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Dec 17, 2020

Synovus Financial (SNV)

$33.06 (As of 12/16/20)

Price Target (6-12 Months): **$38.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 10/22/20) Prior Recommendation: Neutral	**Outperform**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**1-Strong Buy**
	Zacks Style Scores:	VGM:D
	Value: B | Growth: F	Momentum: B

Summary

Shares of Synovus have outperformed the industry over the past three months. The company displays a decent earnings surprise history, having surpassed the Zacks Consensus Estimate in two of the trailing four quarters for as many misses. Moreover, organic and inorganic growth strategies position Synovus well. Furthermore, a decent lending scenario might support interest income growth in the near term. Strategic investments in merger & acquisitions (M&As) reflect strong liquidity position. However, rising costs on efforts to improve customer experience and continued investments in technology is expected to hinder bottom-line growth in the quarters ahead. Moreover, significant exposure to real estate loans keeps us apprehensive. Nevertheless, a manageable debt level and reduced exposure to troubled loans is encouraging for the company.

Price, Consensus & Surprise

Source: Zacks Investment Research

Data Overview

52-Week High-Low	**$40.12 - $10.91**
20-Day Average Volume (Shares)	**993,361**
Market Cap	**$4.9 B**
Year-To-Date Price Change	**-15.7%**
Beta	**1.66**
Dividend / Dividend Yield	**$1.32 / 4.0%**
Industry	**Banks - Southeast**
Zacks Industry Rank	**Top 8% (20 out of 255)**

Last EPS Surprise	**85.4%**
Last Sales Surprise	**5.0%**
EPS F1 Estimate 4-Week Change	**1.4%**
Expected Report Date	**01/22/2021**
Earnings ESP	**6.6%**

P/E TTM	**14.6**
P/E F1	**15.9**
PEG F1	**2.0**
P/S TTM	**2.1**

Sales and EPS Growth Rates (Y/Y %)

Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2021	476 E	468 E	463 E	461 E	1,855 E
2020	477 A	550 A	491 A	475 E	1,953 E
2019	477 A	487 A	491 A	497 A	1,952 A

EPS Estimates

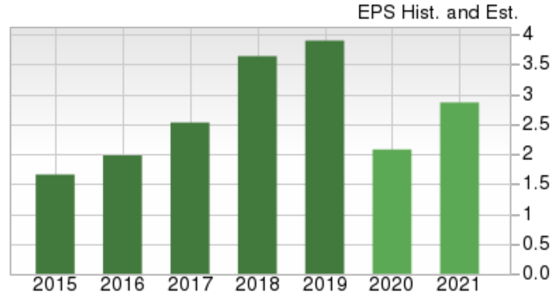
	Q1	Q2	Q3	Q4	Annual*
2021	$0.76 E	$0.69 E	$0.68 E	$0.72 E	$2.87 E
2020	$0.21 A	$0.23 A	$0.89 A	$0.74 E	$2.08 E
2019	$0.98 A	$1.00 A	$0.97 A	$0.94 A	$3.90 A

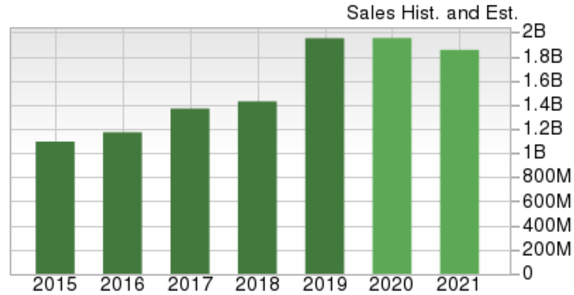
*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 12/16/2020. The reports text is as of 12/17/2020.

Overview

Founded in 1888, Columbus, GA-based Synovus Financial Corp. is a diverse financial services company, which conducts its banking operations through Synovus Bank. It provides integrated financial services, including commercial and retail banking, financial management, insurance, and mortgage services to its customers through locally branded divisions of its wholly owned subsidiary bank, Synovus Bank, by offices located in Georgia, Alabama, South Carolina, Florida and Tennessee.





In May 2019, Synovus completed the transition of FCB Financial Holdings, after concluding the buyout in January. The systems, customers, branches and branding of FCB has been transitioned into Synovus. Notably, the deal was valued at $2.9 billion. Following the merger's completion, about $40 million in pre-tax synergies is anticipated to be fully realized by 2020. Excluding one-time charges, the acquisition is likely to be around 6.5% accretive to earnings per share in 2020.

In September 2017, Synovus completed the purchase of Cabela's banking operation — World's Foremost Bank — which issues store-branded credit cards.

In October 2016, Synovus acquired Atlanta-based specialty financial services company, Entaire Global Companies, Inc., for an up-front payment of $30 million.

In January 2014, Synovus Bank completed a transaction with IberiaBank Corp., according to which the latter acquired 4 office locations, $87.2 million in loans, net, and $191.4 million in deposits associated with the Memphis, TN-based operations of Trust One Bank. Trust One Bank is a division of Synovus Bank.

In May 2013, Synovus Bank acquired approximately $54 million in deposits – including all uninsured deposits – of Valdosta, GA-based failed Sunrise Bank, a subsidiary of Capitol Bancorp, Ltd. from the Federal Deposit Insurance Corporation (FDIC).

As of Sep 30, 2020, Synovus had $53 billion in assets, $38.9 billion in loans, $44.7 billion in total deposits and $5.1 billion in shareholders' equity.

Source: Zacks Investment Research

Reasons To Buy:

▲ Synovus is focused on its organic growth strategy. This is reflected by continued loan growth over the past few years. Loans witnessed a compound annual growth rate (CAGR) of 13.5% for the last five years (2015-2019). In addition, net interest income (NII) saw a CAGR of 17.8% during the same time frame, partly driven by the acquisitions completed during this period. Though NII declined in the first nine months of 2020, loans continued to increase. Synovus has debt worth $2.23 billion as of Sep 30, 2020, which remains manageable due to the company's strong liquid position. Also, it is well-poised to enhance its NII in the quarters ahead, driven by steady growth in loan demand.

Improving interest income and credit quality, along with a strong capital position, will continue to support the company's financials. Also, manageable debt levels reflect strong liquidity.

▲ Driven by its solid liquidity position, Synovus has been making strategic investments through mergers and acquisitions (M&As). For the past few years, the company has undertaken an acquisition spree, fortifying its footprint in various areas. In May 2019, it completed the transition of FCB Financial Holdings and about $40 million in pre-tax synergies is anticipated to be fully realized by 2020. Moreover, the company looks forward to tapping similar opportunities in the future as well.

▲ Recovering from the adverse impact of the financial crisis, Synovus has been substantially reducing the percentage of loans in the residential construction and development, and land acquisition portfolios. Also, credit quality trends though volatile, are expected to continue to show broad-based improvement.

▲ Shares of Synovus have outperformed the industry over the past three months. With this favorable trend, earnings estimates for the current year have been revised marginally upward over the past 30 days. Also, the stock seems undervalued when compared with the broader industry. Its current price-sales (P/S) and price-to-cash flow (P/CF) ratios are below the respective industry averages. Also, the stock has a Value Score of B. Therefore, given the progress in fundamentals and positive estimate revisions, the stock has upside potential.

Risks

- Despite certain cost-saving initiatives, Synovus has been witnessing a rise in expenses. Over the last five years (ended 2019), expenses witnessed a CAGR of 11.2% with the trend persisting in the first three quarters of 2020 as well. Further, expenses are likely to rise with continued investments in technology, talent and to improve customer experience. Therefore, such rise in expenses will limit bottom-line expansion.

- Synovus raised its quarterly dividend by 10% in March 2020. Also, in July 2019, the company's board of directors increased its prior $400-million share repurchase authorization to $725 million for 2019. Though Synovus boasts an impressive capital deployment plan, its debt/equity ratio is unfavorable compared with the broader industry. Hence, capital deployment activities might not be sustainable.

- The loan portfolio of Synovus comprises majorly commercial real estate, home equity, properties and consumer mortgage loans (nearly 73% as of Sep 30, 2020). Such high exposure can be risky for the company if the housing sector weakens.

Last Earnings Report

Synovus' Q3 Earnings Beat on Solid Mortgage Banking

Quarter Ending	09/2020
Report Date	Oct 20, 2020
Sales Surprise	5.04%
EPS Surprise	85.42%
Quarterly EPS	0.89
Annual EPS (TTM)	2.27

Riding on solid mortgage banking, Synovus reported third-quarter 2020 adjusted earnings of 89 cents per share, handily beating the Zacks Consensus Estimate of 48 cents. However, the reported figure comes in 8.7% lower than the prior-year quarter tally.

Results were driven by rising fee income, raising investors' optimism which resulted in a price rally of 3.86%, post release. Moreover, strong deposit balances stoked organic growth. However, uptrend in expenses and lower net interest income were undermining factors. Also, higher provisions remain a major drag.

Including certain non-recurring items, net income available to common shareholders came in at $83.3 million or 56 cents per share compared with the loss of $1.6 million or 1 cent per share recorded in the prior-year quarter.

Net Interest Income Falls, Non-Interest Income Up, Expenses Escalate

Total revenues (fully tax-equivalent) in the third quarter came in at $492.3 million, up marginally from the prior-year quarter. Also, the top-line figure outpaced the Zacks Consensus Estimate of $467.8 million.

Net interest income declined 6.2% year over year to $377.9 million. Additionally, net interest margin shrunk 34 basis points (bps) year over year to 3.08%.

Non-interest income climbed 28.8% on a year-over-year basis to $114.4 million. Substantial rise in mortgage banking and other income drove this upside.

Non-interest expenses came in at $316.7 million, up 15% year over year. These increases mainly resulted from higher salaries and other personnel expense, net occupancy and equipment expense, third-party processing and other services and professional fees, partly offset by lower FDIC insurance and other regulatory fees, amortization of intangibles and other expenses.

Adjusted efficiency ratio came in at 53.91% as compared with the 51.71% reported in the year-earlier quarter. A rise in ratio indicates a deterioration in profitability.

Total deposits came in at $44.7 billion, up 1.1% sequentially. Yet, total loans edged down 1% sequentially to $39.5 billion.

Credit Quality: A Concern

Credit metrics deteriorated for Synovus during the September-end quarter.
Non-performing loans surged 46% year over year to $168.8 million. The non-performing loan ratio came in at 0.43%, up 11 basis points (bps) year over year.

Total non-performing assets amounted to $192.1 million, underlining a rise of 27% year over year. The non-performing asset ratio expanded 7 bps year over year to 0.49%.

Net charge-offs climbed 43.2% on a year-over-year basis to $28.5 million. The annualized net charge-off ratio was 0.29%, up 7 bps from the year-earlier quarter. Provision for loan losses soared 57% from the prior-year quarter to $43.4 million.

Robust Capital Position

Tier 1 capital ratio and total risk based capital ratio were 10.58% and 13.16%, respectively, compared with 10.27% and 12.30% as of Sep 30, 2019.

Moreover, as of Sep 30, 2020, Common Equity Tier 1 Ratio (fully phased-in) was 9.30% compared with the 8.96% witnessed in the year-ago quarter. Tier 1 Leverage ratio was 8.49% compared with the 9.02% recorded in the year-earlier period.

2020 Outlook

Management expects modest downward pressure on NIM as the repricing within fixed rate asset portfolio is partially offset by continued declines in overall deposit costs and further improvements in managing liquidity costs. Excluding the potential impacts from P3 forgiveness, NII and NIM is likely to decrease slightly in the fourth quarter.

Management sees positive momentum in other fiduciary service business, including brokerage and trust. In Q4, stable revenues from core banking fees, fiduciary services and capital markets income are expected. However, declines in mortgage revenue and other income is expected.

Headcount reductions in the ongoing quarter are anticipated as part of the normal attrition and a voluntary retirement offer is extended. The voluntary retirement offer is expected to result in a onetime fourth-quarter expense of approximately $14 million and have a two-year payback. These savings are part of Synovus' forward initiatives and will help offset expected increases to other line items, including travel and advertising in 2021 as banking activity returns closer to normal. Management continues to focus on prudent expense management. Excluding the upfront expenses associated with Synovus Forward initiatives, adjusted net interest income in the fourth quarter will be in line with the third quarter.

Currently, management does not foresee widespread deterioration in the credit portfolio. Per management, the amount of provision for credit losses going forward will keep fluctuating based on a number of factors, including economic outlook, loan growth, loan mix, risk rate migration, as well as the timing and impact of future government stimulus. Heightened levels of uncertainty and those factors could result in reductions of allowance less than net charge-offs. As the outlook becomes more stable and uncertainty declines, management expects changes in allowance to rely more heavily on the traditional factors.

Management expects core earnings will continue supporting the capital position and aid in achieving strategic objectives. Moreover, any share repurchases for the rest of the year is not expected.

On the expense front, management executed on the $25-million third-party spend program, with work streams continuing to be implemented through the early part of 2021. The plan for 13 branch closures in 2020 remains on track with additional back office real estate consolidation planned for 2021. Moreover, the company's organizational efficiency program is a comprehensive portfolio consisting of many initiatives that will deliver reductions in personnel and other expenses, as well as cost avoidance and additional areas throughout the remainder of 2020 and 2021. Overall, $65 million in overall savings is anticipated from this program.

Recent News

Dividend Update

On Dec 2, Synovus' board of directors announced a common stock quarterly dividend of 33 cents per share. The dividend will be paid on Jan 4 to shareholders on record as of Dec 17.

Valuation

Synovus Financial's shares are down 15.7% in the year-to-date period and 14.8% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Finance sector are down 8.7% and 4.8% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and sector are down 9.3% and 4.1%, respectively.

The S&P 500 Index is up 14.8% and 15.9% in the year-to-date period and trailing 12-month period, respectively.

The stock is currently trading at 11.79X forward 12 months earnings, which compares to 13.09X for the Zacks sub-industry, 16.97X for the Zacks sector and 22.68X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 22.22X and as low as 3.79X, with a 5-year median of 14.13X. Our Outperform recommendation indicates that the stock will perform better than the market. Our $38 price target reflects 13.55X forward earnings.

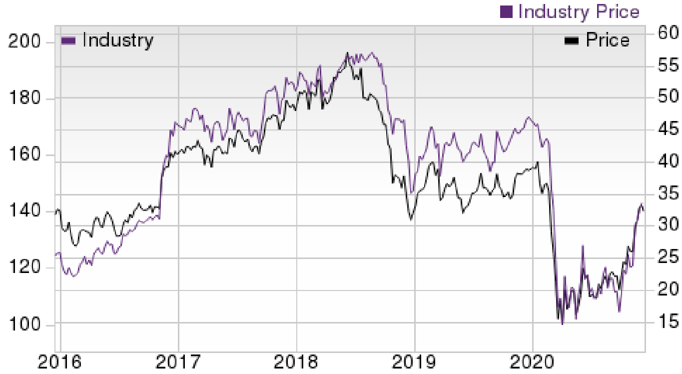
The table below shows summary valuation data for SNV

Valuation Multiples - SNV

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	11.79	13.09	16.97	22.68
	5-Year High	22.22	18.13	16.97	23.47
	5-Year Low	3.79	8.51	11.59	15.27
	5-Year Median	14.13	13.12	14.45	17.77
P/TB TTM	Current	1.22	2.09	3.53	16.12
	5-Year High	2.47	3.36	4.04	16.18
	5-Year Low	0.49	1.2	2.05	7.43
	5-Year Median	1.51	2.5	3.52	10.8
P/S F12M	Current	2.64	3.75	7.06	4.27
	5-Year High	4.56	5.09	7.06	4.29
	5-Year Low	1	2.43	5.01	3.17
	5-Year Median	3.13	3.96	6.1	3.68

As of 12/16/2020 *Source: Zacks Investment Research*

Industry Analysis **Zacks Industry Rank:** Top 8% (20 out of 255)



Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
BOK Financial Corporation **(BOKF)**	Outperform	1
Commerce Bancshares, Inc. **(CBSH)**	Neutral	1
CullenFrost Bankers, Inc. **(CFR)**	Neutral	3
Comerica Incorporated **(CMA)**	Neutral	3
East West Bancorp, Inc. **(EWBC)**	Neutral	3
Peoples United Financial, Inc. **(PBCT)**	Neutral	2
SVB Financial Group **(SIVB)**	Neutral	3
Webster Financial Corporation **(WBS)**	Neutral	3

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

Industry Comparison Industry: Banks - Southeast

	SNV	X Industry	S&P 500	CBSH	CMA	SIVB
				Industry Peers		
Zacks Recommendation (Long Term)	Outperform	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	1	-	-	1	3	3
VGM Score	D	-	-	D	C	A
Market Cap	4.89 B	287.10 M	26.40 B	7.56 B	7.37 B	18.56 B
# of Analysts	7	3	14	7	12	11
Dividend Yield	3.99%	2.25%	1.51%	1.67%	5.13%	0.00%
Value Score	B	-	-	F	A	B
Cash/Price	0.41	0.59	0.06	0.33	1.54	0.87
EV/EBITDA	5.82	4.94	14.41	8.17	1.20	2.45
PEG F1	1.99	2.35	2.80	NA	NA	2.35
P/B	1.08	0.97	3.58	2.29	0.99	2.43
P/CF	7.58	9.54	13.86	15.59	5.86	16.12
P/E F1	15.89	13.61	21.99	23.49	18.15	18.79
P/S TTM	2.06	2.30	2.77	5.41	2.26	4.94
Earnings Yield	6.29%	7.32%	4.33%	4.26%	5.51%	5.32%
Debt/Equity	0.36	0.22	0.70	0.00	0.77	0.11
Cash Flow ($/share)	4.36	2.51	6.94	4.14	9.04	22.23
Growth Score	F	-	-	D	F	B
Historical EPS Growth (3-5 Years)	15.82%	13.48%	9.69%	11.52%	20.65%	35.61%
Projected EPS Growth (F1/F0)	-46.70%	-15.13%	1.00%	-19.39%	-62.89%	-12.23%
Current Cash Flow Growth	26.77%	10.24%	5.22%	-1.69%	-4.61%	19.94%
Historical Cash Flow Growth (3-5 Years)	19.30%	13.04%	8.33%	8.41%	12.59%	34.83%
Current Ratio	0.92	0.94	1.38	0.68	0.97	0.66
Debt/Capital	24.33%	17.81%	42.00%	0.02%	42.22%	9.57%
Net Margin	15.84%	18.05%	10.44%	23.67%	16.17%	28.60%
Return on Equity	8.20%	8.10%	14.99%	10.49%	7.12%	15.40%
Sales/Assets	0.05	0.05	0.50	0.05	0.04	0.05
Projected Sales Growth (F1/F0)	0.08%	3.89%	0.35%	0.23%	-13.98%	9.16%
Momentum Score	B	-	-	A	A	A
Daily Price Change	-0.51%	0.00%	-0.25%	0.36%	0.11%	0.32%
1-Week Price Change	-2.08%	0.00%	-1.29%	-0.77%	-2.73%	-2.35%
4-Week Price Change	7.97%	5.53%	3.00%	-0.44%	4.25%	3.12%
12-Week Price Change	66.30%	33.48%	18.91%	26.73%	45.47%	58.12%
52-Week Price Change	-14.79%	-14.33%	6.25%	0.26%	-26.53%	42.34%
20-Day Average Volume (Shares)	993,361	15,385	1,961,038	425,951	2,032,413	314,768
EPS F1 Estimate 1-Week Change	1.39%	0.00%	0.00%	0.71%	0.60%	0.27%
EPS F1 Estimate 4-Week Change	1.39%	0.00%	0.00%	0.75%	0.72%	0.30%
EPS F1 Estimate 12-Week Change	40.97%	11.11%	3.94%	22.74%	56.73%	32.41%
EPS Q1 Estimate Monthly Change	8.34%	0.00%	0.00%	0.89%	2.10%	1.58%

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	B
Growth Score	F
Momentum Score	B
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

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

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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.