \$767.3 million exceeded the Zacks Consensus Estimate of \$750.4 million. Moreover, revenues increased 6.7% year on year.

Results reflect an improvement in realized annual rent per available square foot and weighted average square foot occupancy in the reported quarter. The company also benefited from its expansion efforts through acquisitions, development and extensions. In addition, it witnessed a decrease in on-site property manager payroll and a positive impact due to the timing of property tax expense. Management has also issued the initial core FFO guidance.

Quarter Ending 03/2021

Report Date	Apr 28, 2021
Sales Surprise	2.25%
EPS Surprise	4.44%
Quarterly EPS	2.82
Annual EPS (TTM)	10.84

Behind the Headlines

Public Storage's same-store revenues increased 3.4% year over year to \$647.8 million during the first quarter, highlighting higher realized annual rent per available square foot and weighted average square foot occupancy. Particularly, this upswing was backed by a 4.6% increase in realized annual rental income per available square foot to \$16.86. Also, weighted-average square foot occupancy of 95.6% expanded 2.8% year over year.

Same-store cost of operations fell 4.3% year over year, mainly reflecting a change in property tax timing leading to an 8.6% decrease in property tax expense, 13.2% fall in on-site property manager payroll, partly dampened by an increase in share-based compensation. Consequently, the company's same-store net operating income (NOI) increased 6.7% to \$466.8 million.

Also, the REIT's NOI growth from non-same store facilities was \$11.8 million, on the back of the facilities acquired in 2020 and 2021, as well as the fill-up of the recently-developed and expanded facilities.

Portfolio Activity

During the March-end quarter, Public Storage acquired 15 self-storage facilities, comprising 1.1 million net rentable square feet of area, for \$203.1 million. Following Mar 31, 2021, the company acquired or was under contract to acquire 87 self-storage facilities, spanning 7.6 million net rentable square feet of space across 18 states, for \$2.3 billion. These included 48 properties, spanning 4.2 million net rentable square feet, currently owned and operated by ezStorage Corp. that Public Storage is under contract to purchase in April 2021 for \$1.8 billion.

During the first quarter, the REIT opened one newly-developed facility, encompassing 0.2 million net rentable square feet in Virginia costing \$45.4 million.

Finally, as of Mar 31, 2021, Public Storage had several facilities in development (1.4 million net rentable square feet), with an estimated cost of \$224 million, as well as expansion projects (2.0 million net rentable square feet) worth \$286 million. It expects to incur the remaining \$309 million of development costs related to these projects, mainly over the next 18-24 months.

Balance Sheet Position

Public Storage exited first-quarter 2021 with \$159.6 million of cash and equivalents, down from the \$257.6 million recorded at the end of 2020.

Outlook

For 2021, the company projects core FFO per share in the range of \$11.35-\$11.75.

The company's full-year assumption is backed by 4-5.5% growth in same-store revenues, a 1-2% rise in same-store expenses and a 4.8-7.3% expansion in same-store NOI. Further, the company expects \$2.7 billion of acquisitions and \$215 million of development openings.

Recent News

Public Storage Closes ezStorage Portfolio Buyout – Apr 29, 2021

Public Storage announced closing of the buyout of ezStorage for \$1.8 billion. This transaction, which the company funded by utilizing its growth-oriented balance sheet to issue \$2 billion of senior unsecured notes, is immediately accretive to FFO.

The acquisition brings in portfolio of 48 properties, encompassing 4.2 million net rentable square feet, to Public Storage's platform. The move is a strategic fit as the properties are located in regions with solid demand drivers and high barriers for new property development across Washington DC, Virginia, and Maryland.

Also, there are scopes for expansion. Public Storage's in-house development team will increase the portfolio's square footage by 10% through development opportunity at eight of the sites.

Markedly, Public Storage has fortified its presence in key cities on acquisitions and expansion efforts. Particularly, this self-storage REIT has enhanced its portfolio by 22 million net rentable square feet, or 13%, through \$4.3 billion of acquisitions, development, and redevelopment since the start of 2019.

Dividend Update

On Apr 21, management announced a regular quarterly dividend of \$2 per common share. The dividend will be paid on Jun 30, to shareholders of record as of Jun 15, 2021.

Valuation

Public Storage's shares have been up 56.8% over the trailing 12-month period. Stocks in the Zacks sub-industry and Zacks Finance sector have gained 22.1% and 40.3%, respectively, over the past year.

The S&P 500 Index has been up 35.8% over the trailing 12-month period.

The stock is currently trading at 24.88X forward 12-month FFO, which compares with 21.56X for the Zacks sub-industry, 15.89X for the Zacks sector and 21.36X for the S&P 500 Index.

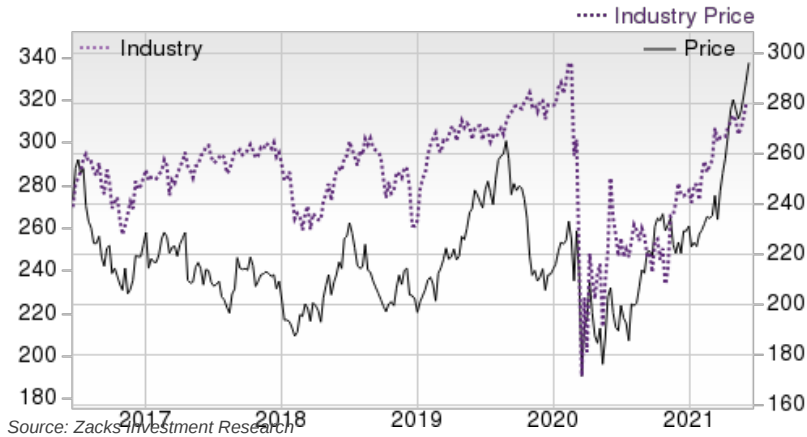
Over the past five years, the stock has traded as high as 25.65X and as low as 14.57X, with a 5-year median of 20.28X. Our neutral recommendation indicates that the stock will perform in line with the market. Our \$318 price target reflects 26.52X FFO.

The table below shows summary valuation data for PSA.

Valuation Multiples - PSA					
		Stock	Sub-Industry	Sector	S&P 500
P/E F 12M	Current	24.88	21.56	15.89	21.36
	5-Year High	25.65	21.75	17.25	23.83
	5-Year Low	14.57	14.57	11.6	15.31
	5-Year Median	20.28	16.41	14.94	18.05
P/S F12M	Current	16.35	8.39	8.56	4.63
	5-Year High	17.1	8.44	8.56	4.74
	5-Year Low	9.49	5.47	5.08	3.21
	5-Year Median	13.41	6.41	6.21	3.72
P/B TTM	Current	10.82	2.70	3.26	6.93
	5-Year High	10.82	2.80	3.43	7.08
	5-Year Low	5.59	1.63	1.77	3.84
	5-Year Median	7.49	2.33	2.64	5.02

As of 06/18/2021 Source: Zacks Investment Research

Industry Analysis Zacks Industry Rank: Bottom 17% (210 out of 252)



Top Peers

Company (Ticker)	Rec	Rank
CubeSmart (CUBE)	Neutral	3
Extra Space Storage Inc (EXR)	Neutral	3
Innovative Industrial Properties, Inc. (IIPR)	Neutral	3
Iron Mountain Incorporated (IRM)	Neutral	3
Gladstone Land Corporation (LAND)	Neutral	4
Life Storage, Inc. (LSI)	Neutral	3
National Storage Affiliates Trust (NSA)	Neutral	2
Safehold Inc. (SAFE)	Neutral	3

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

Industry Comparison Industry: Reit And Equity Trust - Other				Industry Peers		
	PSA	X Industry	S&P 500	CUBE	EXR	LSI
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	B	-	-	B	C	C
Market Cap	52.21 B	2.99 B	29.25 B	9.24 B	21.32 B	8.23 B
# of Analysts	8	3.5	12	6	7	5
Dividend Yield	2.68%	2.83%	1.38%	2.97%	2.51%	2.79%
Value Score	D	-	-	D	D	D
Cash/Price	0.00	0.03	0.06	0.00	0.00	0.00
EV/EBITDA	29.61	18.88	16.74	28.33	28.32	28.98
PEG F1	6.49	3.13	2.04	4.91	4.79	6.54
P/B	10.82	1.53	3.99	4.90	6.43	3.19
P/CF	27.26	15.64	16.91	27.55	27.87	27.72
P/E F1	25.96	19.12	20.66	24.53	26.10	23.75
P/S TTM	17.66	7.45	3.31	13.12	15.42	12.82
Earnings Yield	3.92%	4.92%	4.76%	4.08%	3.83%	4.21%
Debt/Equity	0.62	0.87	0.66	1.20	1.60	0.88
Cash Flow (\$/share)	10.94	1.70	6.83	1.66	5.72	3.82
Growth Score	B	-	-	B	C	C
Historical EPS Growth (3-5 Years)	3.09%	0.82%	9.59%	4.83%	8.16%	3.32%
Projected EPS Growth (F1/F0)	10.18%	6.24%	21.58%	8.62%	15.66%	12.34%
Current Cash Flow Growth	-6.05%	-2.35%	0.99%	-3.16%	10.02%	-23.29%
Historical Cash Flow Growth (3-5 Years)	1.92%	10.49%	7.28%	6.98%	13.38%	10.49%
Current Ratio	0.43	1.63	1.39	0.04	0.49	0.31
Debt/Capital	25.80%	46.73%	41.51%	57.32%	61.53%	46.73%
Net Margin	43.22%	10.86%	11.95%	24.07%	43.95%	25.33%
Return on Equity	27.74%	2.60%	16.48%	9.39%	20.70%	7.15%
Sales/Assets	0.25	0.11	0.51	0.16	0.15	0.14
Projected Sales Growth (F1/F0)	8.01%	5.87%	9.41%	12.38%	7.54%	13.24%
Momentum Score	A	-	-	A	A	A
Daily Price Change	0.92%	-2.21%	-1.31%	-1.12%	-1.21%	-0.73%
1-Week Price Change	0.86%	-4.25%	-1.91%	-1.19%	-0.03%	-1.44%
4-Week Price Change	7.82%	2.38%	0.25%	7.35%	9.31%	9.21%
12-Week Price Change	21.98%	5.37%	4.83%	20.19%	20.23%	22.62%
52-Week Price Change	56.54%	25.39%	34.50%	70.35%	71.46%	69.06%
20-Day Average Volume (Shares)	728,267	682,991	1,830,063	901,408	668,268	483,700
EPS F1 Estimate 1-Week Change	0.28%	0.00%	0.00%	0.45%	0.12%	0.54%
EPS F1 Estimate 4-Week Change	0.56%	0.00%	0.01%	1.45%	0.71%	0.22%
EPS F1 Estimate 12-Week Change	4.00%	0.37%	3.48%	2.09%	1.18%	3.58%

Past performance is no guarantee of future results. Please see important disclosures and definitions at the end of this report.

EPS Q1 Estimate Monthly Change	1.82%	:	0.00%	0.00%	:	1.09%	1.13%	2.00%
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Source: Zacks Investment Research

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we maintain a balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	D
Growth Score	B
Momentum Score	A
VGM Score	B

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

Disclosures

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

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

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Additional Disclosure

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

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

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

Glossary of Terms and Definitions

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

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

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

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

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

4-Week Price Change: This is the percentage change in a stock's closing price over the last 20 trading days or past 4 weeks. This is a 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.