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Mar 16, 2021

Service Corporation(SCI)

$49.50 (As of 03/15/21)

Price Target (6-12 Months): **$52.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 03/03/21) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM:B
	Value: B | Growth: C | Momentum: D	

Summary

Shares of Service Corporation have underperformed the industry in the past three months. The company's recognized preneed revenues have been soft in the funeral segment due to increased social distancing amid the pandemic. In fact, such trends are also hurting the company's core average revenue per service. Apart from this, high corporate general and administrative costs are a concern. Nonetheless, the company has been gaining on higher funeral services performed and increased burials in the company's cemeteries, which along with a solid cost structure aided its fourth-quarter 2020 results. Also, focus on making property developments is noteworthy. During the quarter, earnings and revenues grew year over year and the former topped the Zacks Consensus Estimate. However, management expects Funeral segment volumes to decline in 2021.

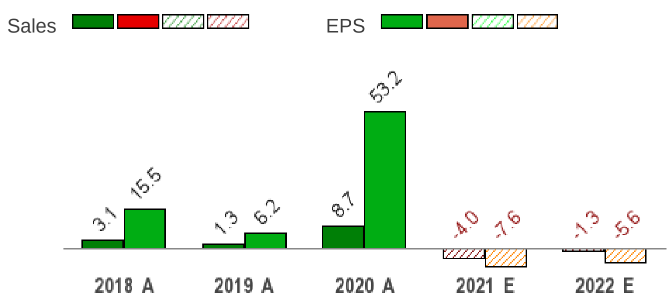
Price, Consensus & Surprise

Source: Zacks Investment Research

Data Overview

52-Week High-Low	**$54.67 - $33.93**
20-Day Average Volume (Shares)	**1,077,451**
Market Cap	**$8.2 B**
Year-To-Date Price Change	**-2.0%**
Beta	**0.64**
Dividend / Dividend Yield	**$0.84 / 1.7%**
Industry	**Funeral Services**
Zacks Industry Rank	**Top 9% (23 out of 253)**
Last EPS Surprise	**24.2%**
Last Sales Surprise	**-0.4%**
EPS F1 Estimate 4-Week Change	**-1.0%**
Expected Report Date	**05/05/2021**
Earnings ESP	**-1.9%**
P/E TTM	**16.4**
P/E F1	**18.4**
PEG F1	**1.6**
P/S TTM	**2.3**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2022	831 E	837 E	805 E	896 E	3,327 E
2021	954 E	838 E	754 E	825 E	3,370 E
2020	803 A	820 A	918 A	970 A	3,512 A

EPS Estimates

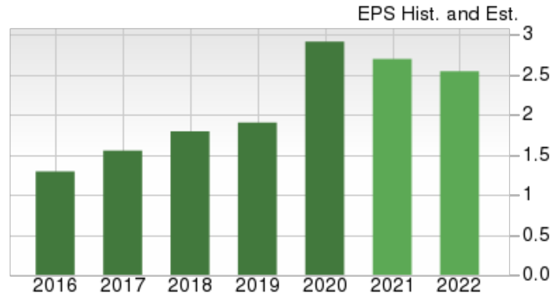
	Q1	Q2	Q3	Q4	Annual*
2022	$0.64 E	$0.64 E	$0.50 E	$0.76 E	$2.54 E
2021	$0.98 E	$0.67 E	$0.45 E	$0.64 E	$2.69 E
2020	$0.43 A	$0.58 A	$0.79 A	$1.13 A	$2.91 A

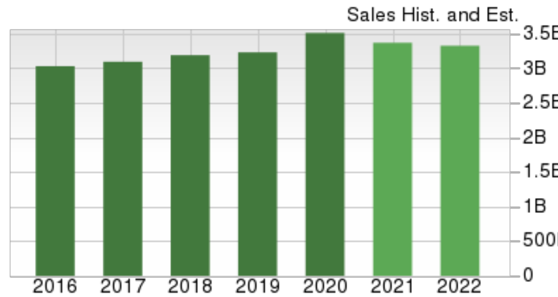
*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 03/15/2021. The report's text and the analyst-provided price target are as of 03/16/2021.

Overview

Known for its transcontinental brand namely Dignity Memorial, Service Corporation International has been strengthening its funeral and cemetery businesses for a while now. Notably, the company had a market share of 15-16% in North America's death care industry in 2019. With a wide repertoire of funeral service and cemetery operations, the company remains well-positioned to take advantage of the aging Baby Boomer generation. In this context, Service Corporation's funeral service locations, cemeteries, funeral service/cemetery combination locations, crematoria and other related businesses spread across geographies are noteworthy. Additionally, the company's active acquisition efforts, including 15 funeral homes and seven cemeteries in June 2018, have been accretive.





Further, Service Corporation's cemeteries offer cemetery property interment rights, including developed lots, mausoleum spaces, lawn crypts, niches, and other cremation memorialization and interment options. Addtionally, cemetery merchandise and services, which includes memorial markers and bases, graveside services, flowers and floral placement, other ancillary merchandise, as well as interments among others, are provided at Service Corporation's cemeteries.

As of December 31, 2020, Service Corporation operated 1,470 funeral service locations and 483 cemeteries across 44 states, eight provinces in Canada, the District of Columbia and Puerto Rico. Markedly, cemeteries include 297 funeral service/cemetery combination locations.

Source: Zacks Investment Research

Reasons To Buy:

▲ **Solid Q4 Results, Pandemic-led Deaths Continue to Aid:** The company has been gaining on higher funeral services performed as well as increased burials in the company's cemeteries, which along with a solid cost structure aided its fourth-quarter 2020 results. During the quarter, both earnings and revenues improved year over year and the bottom line surpassed the Zacks Consensus Estimate. Incidentally, both Funeral and Cemetery segments benefited from higher core revenues. The bottom line was backed by elevated gross profit resulting from increased funeral services and burials performed, together with a robust increase in cemetery recognized preneed revenues. Further, the bottom line gained on reduced shares outstanding, a decline in interest expenses and a lower tax rate compared with the year-ago quarter.

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▲ **Robust Cemetery Revenues:** Revenues in the segment have been increasing for the past few quarters.During the fourth quarter, segment revenues rose 17.7% to $422.4 million, thanks to increased core revenues. Core revenues gained from an increase in both atneed and total recognized preneed revenues. Comparable Cemetery revenues improved 17.8% year over year on the back of higher core revenues. This, in turn, was fueled by elevated atneed revenues, which stemmed from a rise in burials performed. Moreover, recognized preneed revenues grew, courtesy of solid comparable preneed cemetery property sales production.

Comparable preneed cemetery sales production rose 16% owing to growth in large sales activity as well as greater contracts sold. Sales velocity continued to be driven by the expansion of virtual tools, increased customer sales incentives, and greater leads from atneed services and company-generated leads. Further, the company continued to witness elevated conversion and close rates, thanks to customers' greater awareness of the possible effects of coronavirus, along with a rise in location traffic as a result of greater funeral services and burials performed. Solid revenues, together with an improved cost structure, also fueled segment gross profit and margin. Cemetery atneed revenues are expected to witness considerable year-over-year growth in the first quarter of 2021, though it is likely to see declines in the last three quarters due to tough comparisons with the year-ago period.

▲ **Focus on Expansion:** The company remains committed toward pursuing strategic buyouts for both its segments and building new funeral homes to generate greater returns. During full-year 2020, the company incurred capital expenditures of $222.2 million. The company undertook several cemetery development and construction projects throughout the year.These investments are touted to be accretive to the company in the near term.Expenditures associated with capital enhancements at current locations and cemetery development are anticipated in a band of $235-$255 million, in 2021.

In 2018, the company deployed approximately $200 million towards acquisitions. Some notable acquisitions made by the company in the past include Alderwoods Group, Keystone North America, The Neptune Society, and Stewart Enterprises. Also, buyouts in the cemetery segment are aimed at exploiting increased opportunities to cater to Baby Boomers.

▲ **Shareholder-Friendly Moves:** Service Corporation's strong cash flow helps it undertake efficient capital allocation.The company remains focused on enhancing shareholders' value via dividend payments and share repurchases. The company targets dividend payout ratio of 30-40% of earnings, and remains committed toward making regular dividend payments. In November 2020, the company announced a 10.5% dividend hike, taking it to 21 cents per share. With this, Service Corporation's dividend rate has increased from 2.5 cents per share in 2005 to 21 cents by the end of 2020. The company currently has a dividend payout ratio of 28.7%, a dividend yield of 1.7% and free cash flow yield of 6.2%. With an annual free cash flow return on investment of 10.5%, the dividend payment is likely to be sustainable.

Also, the company has been focused on making share buybacks. In Aug 2020, management elevated its total share buyback authority to $500 million. As of Dec 31, 2020, the company had shares worth $231 million available for buyback. In full-year 2020, the company repurchased 12,043,347 shares for $516.9 million.

▲ **Debt Analysis:** The company depends on its cash flow from operations as a major source of liquidity. Incidentally, the company's net cash provided by operating activities amounted to $804.4 million in full-year 2020. Further, management expects adjusted net cash from operating activities to be $600-$700 million for 2021. Apart from this, the company had $441 million available under its bank credit facility as of Dec 31, 2020. On the debt front, the company's long-term debt of $3,514.1 million as of Dec 31, 2020, dipped from $3,584.5 million as of Sep 30. Impressively, the company's times interest earned ratio stands at 4.5, higher than the preceding quarter's ratio of 4.5. The times-interest-earned ratio is very important for some companies as it measures a company's ability to meet its debt obligations based on its current income.

Reasons To Sell:

Reduced preneed funeral sales due to increased social-distancing trends amid the pandemic are a concern for Service Corporation. Also, corporate general and administrative costs have been rising.

- **Stock Underpeforms, Looks Overvalued:** Though shares of Service Corporation have gained 0.9% in the past three months, it has underperformed the industry's growth of 12.9%. Considering the price-to-earnings (P/E) ratio, Service Corporation looks overvalued when compared with the industry. The stock has a trailing 12-month P/E ratio of 16.89, which is below its high level of 24.28 scaled in a year. Meanwhile, the trailing 12-month P/E ratio for the industry is currently pegged at 16.5.

- **Elevated Costs:** Service Corporation is witnessing elevated corporate general and administrative costs for a while now. During the fourth quarter of 2020, the metricescalated $6.1 million (or 24.3%) to $31.1 million, mainly owing to greater legal expenses. Corporate general and administrative costs were up $11.3 million in the preceding quarter. Persistence of this trend may hurt margins.

- **Soft Preneed Sales in Funeral Segment:** Although Service Corporation's revenues increased in the fourth quarter of 2020 due to increased deaths amid the pandemic, the company's preneed sales remained soft in the Funeral segment. In the Funeral segment, comparable preneed funeral sales production dropped 1.6% due to declines at core funeral locations. This was accountable to the continued effects of social distancing on two of the company's key lead sources — at-home follow-up visits and in-person seminars. Apart from this, results in the Funeral segment were partly hampered by a fall in core average revenue per service, stemming from social-distancing measures that led to smaller and lesser funeral memorial services. We note that resurgence in coronavirus cases during November and December 2020 resulted in the re-imposition of a number of limitations on gatherings.Total recognized preneed revenues in the segment tumbled 10% to $31.4 million.Continuation of such trends remains a threat.

- **Guidance for 2021:** Management anticipates witnessing continued pandemic-led impacts in the first half of 2021. The company's guidance range for the year is also wider than usual owing to the uncertainty surrounding the COVID-19 impact. For 2021, Service Corporation envisions adjusted earnings per share of $2.50-$2.90. The company's earnings came in at $2.91 per share in 2020.

  Management expects volumes in the Funeral segment to decline in 2021, compared with 2020 levels. While it expects double-digit year-on-year increases through March, comparable volumes are likely to be lower through the rest of 2021, owing to comparisons with a very active last nine months of 2020.While funeral average may increase year over year in 2021, it is likely to be lower than 2019 levels due to continued social distancing practices. Also, in full-year 2021, management expects comparable cemetery revenues to decline from 2020, while it is likely to depict considerable growth from pre-pandemic levels.

- **Stiff Competition:** The funeral and cemetery industry is quite competitive in North America. The company competes with various locally-owned, independent operators on grounds of standard, products and pricing.

  In fact, the company has faced pricing pressure in the past from independent funeral service location and cemetery operators, monument dealers, casket retailers, low-cost funeral providers and more. Also, use of alternative channels, such as e-commerce, to buy funeral related products has increased competition. Failure to keep up with the pressure may hurt the company's financial results and cash flow.

Last Earnings Report

Service Corporation Q4 Earnings Top Estimates, Revenues Up

Quarter Ending	12/2020
Report Date	Feb 15, 2021
Sales Surprise	-0.42%
EPS Surprise	24.18%
Quarterly EPS	1.13
Annual EPS (TTM)	2.93

Service Corporation posted solid fourth-quarter 2020 results. Adjusted earnings of $1.13 per share came way ahead of the Zacks Consensus Estimate of 91 cents. Further, the bottom line more than doubled from the year-ago quarter's reported figure of 53 cents. The year-over-year growth was attributed to elevated gross profit resulting from increased funeral services and burials performed, together with a robust increase in cemetery recognized preneed revenues. Further, the bottom line gained on reduced shares outstanding, a decline in interest expenses and a lower tax rate compared with the year-ago quarter.

Total revenues of $970.3 million advanced nearly 14% year over year, backed by increased funeral and cemetery revenues. However, the figure came below the consensus mark of $974 million.

Corporate general and administrative costs escalated $6.1 million (or 24.3%) to $31.1 million, mainly owing to greater legal expenses. The company's interest costs fell $8.2 million to $36.2 million in the quarter. Operating income of $285.4 million increased 18.5% year over year.

Segment Discussion

Consolidated **Funeral** revenues grew 11.3% to $547.8 million on higher core revenues. Core revenues gained from a rise in atneed and matured preneed revenues. Further, non-funeral home revenues improved year over year, while recognized preneed revenues saw a decline of 10% to $31.4 million.

Comparable funeral revenues advanced 10% year over year, mainly due to major growth in core funeral revenues, which in turn were backed by higher core funeral services performed. However, core funeral services performed were somewhat negated by a fall in core average revenue per service, stemming from social-distancing measures that led to smaller and lesser funeral memorial services. Moreover, the core cremation rate rose 120 basis points. Comparable preneed funeral sales production dropped 1.6% due to declines at core funeral locations, somewhat made up by increases in the non-funeral home locations. This was accountable to the continued effects of social distancing on two of the company's key lead sources — at-home follow-up visits and in-person seminars.

Comparable funeral gross profit jumped 43.6% to $147.3 million. Also, the gross profit margin expanded 640 basis points to 27.5%, courtesy of increased higher-margin core business activities and a better cost structure somewhat due to the smaller and lesser memorial services performed.

Consolidated Cemetery revenues rose 17.7% to $422.4 million, thanks to increased core revenues. Core revenues gained from an increase in both atneed and total recognized preneed revenues. Comparable Cemetery revenues improved 17.8% year over year on the back of higher core revenues. This, in turn, was fueled by elevated atneed revenues, which stemmed from a rise in burials performed. Moreover, recognized preneed revenues grew, courtesy of solid comparable preneed cemetery property sales production.

Comparable preneed cemetery sales production rose 16% owing to growth in large sales activity as well as greater contracts sold. Sales velocity continued to be driven by the expansion of virtual tools, increased customer sales incentives, and greater leads from atneed services and company-generated leads. Further, the company continued to witness elevated conversion and close rates, thanks to customers' greater awareness of the possible effects of coronavirus, along with a rise in location traffic as a result of greater funeral services and burials performed.

Comparable cemetery gross profit soared 42.4% to $164.5 million and the respective margin expanded 680 bps to 39%. The upside can be attributable to higher cemetery revenues together with an improved cost structure.

Other Financial Details

The company ended the quarter with cash and cash equivalents of $230.9 million, long-term debt of $3,514.1 million and total equity of $1,752.6 million. Net cash provided by operating activities amounted to $804.4 million in 2020. During the same timeframe, the company incurred capital expenditures of $222.2 million. The company undertook several cemetery development and construction projects throughout the year. It expects adjusted net cash from operating activities to be $600-$700 million for 2021. Expenditures associated with capital enhancements at current locations and cemetery development are anticipated in a band of $235-$255 million.

Outlook

Management anticipates witnessing continued pandemic-led impacts in the first half of 2021. The company's guidance range for the year is also wider than usual owing to the uncertainty surrounding the COVID-19 impact. For 2021, Service Corporation envisions adjusted earnings per share of $2.50-$2.90. The company's earnings came in at $2.91 per share in 2020.

Recent News

Service Corporation Declares Dividend – Feb 18, 2021

Service Corporation announced a quarterly dividend of 21 cents per share, which is payable on Mar 31, 2021 to shareholders of record as of Mar 15.

Valuation

Service Corporation's shares are down 4.1% in the year-to-date period but up 22% over the trailing 12-month period. Stocks in the Zacks sub-industry are up 4.3% and the Zacks Consumer Staples sector are down 3.9% in the year-to-date period. Over the past year, the Zacks sub-industry is up 52.6% and sector increased 37.3%.

The S&P 500 index is up 3.5% in the year-to-date period and 70.5% in the past year.

The stock is currently trading at 18.6X forward 12-month earnings, which compares to 16.72X for the Zacks sub-industry, 19.93X for the Zacks sector and 22.48X the S&P 500 index.

Over the past five years, the stock has traded as high as 25.12X and as low as 16.39X, with a 5-year median of 21.65X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our $52 price target reflects 19.53X forward 12-month earnings.

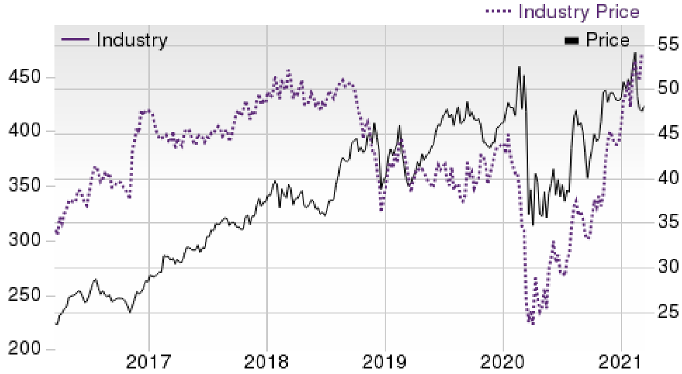
The table below shows summary valuation data for SCI

Valuation Multiples -SCI

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	18.6	16.72	19.93	22.48
	5-Year High	25.12	23.78	22.4	23.8
	5-Year Low	16.39	14.07	16.5	15.3
	5-Year Median	21.65	17.78	19.52	17.9
P/S F12M	Current	2.5	2.08	10.56	4.56
	5-Year High	2.85	2.19	11.95	4.56
	5-Year Low	1.46	1.38	8.58	3.21
	5-Year Median	2.19	1.89	10.45	3.69
EV/EBITDA F12M	Current	11.52	9.56	35.53	17.22
	5-Year High	13.56	12.19	38.18	18.82
	5-Year Low	9.27	7.82	25.79	13.03
	5-Year Median	11.52	9.44	34.04	15.77

As of 03/15/2021 *Source: Zacks Investment Research*

Industry Analysis **Zacks Industry Rank:** Top 9% (23 out of 253)



Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
1800 FLOWERS.COM, Inc. **(FLWS)**	Outperform	1
Hillenbrand Inc **(HI)**	Outperform	2
RentACenter, Inc. **(RCII)**	Outperform	1
BrightView Holdings, Inc. **(BV)**	Neutral	2
Carriage Services, Inc. **(CSV)**	Neutral	2
H&R Block, Inc. **(HRB)**	Neutral	3
Matthews International Corporation **(MATW)**	Neutral	2
SP Plus Corporation **(SP)**	Underperform	5

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

Industry Comparison Industry: Funeral Services

	SCI	X Industry	S&P 500	CSV	HI	MATW
				Industry Peers		
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Outperform	Neutral
Zacks Rank (Short Term)	3	-	-	2	2	2
VGM Score	B	-	-	B	A	B
Market Cap	8.15 B	2.58 B	28.65 B	650.33 M	3.84 B	1.33 B
# of Analysts	3	1.5	13	1	2	1
Dividend Yield	1.75%	1.69%	1.38%	1.11%	1.68%	2.04%
Value Score	B	-	-	B	B	B
Cash/Price	0.03	0.03	0.06	0.00	0.07	0.03
EV/EBITDA	10.72	19.50	16.24	13.36	25.64	43.33
PEG F1	1.62	1.23	2.38	1.05	1.23	NA
P/B	4.74	2.93	3.92	2.68	3.18	2.15
P/CF	10.89	10.65	16.36	11.70	10.40	6.05
P/E F1	18.16	15.23	21.26	15.71	14.75	14.00
P/S TTM	2.32	1.71	3.30	1.97	1.45	0.88
Earnings Yield	5.59%	6.57%	4.59%	6.36%	6.78%	7.14%
Debt/Equity	2.01	1.48	0.67	1.67	1.13	1.28
Cash Flow ($/share)	4.55	4.74	6.78	3.12	4.94	6.81
Growth Score	C	-	-	C	A	B
Historical EPS Growth (3-5 Years)	16.33%	3.08%	9.32%	-3.41%	7.97%	-1.81%
Projected EPS Growth (F1/F0)	-7.45%	17.91%	14.55%	23.66%	8.78%	0.00%
Current Cash Flow Growth	29.69%	32.12%	0.72%	34.56%	67.54%	9.08%
Historical Cash Flow Growth (3-5 Years)	10.03%	7.74%	7.32%	4.11%	14.79%	5.46%
Current Ratio	0.46	1.14	1.39	0.73	1.55	1.78
Debt/Capital	66.72%	59.37%	41.42%	62.54%	53.15%	56.20%
Net Margin	14.69%	2.81%	10.59%	4.88%	0.73%	-5.16%
Return on Equity	29.81%	18.85%	14.65%	14.58%	21.04%	16.65%
Sales/Assets	0.26	0.47	0.51	0.29	0.65	0.72
Projected Sales Growth (F1/F0)	-4.04%	2.33%	6.95%	1.99%	8.98%	2.66%
Momentum Score	D	-	-	B	D	D
Daily Price Change	2.89%	0.69%	0.92%	0.94%	0.43%	-2.16%
1-Week Price Change	1.28%	4.42%	2.96%	6.11%	2.73%	6.63%
4-Week Price Change	-8.54%	6.79%	4.69%	-0.27%	13.85%	22.09%
12-Week Price Change	1.56%	28.46%	10.09%	20.80%	36.13%	51.41%
52-Week Price Change	19.74%	129.27%	74.12%	159.27%	204.08%	99.28%
20-Day Average Volume (Shares)	1,077,451	263,869	2,323,115	113,223	407,412	120,326
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	-0.98%	0.00%	0.00%	4.55%	0.00%	0.00%
EPS F1 Estimate 12-Week Change	4.12%	4.33%	2.09%	4.55%	10.86%	2.03%
EPS Q1 Estimate Monthly Change	5.73%	1.67%	0.00%	NA	1.67%	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

Value Score	B
Growth Score	C
Momentum Score	D
VGM Score	B

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.

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

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.