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Apr 21, 2021

SBA Communications (SBAC)

$292.02 (As of 04/20/21)

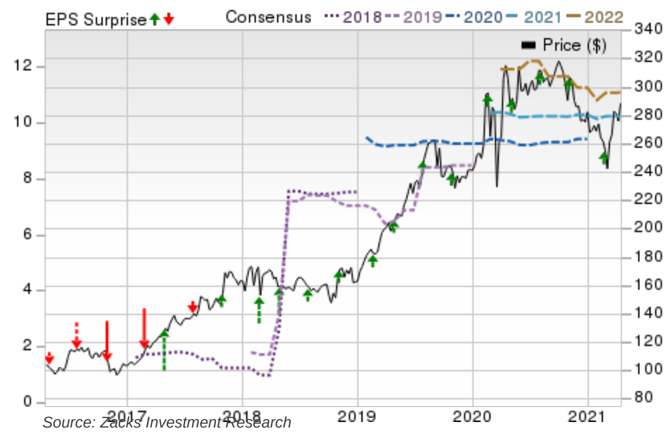
Price Target (6-12 Months): **$310.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 03/25/20) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM:F
	Value: F | Growth: C | Momentum: F	

Summary

SBA Communications is seeing solid demand for its communication infrastructure assets. In fact, the company's 2021 outlook indicates continued growth in its leasing segment. Notably, an increase in data volume, the deployment of 5G network, and additional spectrum are likely to continue to propel wireless carriers to expand and enhance their networks. Capitalizing on these tailwinds, SBA Communications is banking on portfolio-growth transactions and this positions the company well for significant lease-up opportunity over the long haul. However, a highly-leveraged balance sheet limits its ability to withstand any future negative externalities. Tenant concentration is concerning as any consolidation or reduction in network spending impacts its top line. Further, the company's shares have underperformed the industry over the past year.

Price, Consensus & Surprise

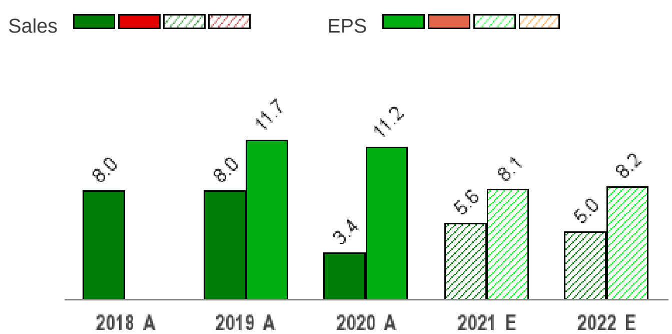


Source: Zacks Investment Research

Data Overview

52-Week High-Low	**$328.37 - $232.88**
20-Day Average Volume (Shares)	**587,988**
Market Cap	**$31.5 B**
Year-To-Date Price Change	**2.1%**
Beta	**0.18**
Dividend / Dividend Yield	**$2.32 / 0.8%**
Industry	**REIT and Equity Trust - Other**
Zacks Industry Rank	**Bottom 20% (204 out of 254)**
Last EPS Surprise	**2.1%**
Last Sales Surprise	**1.2%**
EPS F1 Estimate 4-Week Change	**-0.3%**
Expected Report Date	**04/26/2021**
Earnings ESP	**0.2%**
P/E TTM	**30.5**
P/E F1	**28.6**
PEG F1	**2.9**
P/S TTM	**15.1**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2022	563 E	568 E	575 E	587 E	2,310 E
2021	536 E	543 E	556 E	567 E	2,200 E
2020	517 A	507 A	523 A	536 A	2,083 A

EPS Estimates

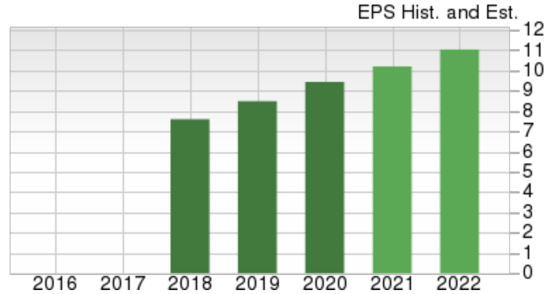
	Q1	Q2	Q3	Q4	Annual*
2022	$2.67 E	$2.74 E	$2.82 E	$2.89 E	$11.04 E
2021	$2.45 E	$2.53 E	$2.60 E	$2.67 E	$10.20 E
2020	$2.28 A	$2.29 A	$2.38 A	$2.49 A	$9.44 A

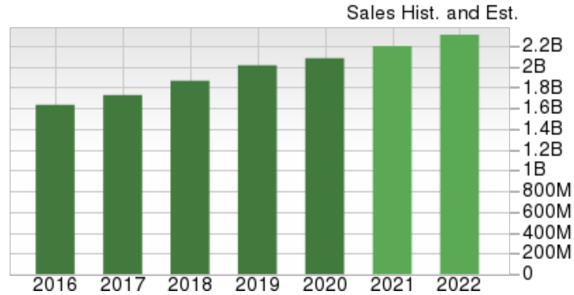
*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 04/20/2021. The report's text and the analyst-provided price target are as of 04/21/2021.

Overview

SBA Communications Corporation was founded in 1989 and is headquartered in Boca Raton, FL. It is a leading independent owner and operator of wireless communications infrastructure. The company's principal operations are in the United States. It also owns and operates towers in Central America, South America, Canada and South Africa.





The company elected to qualify as a real estate investment trust ("REIT") for tax purposes, commencing with the taxable year ended Dec 31, 2016.

The company generates revenues from two primary businesses, site leasing and site development services. The primary focus of the company is the leasing of antenna space on its multi-tenant towers to a variety of wireless service providers under long-term lease contracts. The company's site-development business is only conducted in the United States.

Site Leasing (94% of total revenues in 2020): Through this site leasing business, SBA Communications leases antenna space on their multi-tenant towers to a variety of wireless service providers under long-term lease contracts.

Site Development (6%): This segment provides wireless service providers and operators assistance in developing their own networks through site acquisition, zoning, construction and equipment installation.

During the December-end quarter, the company acquired 104 communication sites for a total cash consideration of $133.5 million. It also built 106 towers during the period. The company owned or operated 32,923 communication sites as of Dec 31, 2020. Of these, 16,546 sites are located in the United States and its territories, and 16,377 internationally.

SBA Communications also spent $16.4 million to purchase land and easements, and extend lease terms. Markedly, total cash capital expenditure was $104.7 million in the reported quarter, of which $10 million was non-discretionary and $94.7 million represented discretionary.

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

Source: Zacks Investment Research

Reasons To Buy:

▲ SBA Communications owns and operates towers not only in the United States but also in Brazil, Canada, Chile, Argentina, Costa Rica, Colombia, Ecuador, El Salvador, Guatemala, Nicaragua, Panama, Peru and South Africa. As the company continues to expand its tower portfolio and seek new growth opportunities, it focuses on business extension into select international markets with high growth characteristics. Over the years, the company has developed or acquired thousands of towers throughout Central and South America and across Canada. Subsequent to the fourth-quarter 2020 end, it purchased 25 communication sites for $8.4 million. Also, on Feb 16, 2021, the company closed the acquisition of wireless tenant licenses on 697 utility transmission structures from Pacific Gas and Electric Company (PG&E) for $954. The remaining of the transaction is expected to close by the end of third-quarter 2021 and will aid the company to capitalize on the wireless use potential of these assets.

SBA Communications anticipates a healthy growth momentum with extensive infrastructure assets, driven by increased consumer demand and adoption of data-driven mobile devices and applications.

▲ Mobile subscriber growth has significantly boosted the wireless tower industry. 4G LTE networks and the increased use of smartphones and tablets are creating impressive demand for tower leasing. With increasing smartphone adoption, greater broadband demand and plans for 5G service worldwide, the company is pursuing wireless infrastructure opportunities beyond the domestic borders to advance the strong portfolio growth to which its investors are accustomed. Therefore, portfolio expansion will position SBA Communications to leverage on secular trends in the mobile data usage and wireless spending growth across the globe. Furthermore, wireless consumer demand is expected to shoot up considerably in the upcoming years on increased innovation and adoption of data-driven mobile devices and applications such as machine-to-machine connections, social networking and streaming of video. SBA Communications has emerged as a preferred partner for wireless service providers both in the United States and internationally, offering its wireless customers in-depth management experience, scale and resources. SBA Communications effectively addresses this opportunity as a significant portion of its quarterly revenues come from wireless service providers.

▲ SBA Communications offers wireless service providers assistance in developing their own networks. The company's services include site identification and acquisition as well as obtaining zoning approvals and permitting networks representing all technologies. It also provides a broad range of cell site equipment installation, optimization and integration services. SBA Communications' extensive site development experience includes participation in the development of more than 45,000 communication sites and this will propel its growth over the long term. The company expects the momentum of increased activity levels in the development business experienced in the latter part of 2020 to continue into 2021, backed by accelerated domestic leasing activity.

▲ SBA Communications has a resilient and stable site-leasing business model. The company generates most of its revenues from long-term (typically 5-10 year) tower leases that have built-in rent escalators. With high operating margins, its tower-leasing business remains attractive. Wireless service providers continue to lease additional antenna space on the company's towers amid the increase in network use, data transfer, network expansion and network coverage requirements. This is expected to drive site-leasing revenue growth over the long term.

▲ SBA Communications expects acceleration in domestic operational leasing activity in 2021. Specifically, a ramp in 5G-related investments, timing of C-Band spectrum activity from some large customers, and initial leasing contributions from the Dish agreement is projected to increase in leasing revenues in the second half of the year. Also, SBA Communications is likely to see a substantial increase in domestic new bookings as the new T-Mobile continues to invest in upgrades and integration of network across its new portfolio to meet required 5G coverage goals. Further, heavy investments in future 5G networks and additional spectrum deployment by the company's other U.S. customers are expected to drive leasing in 2021. Hence, as wireless service providers continue to add or upgrade their equipment, these factors are anticipated to create a constructive domestic leasing environment, which will propel domestic organic growth in the upcoming years.

▲ SBA Communications has a decent balance sheet and sufficient liquidity. The company exited fourth-quarter 2020 with cash and cash equivalents of $340.9 million. As of Feb 22, 2021, owing to the closing of the PG&E transaction, the company had $630 million outstanding under its $1.25-billion revolving credit facility. Also, the weighted average interest rate of its outstanding debt is 3.1%, with the weighted average debt maturity of 4.7 years. Other than external financing, it generates significant recurring revenues, contributing to internally-generated cash from operating activities. In fact, SBA communications enjoys strong domestic tower cash flow margin. Hence, balance sheet strength provides flexibility to the company to be opportunistic regarding investment choices, share repurchases and dividend growth.

▲ SBA Communications' share buybacks and dividend hikes demonstrate its commitment to drive shareholder value and superior capital-deployment ability. During the fourth quarter, the company repurchased 1.7 million shares of its Class A common stock for $480.3 million and another 0.5 million shares subsequent to fourth-quarter end. As of Feb 22, the company had $500 million of authorization remaining under its $1-billion stock repurchase plan. Further, solid dividend payouts remain arguably the biggest attraction for REIT investors. In February 2021, SBA Communications announced a quarterly cash dividend of 58 cents on its Class A common stock, indicating a sequential hike of 25%. Given the company's financial position and lower dividend payout rate (compared to that of the industry), the dividend distribution is expected to be sustainable. Such measures also boost shareholders' confidence in the stock.

Reasons To Sell:

Increasing customer concentration coupled with the ongoing consolidation in wireless industry remain perennial threats for SBA Communications' top-line growth.

- Customer concentration remains high for SBA Communications and the top three among its customers, namely Verizon Wireless, AT&T Wireless and T-Mobile, account for majority of its domestic site-leasing revenues. Loss of any of these customers or consolidation among them or a reduction in network spending will lead to a significant material impact on the company's top line.

- SBA Communications has a substantially leveraged balance sheet, with $11.2 billion of total debt and leverage of 7.1X as of the fourth-quarter end. Moreover, as a result of the PG&E deal, the company expects first-quarter leverage ratio to exceed its target range of 7X- 7.5X. Markedly, high amount of debt will likely increase the company's financial obligations. Moreover, its debt-to-capital ratio is high. This limits its strength to withstand the current crisis and any unexpected negative externalities in the future.

- Although SBA Communications' international footprint and geographic diversification is likely to boost revenues, it exposes the company to adverse foreign currency translation impact. Foreign exchange headwind negatively impacted fourth-quarter revenues by $17.7 million on a year-over-year basis. Also, tower operations in emerging markets are not as profitable as that in the mature domestic market. Further, COVID-related spending reductions by international customers and projected increased level of international churn, owing to carrier consolidations, is likely to impair international operations in 2021. Management estimates this to negatively impact total 2021 leasing revenues by around $10 million.

- Evolution of new technologies is likely to reduce demand for site leases. Furthermore, the developments of satellite-delivered radio and video services are likely to weigh on the need for tower-based broadcast transmission. Frequent changes in demand for network services and infrastructure support will tend to increase volatility in SBA Communications' revenues.

- A large number of carriers are experimenting with alternative technologies like Voice over Wi-Fi (VoWiFi). This technology allows users to make and receive calls on Wi-Fi networks as they would on standard cellular networks. Such a feature is useful in areas with strong Wi-Fi but low cellular signal strength. With the increasing popularity of the VoWiFi network in metro cities and both mobile handset manufacturers and wireless carriers rapidly adopting it, SBA Communications' revenues are likely to come under pressure.

- Shares of SBA Communications have underperformed its industry over the past year. The stock has declined 4.7% against the industry's growth of 24.3%. Also, the trend in estimate revision for 2021 FFO per share is unfavorable for the company. The Zacks Consensus Estimate for 2021 FFO per share witnessed downward revision over the past month. Therefore, given the above-mentioned concerns and downward estimate revisions, the stock has limited upside potential.

Last Earnings Report

SBA Communications Tops on Q4 AFFO & Revenues

Quarter Ending	12/2020
Report Date	Feb 22, 2021
Sales Surprise	1.16%
EPS Surprise	2.05%
Quarterly EPS	2.49
Annual EPS (TTM)	9.44

SBA Communications delivered solid fourth-quarter 2020 results, wherein adjusted FFO (AFFO) and the top line increased year over year as well as surpassed the Zacks Consensus Estimate.

The AFFO per share of $2.49 for the fourth quarter surpassed the Zacks Consensus Estimate of $2.44. Further, the reported figure is 14.2% higher than the prior-year quarter's $2.18.

Results reflected solid operating performance in both its site leasing and development business. The company continues to benefit from the addition of sites to its portfolio.

Quarterly total revenues increased 4.3% year over year to $535.9 million and outpaced the consensus estimate of $529.8 million.

The company also announced a new long-term master lease agreement with DISH Network Corporation, per which the latter will lease SBA Communications' towers. Moreover, SBA Communications is expected to provide a wide array of pre-construction functions such as site acquisition as well as regulatory and compliance services.

Quarter in Detail

Site-leasing revenues were up 2.5% year over year to $493 million. This consisted of domestic site-leasing revenues of $393 million and international site-leasing revenues of $100 million. Domestic cash site-leasing revenues were $391.9 million, up 3.8% year over year. International cash site-leasing revenues were $100.9 million, up 0.5% year over year. Site-leasing operating profit summed $399.3 million, marking an increase of 3.4% year over year. Also, site development revenues jumped 31.9% to $43 million.

Overall operating income improved to $165.1 million from the year-ago quarter's $153.9 million.

Adjusted EBITDA totaled $380.6 million, up 5% year over year, while adjusted EBITDA margin remained flat year over year at 71%.

During the December-end quarter, the company acquired 104 communication sites for a total cash consideration of $133.5 million. It also built 106 towers during this period. The company owned or operated 32,923 communication sites as of Dec 31, 2020. Of these, 16,546 sites are located in the United States and its territories, and 16,377 internationally.

SBA Communications also spent $16.4 million to purchase land and easements, and extend lease terms. Markedly, total cash capital expenditure was $104.7 million in the reported quarter, of which $10 million was non-discretionary and $94.7 million represented discretionary.

Cash Flow & Liquidity

In the fourth quarter of 2020, SBA Communications generated $243.1 million of net cash from operations compared with the year-ago quarter's $265.1 million. As of Dec 31, 2020, it had $340.9 million in cash and equivalents, with $11.2 billion of net debt.

During the fourth quarter, the company repurchased 1.7 million shares of its Class A common stock for $480.3 million at an average price per share of $290.89 under its $1-billion repurchase plan.

Further, it paid out a cash dividend of $51.5 million in fourth-quarter 2020.

Outlook

SBA Communications has provided initial guidance for 2021 and expects 2021 AFFO per share of $10-$10.41.

Site-leasing revenues are projected at $2,032-$2,052 million, and site development revenues are likely to be between $140 million and $160 million. Moreover, adjusted EBITDA is predicted between $1,562 million and $1,582 million.

Recent News

SBA Communications Inks Lease With DISH Network – Feb 22, 2021

SBA Communications announced a new long-term master lease agreement with DISH Network Corporation, per which the latter will lease SBA Communications' towers to achieve its greenfield nationwide 5G network build-out. Moreover, SBA Communications is expected to provide a wide array of pre-construction functions such as site acquisition as well as regulatory and compliance services.

SBA Communications to Acquire Transmission Tower Wireless Licenses From PG&E - Feb 2, 2021

In a notable move, Pacific Gas and Electric Company (PG&E) announced that it has entered into a definitive agreement with a wholly-owned subsidiary of SBA Communications Corporation to sell its license agreements with wireless providers that attach their equipment to specific electric transmission towers and other utility structures for $973 million in initial proceeds.

The sale of these licenses applies to more than 700 towers. However, PG&E is not selling any transmission towers as part of this transaction. The transaction is expected to close in early 2021.

The move allows the SBA subsidiary to continue to market and sublicense access to the towers and structures to additional wireless providers, with PG&E receiving a part of that future revenue.

Moreover, PG&E entered in a strategic relationship with SBA, through SBA's wholly-owned subsidiary, to sublicense and market equipment at other attachment sites on up to 28,000 transmission towers across PG&E's widespread network.

According to Jeff Stoops, president and chief executive officer of SBA Communications "This transaction adds a significant portfolio of high quality, exclusive locations to our outstanding existing US macro tower portfolio." Further, SBA expects these assets to generate $39.5 million in tower cash flow in their first full year in its portfolio.

SBA Communications to Offer $1.5B of 3.125% Senior Notes - Jan 14, 2021

SBA Communications Corp. has priced a public offering of $1.5 billion of senior notes. The 3.125% senior notes due 2029 have been priced at 100% of their face amount.

Notably, the company plans to allocate net proceeds of the offering to fund the planned full redemption of its $750-million aggregate principal amount of 4.000% senior notes maturing in 2022. The redemption will be made on Feb 11, 2021. Post such allocations, the remaining balance will be used for the repayment of amounts due under its revolving credit facility and for general corporate purposes.

Dividend Update

On Feb 22, SBA Communications announced a quarterly cash dividend of 58 cents on its Class A common stock. This denotes a sequential hike of 25%. The dividend was paid out on Mar 26 to shareholders of record as of the close of business on Mar 10, 2021.

Valuation

SBA Communications shares have been down 4.7% over the trailing 12-month period. Stocks in the Zacks sub-industry have gained 24.3%, while the Zacks Finance sector has rallied 53% over the past year.

The S&P 500 Index has been up 51.7% in the past year.

The stock is currently trading at 14.29X forward 12-month sales, which compares to 8.23X for the Zacks sub-industry, 7.86X for the Zacks sector and 4.80X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 16.65X and as low as 5.53X, with a 5-year median of 10.28X. Our neutral recommendation indicates that the stock will perform in line with the market. Our $310 price target reflects 15.17X forward 12-month sales.

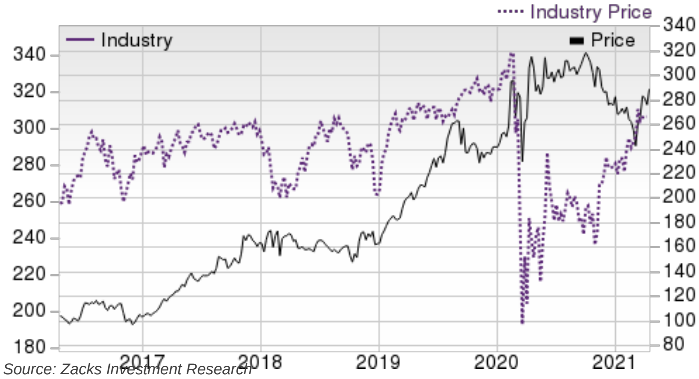
The table below shows summary valuation data for SBAC.

Valuation Multiples - SBAC

		Stock	Sub-Industry	Sector	S&P 500
P/S F12M	Current	14.29	8.23	7.89	4.80
	5-Year High	16.65	8.23	7.89	4.80
	5-Year Low	5.53	5.45	5.03	3.21
	5-Year Median	10.28	6.36	6.16	3.71
EV/Sales F12M	Current	18.93	10.98	1.66	4.37
	5-Year High	21.29	10.98	3.50	4.37
	5-Year Low	8.77	7.17	NA	2.72
	5-Year Median	15.16	8.94	1.05	3.56
P/EBITDA TTM	Current	23.89	17.62	15.72	19.87
	5-Year High	26.24	17.62	16.12	19.97
	5-Year Low	9.36	10.23	8.03	10.03
	5-Year Median	17.14	13.65	13.47	14.17

As of 04/20/2021 *Source: Zacks Investment Research*

Industry Analysis **Zacks Industry Rank:** Bottom 20% (204 out of 254)



Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
American Tower Corporation **(AMT)**	Neutral	3
Alexandria Real Estate Equities, Inc. **(ARE)**	Neutral	3
Crown Castle International Corporation **(CCI)**	Neutral	3
Digital Realty Trust, Inc. **(DLR)**	Neutral	3
Hudson Pacific Properties, Inc. **(HPP)**	Neutral	3
Plymouth Industrial REIT, Inc. **(PLYM)**	Neutral	3
Columbia Property Trust, Inc. **(CXP)**	Underperform	5
OUTFRONT Media Inc. **(OUT)**	Underperform	4

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

Industry Comparison Industry: Reit And Equity Trust - Other

Industry Peers

	SBAC	X Industry	S&P 500	AMT	ARE	PLYM
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	F	-	-	D	F	C
Market Cap	31.50 B	3.14 B	29.78 B	110.45 B	24.14 B	495.37 M
# of Analysts	5	4	12	7	3	5
Dividend Yield	0.81%	3.07%	1.28%	2.00%	2.47%	4.54%
Value Score	F	-	-	D	D	B
Cash/Price	0.01	0.04	0.06	0.02	0.02	0.06
EV/EBITDA	38.19	18.27	17.06	30.67	22.38	17.10
PEG F1	2.87	3.77	2.40	1.85	3.98	NA
P/B	NA	1.44	4.08	24.17	1.80	2.14
P/CF	41.86	16.62	17.22	31.14	17.27	10.40
P/E F1	28.69	17.93	22.30	26.66	22.84	10.19
P/S TTM	15.12	7.06	3.45	13.73	12.80	4.51
Earnings Yield	3.54%	5.26%	4.41%	3.75%	4.38%	9.82%
Debt/Equity	-2.29	0.88	0.66	6.24	0.56	2.11
Cash Flow ($/share)	6.98	1.70	6.78	8.12	10.38	1.70
Growth Score	C	-	-	D	D	C
Historical EPS Growth (3-5 Years)	NA%	0.87%	9.39%	11.26%	7.51%	35.57%
Projected EPS Growth (F1/F0)	8.09%	5.87%	15.71%	10.48%	5.89%	-6.99%
Current Cash Flow Growth	-11.37%	-2.35%	0.72%	-2.34%	60.62%	58.50%
Historical Cash Flow Growth (3-5 Years)	8.76%	10.49%	7.37%	12.77%	28.18%	63.42%
Current Ratio	0.77	1.51	1.39	1.27	0.36	0.23
Debt/Capital	NA%	47.17%	41.26%	86.18%	36.06%	55.92%
Net Margin	1.16%	9.13%	10.59%	21.02%	40.89%	-12.57%
Return on Equity	-0.54%	2.56%	15.09%	40.06%	6.46%	-8.67%
Sales/Assets	0.23	0.11	0.50	0.19	0.09	0.13
Projected Sales Growth (F1/F0)	5.61%	5.61%	7.51%	10.46%	0.00%	14.72%
Momentum Score	F	-	-	B	D	D
Daily Price Change	1.36%	0.00%	-0.61%	1.66%	1.51%	0.34%
1-Week Price Change	4.58%	1.75%	1.43%	3.42%	4.31%	3.60%
4-Week Price Change	6.52%	4.11%	5.71%	9.93%	8.05%	6.44%
12-Week Price Change	5.24%	11.59%	11.34%	8.77%	6.05%	17.71%
52-Week Price Change	-0.68%	46.10%	58.53%	4.41%	21.60%	58.00%
20-Day Average Volume (Shares)	587,988	528,455	1,796,198	1,811,523	736,644	200,738
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.50%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	-0.26%	0.00%	0.05%	0.88%	0.00%	0.12%
EPS F1 Estimate 12-Week Change	-2.42%	-1.00%	1.89%	-0.08%	0.26%	-3.24%
EPS Q1 Estimate Monthly Change	-1.08%	0.00%	0.00%	0.06%	0.00%	0.60%

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	F
Growth Score	C
Momentum Score	F
VGM Score	F

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

Disclosures

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

Glossary of Terms and Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Periods:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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