

Rogers Communications (RCI)

\$46.50 (As of 02/03/21)

Price Target (6-12 Months): **\$49.00**

Long Term: 6-12 Months

Zacks Recommendation:
Neutral

(Since: 01/12/21)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM: C

Value: A

Growth: D

Momentum: F

Summary

Rogers Communications reported weak fourth-quarter 2020 results. Revenues declined year over year due to decrease in Wireless segment revenues as a result of lower subscriber activity attributed to the coronavirus outbreak. Weakness in Service revenues also hurt overall top-line growth. Moreover, intense competition in the wireless industry does not bode well for the company. However, Rogers continues to benefit from Internet subscriber additions and shift of Internet users to higher-usage tiers. The company's investments in 5G spectrum and partnerships with leading real estate companies to support 5G infrastructure deployment are catalysts. Moreover, the company expanded the Rogers 5G network to 160 cities and towns, which will be a major growth driver in the long haul. Shares have outperformed the industry on a year-to-date basis.

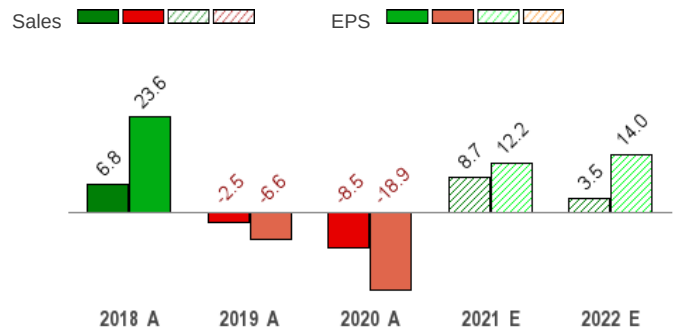
Price, Consensus & Surprise



Data Overview

52-Week High-Low	\$50.40 - \$32.20
20-Day Average Volume (Shares)	279,110
Market Cap	\$18.8 B
Year-To-Date Price Change	-0.2%
Beta	0.49
Dividend / Dividend Yield	\$1.54 / 3.3%
Industry	Cable Television
Zacks Industry Rank	Bottom 49% (128 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	1.3%
Last Sales Surprise	-3.5%
EPS F1 Estimate 4-Week Change	-3.8%
Expected Report Date	04/28/2021
Earnings ESP	-0.3%

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022					11,694 E
2021	2,642 E	2,784 E	2,897 E	3,026 E	11,296 E
2020	2,547 A	2,276 A	2,751 A	2,824 A	10,389 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022					\$3.25 E
2021	\$0.51 E	\$0.71 E	\$0.85 E	\$0.78 E	\$2.85 E
2020	\$0.53 A	\$0.43 A	\$0.81 A	\$0.76 A	\$2.54 A

*Quarterly figures may not add up to annual.

P/E TTM	18.4
P/E F1	16.3
PEG F1	3.3
P/S TTM	1.8

The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 02/03/2021. The report's text and the analyst-provided price target are as of 02/04/2021.

Overview

Toronto, Canada-based Rogers Communications Inc. provides cable television, high-speed Internet access, and video retailing through its wholly-owned subsidiary, Rogers Cable and Telecom. The company also provides wireless voice, data, and messaging services through its wholly-owned subsidiary, Rogers Wireless. Additionally, Rogers owns and operates radio and television broadcasting stations, televised shopping networks, consumer magazines, as well as trade and professional publications through its wholly-owned subsidiary, Rogers Media.

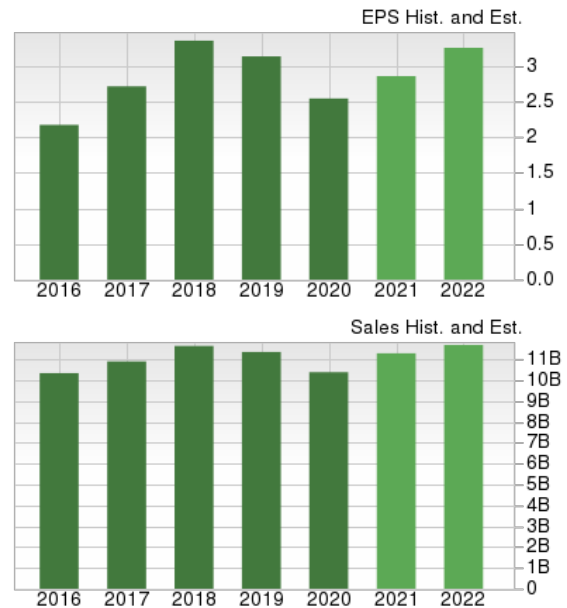
In 2020, the company reported total revenues of C\$13.91 billion.

Rogers Wireless Segment (61.3% of 2020 revenues) delivers a variety of pioneering wireless network technologies and services to both residential and enterprise business customers. The company also provides its postpaid and prepaid wireless customers with the latest wireless devices, services, and applications through its Rogers, Fido, and chatr brands.

The company had more than 10.9 million Wireless subscribers in 2020. Moreover, Rogers continues to invest in 5G technology and is partnering with leading real estate and mobile companies to support 5G infrastructure deployment. This will enable the company to quickly deploy the technology for its customers in urban, suburban and rural communities.

Rogers Cable Segment (28.4% of 2020 revenues) provides high-speed Internet service, phone, advanced home Wi-Fi and digital television services. Additionally, the company's shift to Data Over Cable Service Interface Specification (DOCSIS) 3.1 technology is helping it provide faster Internet speed and allowing users to easily interact with more Internet-connected devices.

Rogers Media Segment (11.5% of 2020 revenues) consists of radio and television broadcasting operations, consumer and trade publishing operations, televised home shopping service and Rogers Sports Entertainment. Broadcasting comprises 52 radio stations across Canada, multicultural OMNI television stations, the 5 station City television network; Rogers Sportsnet, along with The Shopping Channel.



Source: Zacks Investment Research

Reasons To Buy:

- ▲ Rogers has been able to attain favorable trends in churn and net additions on the back of its high-quality network, value-added content offerings and sustained improvements in customer experience. The company enhanced the wireless service for Rogers and Fido customers in Surrey and in parts of Alberta and New Brunswick.
- ▲ Rogers has become the first wireless operator in Canada to offer “Internet of Things” (IoT) as a service to business enterprises. End-to-End Incident Management, Farm & Food Monitoring and Level Monitoring are the three IoT services that the wireless carrier currently offers. The collaboration with Ericsson and University of British Columbia (UBC) will help the company rapidly deploy 5G. Wireless networks will provide the primary impetus to the telecom industry. In this regard, IoT holds the potential to emerge as the numero uno factor for future growth and Rogers increasing traction in this space bodes well for the company.
- ▲ Internet penetration continues to be strong for the last 15 straight quarters, primarily due to growing demand for data, user shift toward higher-priced tiers and increase in subscriber base. The company expects the demand for broadband data to witness growth of about 30% per year. Rogers Communications currently offers 1 gigabyte speed to its user base. However, with the company's Data Over Cable Service Interface Specification (DOCSIS) technology, Rogers Communications will have the ability to cater to growing Canadian data demand with up to 10 gigabytes per second speed.
- ▲ Rogers announced that it will provide small businesses Rogers Unison, a new mobile solution that has in-built features of a traditional landline phone. Being the first telecommunications provider in North America to launch such a solution, Rogers is eliminating the need for small businesses to stay connected to their desk phone. This means that businesses will be able to connect with customers and employees regardless of location, increasing their productivity while also saving dollars previously spent on landlines.
- ▲ Rogers has been focusing increasingly on the business enterprise segment. The company has Internetnetworking to provide enhanced services to its business customers. Additionally, the company also launched Rogers Public Cloud, a cloud infrastructure-as-a-service (IaaS) solution that will allow its business customers to securely manage critical data, applications, servers, systems software and network resources over the internet. We believe that such innovative service launches for business customers will yield benefit in terms of higher revenues going forward.

Rogers Communications' focus on technologies like Internet of Things (IoT) and 5G coupled with growing demand for Internet in Canada is expected to give the company a competitive edge.

Reasons To Sell:

- ▼ Rogers Communications faces fierce wireless competition from large incumbents like TELUS and BCE and other small regional carriers. Moreover, Shaw Communications' venture into the Canadian wireless market with the WIND Mobile acquisition raises competition for Rogers Communications.
- ▼ Meanwhile, Rogers Communications Cable operations are also currently facing increased competition. BCE's entry into cable TV services is increasing competitive pressure and may likely slash Rogers Communications market share and cap margin expansion. BCE is aggressively rolling out IPTV network and offering triple-play services at highly attractive prices, which are quite popular particularly among the low-end market segment. Moreover, similar to other cable companies, Rogers has lost viewers to video streaming service providers like Netflix. In the Internet space, Rogers Communications faced stiff competition and price discounts from third-party resellers and other players throughout 2020.
- ▼ Rogers Communications' Media segment faces headwinds from softness in the advertising market. We believe that much of the Media segment's growth is dependent on the strong viewership ratings of Rogers Communications radio and TV broadcasting operations. To remain competitive, the company needs to invest heavily in new TV programs and TV channels. This may result in considerable cash drain from Rogers Communications balance sheet.
- ▼ Rogers Communications is suffering from the ongoing uncertainty surrounding the coronavirus pandemic. COVID-19 has negatively impacted service revenues primarily attributed to lower overall roaming activity due to travel barriers and roaming services provided to customers at no cost. Additionally, decline in Wireless equipment revenues as a result of lower subscriber activity attributed to coronavirus is a concern.
- ▼ Rogers Communications' high debt levels raise concerns. The company's long-term debt in fourth-quarter 2020 was \$18.2 billion, which appears to be too high to be managed by the company's cash and cash equivalents of \$2.5 billion. Moreover, the company ended the third quarter with a debt leverage ratio (adjusted net debt/adjusted EBITDA) of 3.

Rogers Communications operates in an intensely competitive wireless and cable television industry. The company's investments to maintain competitive edge hurt growth.

Last Earnings Report

Rogers Communications Q4 Earnings Top, Revenues Fall Y/Y

Rogers Communications reported fourth-quarter 2020 adjusted earnings of 76 cents per share that beat the Zacks Consensus Estimate by 1.3%.

However, total revenues of \$2.82 billion missed the consensus mark by 3.5%.

Adjusted earnings declined 1% year over year to C\$0.99 per share. Total revenues decreased 6.9% year over year to C\$3.68 billion due to decline in Wireless service and equipment revenues as a result of lower subscriber activity attributed to the coronavirus outbreak.

Quarter Ending 12/2020

Report Date	Jan 28, 2021
Sales Surprise	-3.50%
EPS Surprise	1.33%
Quarterly EPS	0.76
Annual EPS (TTM)	2.53

Wireless Details

Wireless (62.3% of total revenues) decreased 8.1% from the year-ago quarter to C\$2.29 billion as a result of lower roaming revenues due to global travel restrictions during COVID-19 and reduced overage revenues, primarily as a result of continued adoption of Rogers Infinite unlimited data plans.

During the quarter, the company expanded Canada's first and largest 5G network to 160 cities and towns.

Additionally, Rogers started rolling out Canada's first 5G standalone core network in Montreal, Ottawa, Toronto, and Vancouver to be ready to support future devices and chipsets as they become available.

Service revenues dropped 8.4% to C\$1.63 billion, thanks to contraction in prepaid subscriber base and blended average revenue per user (ARPU) as a result of lower roaming revenues associated with the drop in overall roaming activity due to travel barriers and decrease in overage revenues due to faster adoption of Rogers Infinite unlimited data plan launched last quarter.

Equipment revenues were down 7.2% to C\$654 million due to lower device upgrades by existing customers.

Monthly blended ARPU was C\$50, down 9.5% year over year, primarily as a result of declines in overage and roaming revenues. Meanwhile, monthly blended average billing per user (ABPU) was C\$62.8, down 5.1%, primarily as a result of decline in roaming, overage, and other fee revenues due to COVID-19.

As of Dec 31, 2020, prepaid subscriber base totaled almost 1.26 million, highlighting a loss of 142K subscribers from the year-ago quarter. Monthly churn rate was 4.31% compared with 5.58% in the year-ago quarter.

As of Dec 31, 2020, postpaid wireless subscriber base totaled roughly 9.68 million, up 245K from the year-ago quarter driven by strong adoption of Rogers Infinite plans by new customers. Monthly churn rate was 1.19% compared with 1.26% in the year-ago quarter.

Postpaid subscriber growth was driven by increasing number of store openings and an increase in market activity by Canadians.

Segment operating expenses declined 12% from the year-ago quarter to C\$1.25 billion.

Adjusted EBITDA decreased 2.8% year over year to C\$1.03 billion. Adjusted EBITDA margin expanded 250 basis points (bps) on a year-over-year basis to 45.1%.

Cable Details

Cable revenues (27.7% of total revenues) increased 3.2% year over year to C\$1.02 billion due to a 3% increase in ARPA as a result of the movement of Internet customers to Ignite Internet offerings and service pricing changes. Service revenues increased 3.3% year over year to C\$1.01 billion.

As of Dec 31, 2020, Internet subscriber count was nearly 2.59 million, up 64K from the year-ago quarter.

During the quarter, Rogers launched Ignite SmartStream, an entertainment add-on for Ignite Internet customers, to give customers access to their favorite streaming services in one place.

Moreover, the company launched 14 new apps and subscription video on-demand services on Ignite TV and expanded free content on Ignite TV with the introduction of apps, including Fun at Home and Health at Home, tubi and XITE.

Ignite TV subscriber count was nearly 544K in the Television segment, reflecting an increase of 218K from the year-ago quarter.

Equipment revenues remained flat year over year at C\$3 million.

Segment operating expenses increased 1.8% from the year-ago quarter to C\$499 million.

Adjusted EBITDA increased 4.6% year over year to C\$520 million. Adjusted EBITDA margin expanded 70 bps on a year-over-year basis to 51%.

Media Details

Media (11.1% of total revenues) decreased 22.8% from the year-ago quarter to C\$409 million, due to lower sports-related and other advertising revenue, primarily as a result of the delayed start of major sports leagues and softness in the overall advertising market attributed to the

coronavirus pandemic.

Segment operating expenses decreased 35.6% year over year to C\$327 million, primarily attributed to lower sports programming and production costs, as a result of the delayed start of major sports leagues.

Consolidated Results

Operating costs decreased 13.7% to C\$2.09 billion. As a percentage of revenues, operating costs expanded 450 bps to 56.8%.

Adjusted EBITDA increased 3.9% year over year to C\$1.59 billion. Adjusted EBITDA margin increased 450 bps to 43.2%.

Balance Sheet & Cash Flow Details

As of Dec 31, 2020, Rogers Communications had \$5.7 billion of available liquidity, including \$2.5 billion in cash and cash equivalents and a combined \$3.2 billion available under bank credit facility.

Notably, the company had \$5.5 billion of available liquidity, including \$2.2 billion in cash and cash equivalents and a combined \$3.3 billion available under bank credit facility at the end of the previous quarter.

Cash provided by operating activities dropped 18.8% year over year to C\$947 million. Free cash flow increased 14.3% year over year to C\$568 million.

Rogers Communications paid out C\$253 million in dividends in the reported quarter.

The company ended the fourth quarter with a debt leverage ratio (adjusted net debt/adjusted EBITDA) of 3, up 10 bps from the year-ago quarter.

Recent News

On Jan 28, Rogers announced that its board of directors declared a quarterly dividend totaling 50 cents per share on each of its outstanding Class B Non-Voting shares and Class A Voting shares. The declared quarterly dividend will be paid on Apr 1, 2021 to shareholders of record as of Mar 10, 2021.

On Nov 20, Rogers Communications announced the availability of its 5G service in Winnipeg and Brandon, Manitoba.

On Oct 22, Rogers announced that its board of directors declared a quarterly dividend totalling 50 cents per share on each of its outstanding Class B Non-Voting shares and Class A Voting shares. The declared quarterly dividend will be paid on Jan 4, 2021 to shareholders of record as of Dec 10, 2020.

Valuation

Rogers Communications shares are down 0.2% in the year-to-date period and 6.8% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Consumer Discretionary sector are down 4.9% and 0.2% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and sector are up 10.7% and 15%, respectively.

The S&P 500 index is up 2.5% in the year-to-date period and 17.2% in the past year.

The stock is currently trading at 15.48X forward 12-month earnings, which compares to 18.34X for the Zacks sub-industry, 33.13X for the Zacks sector and 22.55X for the S&P 500 index.

Over the past five years, the stock has traded as high as 19.82X and as low as 9.83X, with a 5-year median of 15.63X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$49 price target reflects 16.25X forward 12-month earnings.

The table below shows summary valuation data for RCI

Valuation Multiples - RCI					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	15.48	18.34	33.13	22.55
	5-Year High	19.82	29.11	35.23	23.8
	5-Year Low	9.83	15.32	16.19	15.3
	5-Year Median	15.63	19.93	20.07	17.83
P/B TTM	Current	2.64	3.17	3.9	6.56
	5-Year High	6.39	4.33	4.85	6.58
	5-Year Low	2.12	2.14	2.24	3.73
	5-Year Median	4.43	3.06	4.13	4.95
EV/EBITDA TTM	Current	7.16	11.1	12.84	17.32
	5-Year High	9.69	19.25	17.89	17.38
	5-Year Low	6.32	8.27	8.28	9.55
	5-Year Median	8.51	10.49	12.22	13.24

As of 02/03/2021

Source: Zacks Investment Research

Industry Analysis Zacks Industry Rank: Bottom 49% (128 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
Amazon.com, Inc. (AMZN)	Neutral	3
BCE, Inc. (BCE)	Neutral	3
Alphabet Inc. (GOOGL)	Neutral	3
Microsoft Corporation (MSFT)	Neutral	2
Netflix, Inc. (NFLX)	Neutral	3
Shaw Communications Inc. (SJR)	Neutral	3
Spotify Technology SA (SPOT)	Neutral	3
Sirius XM Holdings Inc. (SIRI)	Underperform	3

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

Industry Comparison Industry: Cable Television				Industry Peers		
	RCI	X Industry	S&P 500	BCE	NFLX	SJR
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	C	-	-	C	D	A
Market Cap	18.83 B	13.99 B	26.72 B	38.79 B	238.92 B	8.48 B
# of Analysts	6	5	13	6	16	5
Dividend Yield	3.31%	0.00%	1.47%	6.10%	0.00%	5.31%
Value Score	A	-	-	B	D	A
Cash/Price	0.10	0.10	0.06	0.03	0.03	0.05
EV/EBITDA	6.87	10.22	14.76	7.93	16.56	6.53
PEG F1	3.24	2.83	2.38	4.32	1.91	2.83
P/B	2.63	2.50	3.66	3.03	21.59	1.83
P/CF	5.71	9.18	15.11	6.68	17.46	6.02
P/E F1	16.22	18.18	20.08	16.52	55.89	16.77
P/S TTM	1.81	2.12	2.94	2.26	9.56	2.12
Earnings Yield	6.13%	5.50%	4.89%	6.06%	1.79%	5.94%
Debt/Equity	1.75	0.85	0.68	1.46	1.43	0.74
Cash Flow (\$/share)	8.15	2.91	6.78	6.42	30.90	2.91
Growth Score	D	-	-	C	D	B
Historical EPS Growth (3-5 Years)	7.82%	11.63%	9.46%	-0.48%	99.86%	0.22%
Projected EPS Growth (F1/F0)	12.33%	46.63%	13.31%	12.41%	58.75%	5.45%
Current Cash Flow Growth	-6.84%	-7.47%	4.57%	5.00%	22.32%	6.07%
Historical Cash Flow Growth (3-5 Years)	1.98%	1.52%	8.19%	2.41%	30.02%	0.56%
Current Ratio	1.05	1.44	1.38	0.88	1.25	0.88
Debt/Capital	63.63%	47.58%	41.49%	54.17%	58.83%	42.45%
Net Margin	11.47%	8.36%	10.47%	10.21%	11.05%	12.76%
Return on Equity	17.53%	10.08%	14.92%	16.12%	28.22%	11.04%
Sales/Assets	0.36	0.35	0.51	0.37	0.67	0.34
Projected Sales Growth (F1/F0)	8.64%	5.33%	6.17%	2.54%	19.56%	5.16%
Momentum Score	F	-	-	C	B	C
Daily Price Change	0.65%	0.00%	0.04%	-0.37%	-1.59%	-0.62%
1-Week Price Change	-6.65%	-2.99%	-4.02%	-1.46%	-5.80%	-2.06%
4-Week Price Change	-3.77%	-2.06%	-0.72%	-2.59%	7.78%	-2.12%
12-Week Price Change	0.28%	3.56%	6.66%	-0.58%	9.92%	-2.29%
52-Week Price Change	-6.85%	10.04%	6.16%	-9.51%	45.93%	-11.25%
20-Day Average Volume (Shares)	279,110	218,180	2,065,421	1,019,637	6,879,829	876,334
EPS F1 Estimate 1-Week Change	-4.30%	0.00%	0.00%	-0.13%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	-3.82%	0.00%	0.38%	0.45%	6.20%	2.35%
EPS F1 Estimate 12-Week Change	-2.84%	0.05%	1.33%	3.18%	7.16%	3.11%
EPS Q1 Estimate Monthly Change	-0.65%	-0.33%	0.08%	0.00%	41.69%	16.00%

Source: Zacks Investment Research

Zacks Stock Rating System

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

Zacks Recommendation

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

Zacks Rank

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

Zacks Style Scores

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

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

Value Score	A
Growth Score	D
Momentum Score	F
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 a the per share market value of a company divided by the value of its tangible assets (total assets – liabilities – preferred stocks – intangible assets) per share. Tangible book value is the same thing as book value except it excludes the value of intangible assets to get a step closer to the baseline value of the company.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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