Our Research. Your Success.

Sep 22, 2020

SBA Communications (SBAC)

$305.06 (As of 09/21/20)

Price Target (6-12 Months): **$323.00**

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:D
	Value: F | Growth: B | Momentum: D	

Summary

Shares of SBA Communications have outperformed the industry in the past year. Strength in domestic site-leasing business has been driving the company's performance. An increase in data volume, deployment of 5G network and additional spectrum are propelling wireless carriers to expand and enhance their networks. Amid this, the company is expanding its tower portfolio to capitalize on significant lease-up opportunity. Moreover, recurring revenues from long-term tower leases are likely to drive site-leasing revenue growth over the long term. It also enjoys sufficient liquidity. Yet, a highly-leveraged balance sheet is worrisome. Moreover, tenant concentration is concerning as any consolidations or reduction in network spending impact the company's top line. Further, the evolution of new technologies may impact its site-leasing activities.

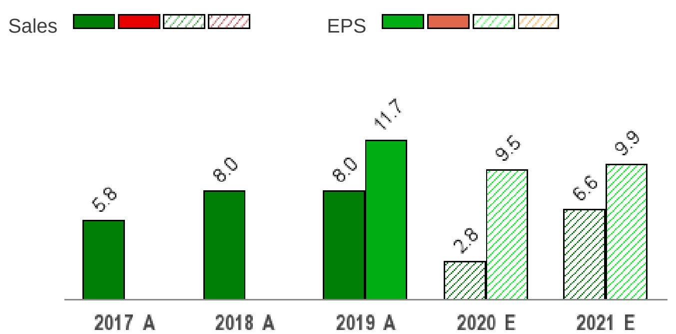
Price, Consensus & Surprise

Source: Zacks Investment Research

Data Overview

52-Week High-Low	**$328.37 - $205.20**
20-Day Average Volume (Shares)	**485,499**
Market Cap	**$34.1 B**
Year-To-Date Price Change	**26.6%**
Beta	**0.37**
Dividend / Dividend Yield	**$1.86 / 0.6%**
Industry	**REIT and Equity Trust - Other**
Zacks Industry Rank	**Bottom 10% (227 out of 251)**
Last EPS Surprise	**2.7%**
Last Sales Surprise	**0.7%**
EPS F1 Estimate 4-Week Change	**0.0%**
Expected Report Date	**10/26/2020**
Earnings ESP	**0.0%**
P/E TTM	**34.3**
P/E F1	**32.8**
PEG F1	**3.3**
P/S TTM	**16.7**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2021	543 E	550 E	552 E	565 E	2,208 E
2020	517 A	507 A	517 E	531 E	2,071 E
2019	493 A	500 A	508 A	514 A	2,015 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	$2.48 E	$2.56 E	$2.56 E	$2.68 E	$10.22 E
2020	$2.28 A	$2.29 A	$2.32 E	$2.42 E	$9.30 E
2019	$2.07 A	$2.09 A	$2.15 A	$2.18 A	$8.49 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 09/21/2020. The reports text is as of 09/22/2020.

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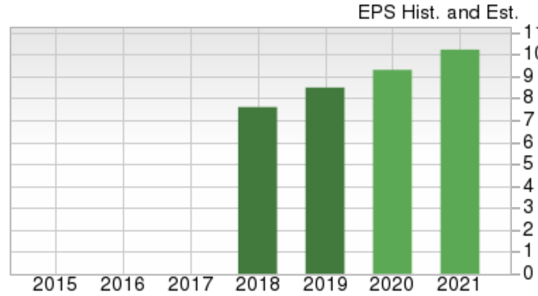
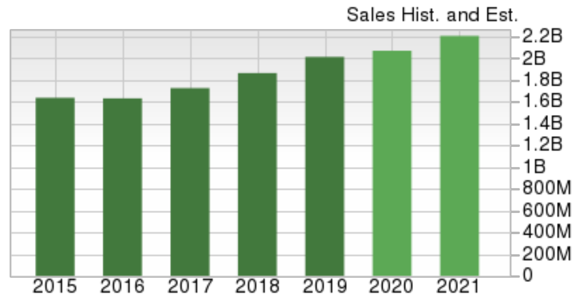
Overview

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 (95.1% of total revenues in second-quarter 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 (4.9%): This segment provides wireless service providers and operators assistance in developing their own networks through site acquisition, zoning, construction and equipment installation.

During the June-end quarter, the company acquired 16 communication sites for cash consideration of $13.4 million. It also built 79 towers during this period. The company owned or operated 32,610 communication sites as of Jun 30, 2020. Of these, 16,478 sites are located in the United States and its territories, and 16,132 internationally.

SBA Communications also spent $12.9 million to purchase land and easements, and extend lease terms. Markedly, total cash capital expenditure was $57.2 million in the reported quarter, of which $8.3 million was non-discretionary and $48.9 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 anticipates a healthy growth momentum with extensive infrastructure assets, driven by increased consumer demand and adoption of data-driven mobile devices and applications.

- Apart from operating in the United States and its territories, SBA Communications owns and operates towers 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 is extending its business 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 second-quarter end, it purchased 25 communication sites and a data center for $61.6 million. Moreover, it agreed to acquire 100 additional communication sites for $42 million. The acquisitions are expected to close by the fourth-quarter end.

- Mobile subscriber growth has significantly boosted the wireless tower industry. Next-generation 4G LTE networks and the increased usage 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. Aside from the benefits of 5G services, the importance of wireless as the major source of broadband services has recently been highlighted due the pandemic. Hence, as business and economic conditions improve in international markets, wireless capital spending will also be higher. Therefore, portfolio expansion will position SBA Communications to leverage on secular trends in mobile data usage and wireless spending growth across the globe.

- 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.

- Wireless services are advancing rapidly in terms of additional features and capabilities. Much of the infrastructure and upgrades require effective site management of cell towers and equipment. SBA Communications effectively addresses this opportunity as a significant portion of its quarterly revenues come from wireless service providers. 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 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 lower customer churn and higher 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' share buybacks and dividend hikes demonstrate its commitment to drive shareholder value and superior capital-deployment ability. During first-quarter 2020, the company repurchased 0.8 million shares for $200 million. As of Aug 3, 2020, it had $424.3 million of capacity available under its repurchase program. Further, solid dividend payouts remain arguably the biggest attraction for REIT investors. In October 2019, SBA Communications announced a quarterly cash dividend of 46.5 cents on its Class A common stock, indicating a sequential hike of 25.7%. 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.

- Additionally, with the T-Mobile/Sprint merger now closed, management expects a substantial increase in incremental leasing activity as the new T-Mobile invests in upgrades across its new portfolio to meet required 5G coverage goal. In fact, growth in application activity from T-Mobile is expected to drive domestic organic bookings in the second half of 2020 and in 2021. Dish Network is also set to enter the wireless market and intends to build a nationwide 5G network in the coming years. Moreover, heavy investments in future 5G networks and additional spectrum deployment by the company's other U.S. customers are expected to drive domestic leasing activities for the upcoming years.

- SBA Communications has a decent balance sheet and sufficient liquidity. The company exited second-quarter 2020 with cash and cash equivalents of $475 million. Moreover, it had full availability under its $1.25-billion revolving credit facility. On the back of refinancing activities, SBA Communications reduced weighted average interest rate and extended maturities. Other than external financing, the company generates significant recurring revenues, contributing to internally-generated cash from operating activities. In fact, it enjoys an industry-leading international tower cash flow margin.

- Shares of SBA Communications rallied 19.3% over the past year against the industry's decline of 10.1%. Therefore, given the strong fundamentals, the stock has decent upside potential.

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 $10.7 billion of total debt as of the second-quarter end. Such high amount of debt will likely increase the company's financial obligations. Moreover, its debt-to-capital ratio is significantly higher than the industry's ratio. This limits its strength to withstand the current crisis and any unexpected negative externalities in the future.
- SBA Communications mainly operates in the United States and its territories. In addition, it owns and operates towers in Brazil, Canada, Chile, Argentina, Costa Rica, Colombia, Ecuador, El Salvador, Guatemala, Nicaragua, Panama, Peru and South Africa. Although this geographic diversification is likely to boost revenues, it exposes the company to adverse foreign currency translation impact. Also, tower operations in emerging markets are not as profitable as that in the mature domestic market. Notably, the company expects Latin America and South Africa operations to be challenged due to the pandemic.
- 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.

Last Earnings Report

SBA Communications Beats Q2 AFFO & Revenue Estimates

Quarter Ending	06/2020
Report Date	Aug 03, 2020
Sales Surprise	0.73%
EPS Surprise	2.69%
Quarterly EPS	2.29
Annual EPS (TTM)	8.90

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

AFFO per share of $2.29 for the second quarter surpassed the Zacks Consensus Estimate of $2.23. Further, the reported figure was 9.6% higher than the prior-year quarter's $2.09.

Results reflected solid operating performance in its site leasing business. The company continues to benefit from the addition of sites to its portfolio. Demand in international markets also remained robust.

Quarterly total revenues increased 1.4% year over year to $507.2 million and outpaced the consensus estimate of $503.55 million. The upswing resulted from strong growth in site-leasing revenues.

Quarter in Detail

Site-leasing revenues increased 5.1% year over year to $482.4 million. This consisted of domestic site-leasing revenues of $388 million and international site-leasing revenues of $94.4 million. Domestic cash site-leasing revenues were $387.1 million, up 5.6% year over year. International cash site-leasing revenues were $95 million, up 6.2% year over year. Site-leasing operating profit was $390.8 million, marking an increase of 6.9% year over year. However, site development revenues plunged 39.7% to $24.8 million.

Overall operating income improved to $157.1 million from the year-ago quarter's $136.4 million.

Adjusted EBITDA totaled $368.8 million, up 6.2% year over year, while adjusted EBITDA margin improved to 72.8% from the year-earlier quarter's 69.8%.

During the June-end quarter, the company acquired 16 communication sites for a total cash consideration of $13.4 million. It also built 79 towers during this period. The company owned or operated 32,610 communication sites as of Jun 30, 2020. Of these, 16,478 sites are located in the United States and its territories, and 16,132 internationally.

SBA Communications also spent $12.9 million to purchase land and easements, and extend lease terms. Markedly, total cash capital expenditure was $57.2 million in the reported quarter, of which $8.3 million was non-discretionary and $48.9 million represented discretionary.

Cash Flow & Liquidity

During the second quarter of 2020, the company generated $314.7 million of net cash from operations compared with the year-ago quarter's $258.7 million. As of Jun 30, 2020, it had $475 million in cash and equivalents, with $10.7 billion of net debt.

During the reported quarter, the company did not repurchase any shares under its $1-billion stock repurchase plan. As of the date of filing, it had $424.3 million of authorization remaining under the plan. Further, the company paid out a cash dividend of $52 million in second-quarter 2020.

Outlook

SBA Communications revised its guidance and now expects 2020 AFFO per share of $8.94-$9.33 compared with $8.89-$9.29 mentioned earlier.

The company expects total revenues of $2,047-$2,087 million as compared to the previously mentioned $2,040-$2,080 million. Site-leasing revenues are expected to be $1,937-$1,957 million, and site development revenues are likely to be between $110 million and $130 million. Moreover, adjusted EBITDA is projected between $1,471 million and $1,491 million.

Recent News

Dividend Update

On Aug 3, SBA Communications announced the third-quarter cash dividend of 46.5 cents on its Class A common stock. The dividend is scheduled to be paid out on Sep 22 to shareholders of record as of the close of business on Aug 25, 2020.

Valuation

SBA Communications shares have gained 19.3% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Finance sector have declined 10.1% and 12.3% in the past year.

The S&P 500 Index has been up 11.3% both in the trailing 12-month period.

The stock is currently trading at 15.73X forward 12-month sales, which compares to 8.23X for the Zacks sub-industry, 6.44X for the Zacks sector and 4.04X 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 9.66X. Our neutral recommendation indicates that the stock will perform in line with the market. Our $323 price target reflects 16.66X forward 12-month sales.

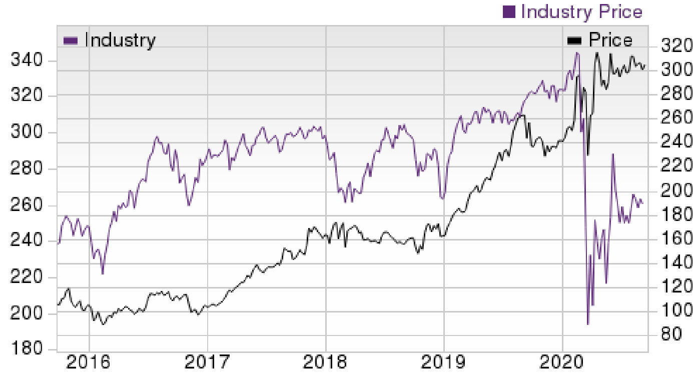
The table below shows summary valuation data for SBAC.

Valuation Multiples - SBAC

		Stock	Sub-Industry	Sector	S&P 500
P/S F12M	Current	15.73	8.23	6.44	4.04
	5-Year High	16.66	8.38	6.67	4.29
	5-Year Low	5.53	5.97	4.97	3.11
	5-Year Median	9.66	7.08	6.07	3.66
EV/Sales F12M	Current	20.57	11.16	0.06	3.76
	5-Year High	21.29	11.52	3.32	4.09
	5-Year Low	8.77	8.02	NA	2.69
	5-Year Median	14.59	9.68	0.92	3.51
P/EBITDA TTM	Current	24.75	18.22	13.60	15.59
	5-Year High	26.24	19.80	15.58	16.88
	5-Year Low	8.13	11.85	7.83	10.00
	5-Year Median	15.73	15.00	13.22	13.76

As of 09/21/2020 *Source: Zacks Investment Research*

Industry Analysis **Zacks Industry Rank:** Bottom 10% (227 out of 251)



Source: Zacks Investment Research

Top Peers

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

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

Industry Comparison Industry: Reit And Equity Trust - Other

	SBAC	X Industry	S&P 500	AMT	ARE	PLYM
				Industry Peers		
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	4
VGM Score	D	-	-	C	D	A
Market Cap	34.15 B	1.78 B	22.78 B	106.89 B	19.66 B	197.28 M
# of Analysts	4	4	13	6	3	4
Dividend Yield	0.61%	3.74%	1.7%	1.83%	2.72%	6.48%
Value Score	F	-	-	D	D	B
Cash/Price	0.01	0.06	0.07	0.02	0.01	0.14
EV/EBITDA	33.26	13.69	12.89	27.92	24.55	17.47
PEG F1	3.34	3.36	2.91	2.02	4.14	NA
P/B	NA	1.25	3.17	26.33	1.78	1.60
P/CF	38.03	10.36	12.48	28.91	21.66	6.04
P/E F1	33.43	14.17	20.84	29.11	20.66	6.37
P/S TTM	16.69	4.52	2.44	13.73	11.73	2.10
Earnings Yield	3.05%	6.20%	4.53%	3.44%	4.84%	15.71%
Debt/Equity	-2.45	0.90	0.70	5.38	0.68	3.47
Cash Flow ($/share)	8.02	2.05	6.93	8.34	7.20	2.05
Growth Score	B	-	-	C	D	A
Historical EPS Growth (3-5 Years)	NA%	0.73%	10.41%	12.16%	7.69%	NA
Projected EPS Growth (F1/F0)	9.51%	-2.48%	-4.56%	7.07%	8.43%	-2.02%
Current Cash Flow Growth	17.05%	3.36%	5.26%	9.58%	4.79%	197.59%
Historical Cash Flow Growth (3-5 Years)	6.55%	12.74%	8.49%	15.15%	23.85%	41.42%
Current Ratio	1.13	1.62	1.35	0.68	0.19	0.26
Debt/Capital	NA%	47.68%	42.95%	84.33%	40.53%	61.66%
Net Margin	-0.74%	10.49%	10.25%	24.70%	24.09%	-17.27%
Return on Equity	-4.24%	3.32%	14.66%	39.62%	3.94%	-14.19%
Sales/Assets	0.22	0.13	0.50	0.19	0.09	0.13
Projected Sales Growth (F1/F0)	2.81%	0.00%	-1.44%	3.75%	15.94%	38.46%
Momentum Score	D	-	-	A	B	B
Daily Price Change	-1.18%	-3.55%	-2.45%	-1.85%	-2.17%	-2.91%
1-Week Price Change	1.36%	0.03%	0.79%	-1.72%	0.63%	-2.97%
4-Week Price Change	1.17%	-6.57%	-3.66%	-1.82%	-8.95%	-4.93%
12-Week Price Change	5.49%	-4.12%	5.24%	-5.06%	-3.55%	-0.64%
52-Week Price Change	19.36%	-26.09%	-2.08%	6.92%	1.53%	-37.15%
20-Day Average Volume (Shares)	485,499	638,522	2,038,285	1,704,327	790,773	237,308
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.05%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	0.00%	0.00%	0.00%	0.05%	3.28%	0.00%
EPS F1 Estimate 12-Week Change	1.31%	0.00%	4.10%	-0.52%	3.38%	-3.24%
EPS Q1 Estimate Monthly Change	0.00%	0.00%	0.00%	0.25%	12.86%	0.00%

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	F
Growth Score	B
Momentum Score	D
VGM Score	D

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

Additional Disclosure

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

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

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

Glossary of Terms and Definitions

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

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

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

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

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

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