

Simon Property Group (SPG)

\$114.31 (As of 03/10/21)

Price Target (6-12 Months): **\$122.00**

Long Term: 6-12 Months

Zacks Recommendation:
Neutral

(Since: 01/08/21)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:D

Value: C

Growth: F

Momentum: C

Summary

Shares of Simon Property have outperformed its industry in the past three months. Also, the recent trend in its 2021 funds from operations (FFO) per share estimate revision indicates a favorable outlook for this retail REIT with estimates moving northward. As of Feb 5, 2021, its rent collections from the U.S. retail portfolio amounted to 90% of its net billed rents for the second, third and fourth quarters, combined. Management projected growth in earnings and cash flow in 2021. Amid the retail apocalypse, adoption of an omni-channel strategy and its successful tie-ups with premium retailers are saving its grace. Strategic buyouts and solid balance-sheet strength will help it sail through the current blues. Yet, store closures and tenant bankruptcy, in addition to the low footfall at properties and higher e-commerce adoption, remain key concerns.

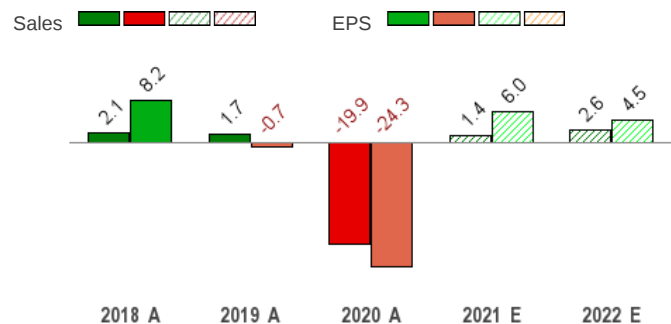
Price, Consensus & Surprise



Data Overview

52-Week High-Low	\$121.31 - \$42.25
20-Day Average Volume (Shares)	3,597,570
Market Cap	\$37.6 B
Year-To-Date Price Change	34.0%
Beta	1.54
Dividend / Dividend Yield	\$5.20 / 4.5%
Industry	REIT and Equity Trust - Retail
Zacks Industry Rank	Bottom 25% (191 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-0.9%
Last Sales Surprise	-1.2%
EPS F1 Estimate 4-Week Change	0.5%
Expected Report Date	05/10/2021
Earnings ESP	0.0%
P/E TTM	12.5
P/E F1	11.8
PEG F1	2.7
P/S TTM	8.2

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	1,132 E	1,200 E	1,204 E	1,264 E	4,795 E
2021	1,100 E	1,135 E	1,173 E	1,248 E	4,673 E
2020	1,353 A	1,062 A	1,061 A	1,131 A	4,608 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	\$2.38 E	\$2.47 E	\$2.53 E	\$2.75 E	\$10.09 E
2021	\$2.23 E	\$2.32 E	\$2.46 E	\$2.65 E	\$9.66 E
2020	\$2.78 A	\$2.12 A	\$2.05 A	\$2.17 A	\$9.11 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 03/10/2021. The report's text and the analyst-provided price target are as of 03/11/2021.

Overview

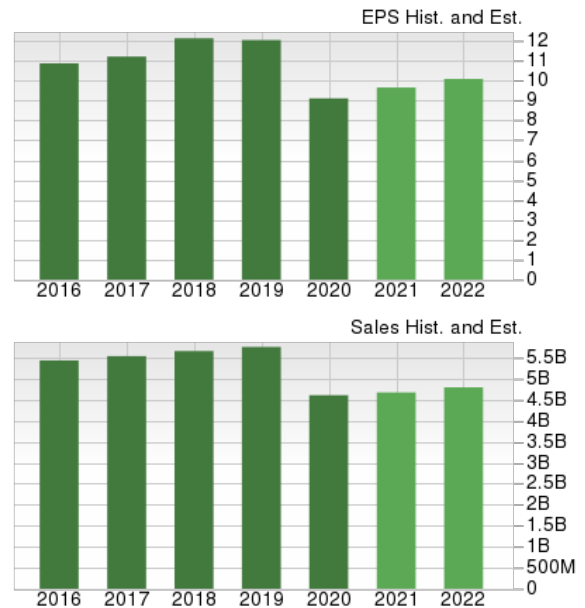
Headquartered in Indianapolis, IN, Simon Property Group Inc. is a leading publicly-traded real estate investment trust (REIT) in the United States, which is engaged in acquiring, owning and leasing of shopping, dining, entertainment and mixed-use destinations. The company's real estate portfolio consists of malls, Premium Outlets and The Mills and International Properties.

As of Dec 31, 2020, Simon Property owned or held interests in 203 properties in the United States. This consist of 99 malls, 69 Premium Outlets, 14 Mills, four lifestyle centers and 17 other retail properties across 37 states and Puerto Rico. As of the same date, the company had ownerships in 31 Premium Outlets and Designer Outlet properties, mainly located in Asia, Europe and Canada. Additionally, the company had a 22.4% equity stake in Klépierre, a publicly-traded French real estate company which owns interest in shopping centers across 15 countries in Europe.

On Dec 29, 2020, Simon Property announced that it has completed the acquisition of Taubman Centers, Inc. Per the agreement, the retail REIT through its operating partnership acquired all of Taubman Centers Inc.'s common stock for \$43 per share in cash. The total consideration for the buyout was \$3.4 billion and included redemption of preferred shares. Simon Property funded the purchase with its existing liquidity including proceeds from its recently-concluded equity offering. As a result, Simon Property now owns an 80% non-controlling interest in The Taubman Realty Group, LLC, or TRG, which has an interest in 24 regional, super-regional, and outlet malls in the United States and Asia.

Moreover, in February 2020, Authentic Brands Group, Simon Property and Brookfield Property Partners announced the buyout of an apparel and accessories retailer Forever 21 that had filed for bankruptcy earlier.

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



Source: Zacks Investment Research

Reasons To Buy:

- ▲ Simon Property enjoys a wide exposure to retail assets across the United States. Moreover, the company's international presence fosters sustainable long-term growth as compared with its domestically-focused peers. The company's ownership stake in Klépierre facilitates the expansion of its global footprint, which gives it access to premium retail assets in the high barrier-to-entry markets of Europe. We believe that diversification, with respect to both product and geography will help it grow over the long-term.
- ▲ Amid the retail apocalypse, adoption of an omni-channel strategy and successful tie-ups with premium retailers has been a saving grace for Simon Property. Particularly, the company's online retail platform, weaved with an omni-channel strategy, will likely be accretive to its long-term growth. Also, last December, the company teamed up with Mango to assist the latter's growth strategy in the United States with the launch of stores in 2021. The move came as Simon is now focused on tapping growth opportunities by assisting digital brands enhance their brick-and-mortar presence. Further, in November, the company collaborated with Narvar to facilitate easy drop-off returns for retail brands. Specifically, the service lets consumers make quick drop-off returns from roughly two dozen brands at a participating Simon location.
- ▲ Moreover, the company had been restructuring its portfolio, aiming at premium acquisitions and transformative redevelopments. In fact, for the past years, the company has been investing in billions to transform its properties focused on creating value and drive footfall at the properties. Late last December, Simon Property also completed the acquisition of Taubman Centers, Inc., adding a number of premier retail assets to the company's portfolio. Additionally, Simon Property is exploring the mixed-use development option, which has gained immense popularity in recent years as it helps catch the attention of people who prefer to live, work and play in the same area. Moreover, the company capitalized on buying recognized retail brands in bankruptcy. With the brands generating decent amount from digital sales, investments in them seems strategic for Simon Property.
- ▲ With the resumption of the economy and improving leasing environment, the retail REIT is poised to benefit from its superior assets in premium locations. In fact, the immunization process roll-out and additional fiscal stimulus supports consumer sentiment and the company expects growth in earnings and cash flow in 2021. In addition, collection from its U.S. retail portfolio continues to improve. As of Feb 5, 2021, Simon Property's rent collections from U.S. retail portfolio amounted to 90% of its net billed rents for the second, third and fourth quarters, combined. Furthermore, in response to the pandemic and its impact on business, Simon Property undertook significant cost-reduction moves. Such efforts have proved beneficial are likely to help the company sail through the current crisis.
- ▲ Simon Property has been making concerted efforts to bolster its financial flexibility. This enabled the company to exit 2020 with more than \$8.2 billion of liquidity. It comprised \$1.5 billion of cash on hand, including its share of joint-venture cash, as well as \$6.7 billion of available capacity under its revolving credit facilities, net of \$623 million outstanding under its U.S. commercial paper program. Following the quarter end, the company completed a two-tranche senior notes offering, aggregating \$1.5 billion. Combined, the two new issues of senior notes had a weighted average term of 8.4 years and a weighted average coupon rate of 1.96%. In fact, the company has been active in the debt and equity capital markets raising \$13 billion in the last 12 months. Simon Property's total secured debt to total assets was 22%, while fixed-charge coverage ratio was 4.2 as of Dec 31, 2020, well ahead of the required level. Moreover, the company enjoys corporate investment-grade credit rating of A from S&P and senior unsecured rating of A3 from Moody's. With solid balance-sheet strength and available capital resources, it remains well poised to navigate through the pandemic blues and bank on opportunities generating from the market dislocations.
- ▲ Shares of Simon Property have gained 30.9% in the past three months, outperforming its industry's rally of 12.31%. Further, the recent trend in its 2021 FFO per share estimate revision indicates a favorable outlook for the company as the estimate has moved 1.8% north over the past month. Therefore, given the progress on fundamentals and upward estimate revisions, the stock has a decent upside potential in the near term.

Portfolio of premium retail assets in the United States and abroad, efforts to support omni-channel retailing and solid balance-sheet strength will help Simon Property sail through current turmoil.

Reasons To Sell:

- ▼ With the shift in consumers' preferences toward online channels for purchases, bankruptcies and store closures have emerged as pressing concerns over the recent years for retail REITs and Simon Property is not immune these. For the U.S. Malls and Premium Outlets portfolio, occupancy was 91.3% as of Dec 31, 2020, shrinking 380 basis points, year on year. Though the company has been striving to counter this pressure through various initiatives, implementation of such measures requires a decent upfront cost and therefore, will limit any robust growth in profit margins in the near term.
- ▼ Furthermore, the pandemic led to a significant impact on the retail real estate market with social-distancing wave leading to a reduction of footfalls at retail real estates and higher e-commerce adoption. Moreover, with the financial stress on the company's tenants, rent collection suffered. In fact, the company's full-year portfolio net operating income (NOI) slid 17.1% year on year on lower revenues from tenant rent abatements, elevated uncollectible rents, lesser sales-based rents, coupled with a decline in ancillary property income. While situations have now improved compared to the start of the pandemic, things are yet to be back to the pre-pandemic levels and therefore, any robust improvement is unlikely in the near term.
- ▼ In response to the pandemic and its impact on business, Simon Property had suspended a major chunk of its redevelopment and new development projects. However, for some redevelopment and new development projects in the United States and internationally that were nearing completion, construction continued. Though the company is now back to focus on adding improvements across its portfolio, given the choppy environment in the retail real estate market and contributions from its redevelopment and development efforts are likely to remain subdued in the near term.

Shrinking traffic at retail properties, store closures and tenant bankruptcy remain concerns. The coronavirus pandemic and the resultant rent collection issues have added to the company's woes.

Last Earnings Report

Simon Property Misses on Q4 FFO, Sees Growth in 2021

Simon Property's fourth-quarter 2020 FFO per share of \$2.17 missed the Zacks Consensus Estimate of \$2.19. The reported figure also comes in 26.7% lower than the year-ago quarter's \$2.96.

Further, the company generated revenues of \$1.13 billion during the quarter, lagging the Zacks Consensus Estimate of \$1.14 billion. The revenue figure also comes in 24% lower than the prior-year quarter reported tally.

Results reflect the pandemic's adverse impact on the company's domestic and international operations, with an impact of 95 cents per share, mainly on reduced revenues, partly mitigated by cost-reduction moves.

However, as of Feb 5, 2021, Simon Property's rent collections from U.S. retail portfolio amounted to 90% of its net billed rents for the second, third and fourth quarters, combined.

The company's 2021 guidance also looks encouraging. David Simon, chairman, chief executive officer and president, noted, "We feel confident we have turned the corner, and we expect growth in earnings and cash flow in 2021."

Remarkably, during the fourth quarter, Simon Property accomplished its acquisition of an 80% ownership interest in The Taubman Realty Group. Particularly, the retail REIT, through its operating partnership, acquired all of Taubman Centers Inc.'s common stock for \$43 per share in cash, with the Taubman family selling roughly one-third of its ownership stake at the transaction price and remains a 20% partner in TRG.

Inside the Headline Numbers

For the U.S. Malls and Premium Outlets portfolio, occupancy was 91.3% as of Dec 31, 2020, shrinking 380 basis points, year on year. Base minimum rent per square feet was \$55.80 as of Dec 31, 2020, up 2.2% year on year. Portfolio NOI for the reported quarter fell 23.9% year on year.

Balance Sheet Position

Simon Property exited 2020 with more than \$8.2 billion of liquidity. This comprised \$1.5 billion of cash on hand, including its share of joint-venture cash, as well as \$6.7 billion of available capacity under its revolving credit facilities, net of \$623 million outstanding under its U.S. commercial paper program.

During the reported quarter, the REIT accomplished a public offering of 22,137,500 shares of its common stock, reaping net proceeds of \$1.56 billion.

Outlook

Simon Property projects 2021 FFO per share at \$9.50-\$9.75, up from the prior year's \$9.11. Notably, while issuing the guidance, the company assumes no further government mandated shutdowns of its domestic retail properties.

Quarter Ending	12/2020
Report Date	Feb 08, 2021
Sales Surprise	-1.17%
EPS Surprise	-0.91%
Quarterly EPS	2.17
Annual EPS (TTM)	9.12

Recent News

Simon Property Group Acquisition Holdings Announces Pricing of \$300M IPO – Feb 18, 2021

Simon Property Group Acquisition Holdings, Inc. has priced initial public offering of 30 million units at \$10.00 per unit. The company is sponsored by SPG Sponsor, LLC, which is an indirect wholly owned subsidiary of Simon Property Group, and is targeting innovative businesses that operate in the “Live, Work, Play, Stay, Shop” ecosystem.

The units were listed on the New York Stock Exchange under the symbol “SPGS.U”, beginning Feb 19, 2021. Each unit comprises of one share of Class A common stock of the company and one-fifth of one redeemable warrant. Notably, each whole warrant entitles the holder thereof to purchase one share of Class A common stock at an exercise price of \$11.50 per share. The underwriter has been granted a 45-day option to purchase up to 4.5 million additional units at the initial public offering price to cover over-allotments, if any.

Simon Property Finally Concludes Taubman Centers Buyout – Dec 29, 2020

Simon Property Group has finally completed the acquisition of Taubman Centers, Inc., ending an almost year-long story that included an initial deal as early as February this year. However, the intended transaction was later subjected to attempts of termination and lawsuit in June before the concerned parties went in for negotiations and settled for a lower purchase price in November. According to David Simon, chairman, CEO and president of Simon Property, the transaction adds “some of the world’s premier retail assets” to the company’s portfolio.

Per the agreement, the retail REIT through its operating partnership acquired all of Taubman Centers Inc.’s common stock for \$43 per share in cash. The current purchase is 18% less than the previously-agreed \$52.50 in February. The total consideration for the buyout was \$3.4 billion and included redemption of preferred shares. Simon Property funded the purchase with its existing liquidity including proceeds from its recently-concluded equity offering. Precisely, Simon Property acquired 80% ownership stake in The Taubman Realty Group Limited Partnership (TRG) with the Taubman family remaining a 20% partner in TRG, which sold roughly one-third of its stake at the transaction price.

Dividend Update

On Dec 15, Simon Property announced fourth-quarter cash dividend of \$1.30 per share of common stock. The dividend was paid out on Jan 22, 2021 to shareholders of record as of Dec 24, 2020. The company’s board of directors noted that it will announce a common stock dividend for first-quarter 2021 on or before Mar 31, 2021.

Valuation

Simon Property’s shares have increased 36.3% in the trailing 12 months. Stocks in the Zacks sub-industry have gained 28.5%, while in the Zacks Finance sector have increased 53.6% over the past year.

The S&P 500 Index has been up 59.8% over the trailing 12-month period.

The stock is currently trading at 11.74X forward 12-month FFO, which compares with the 16.39X for the Zacks sub-industry, 17.28X for the Zacks sector and 22.36X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 20.04X and as low as 3.61X, with a 5-year median of 13.43X. Our neutral recommendation indicates that the stock will perform in line with the market. Our \$122 price target reflects 12.53X FFO.

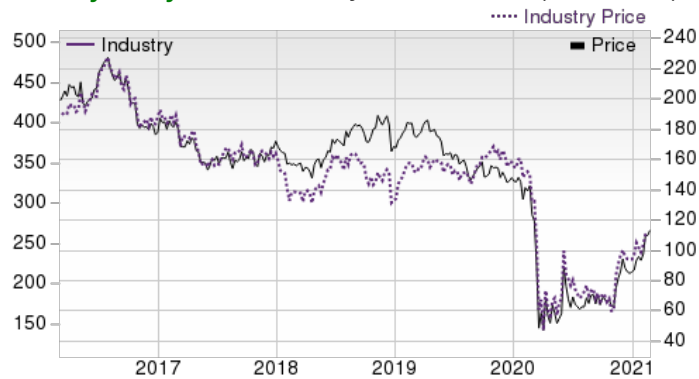
The table below shows summary valuation data for SPG.

Valuation Multiples - SPG					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	11.74	16.39	17.28	22.36
	5-Year High	20.04	19.41	17.28	23.80
	5-Year Low	3.61	9.68	11.60	15.30
	5-Year Median	13.43	14.72	14.58	17.90
P/S F12M	Current	8.00	9.12	7.60	4.53
	5-Year High	12.55	14.44	7.60	4.53
	5-Year Low	2.51	5.54	5.02	3.21
	5-Year Median	8.96	8.38	6.13	3.69
P/B TTM	Current	11.43	2.88	3.18	6.60
	5-Year High	16.67	5.69	3.18	6.66
	5-Year Low	5.02	1.76	1.74	3.83
	5-Year Median	12.28	3.29	2.60	4.97

As of 03/10/2021

Source: Zacks Investment Research

Industry Analysis Zacks Industry Rank: Bottom 25% (191 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
Federal Realty Investment Trust (FRT)	Neutral	4
Kimco Realty Corporation (KIM)	Neutral	4
Macerich Company The (MAC)	Neutral	3
Realty Income Corporation (O)	Neutral	3
Pennsylvania Real Estate Investment Trust (PEI)	Neutral	3
Tanger Factory Outlet Centers, Inc. (SKT)	Neutral	3
Washington Prime Group Inc. (WPG)	Neutral	3
Regency Centers Corporation (REG)	Underperform	4

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

Industry Comparison Industry: Reit And Equity Trust - Retail				Industry Peers		
	SPG	X Industry	S&P 500	FRT	KIM	MAC
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	4	4	3
VGM Score	D	-	-	F	D	D
Market Cap	37.55 B	2.13 B	28.02 B	8.25 B	8.32 B	2.13 B
# of Analysts	9	5	13	8	10	8
Dividend Yield	4.55%	3.44%	1.38%	3.94%	3.53%	4.36%
Value Score	C	-	-	C	B	B
Cash/Price	0.03	0.05	0.06	0.10	0.04	0.23
EV/EBITDA	19.14	17.82	15.89	22.72	9.53	19.54
PEG F1	2.66	2.64	2.34	3.85	2.31	NA
P/B	11.43	1.66	3.87	3.40	1.47	0.84
P/CF	15.88	15.85	16.08	21.03	6.45	18.87
P/E F1	11.83	15.81	20.92	23.32	15.53	6.30
P/S TTM	8.15	6.41	3.28	9.88	7.86	2.71
Earnings Yield	8.45%	6.31%	4.64%	4.29%	6.44%	15.85%
Debt/Equity	7.79	1.06	0.67	1.83	0.94	2.52
Cash Flow (\$/share)	7.20	1.54	6.78	5.11	2.98	0.73
Growth Score	F	-	-	F	F	F
Historical EPS Growth (3-5 Years)	0.37%	-3.04%	9.34%	-0.47%	-3.44%	-7.98%
Projected EPS Growth (F1/F0)	5.99%	4.88%	14.41%	1.99%	5.90%	1.10%
Current Cash Flow Growth	-29.41%	-18.78%	0.74%	-34.85%	87.34%	-75.55%
Historical Cash Flow Growth (3-5 Years)	-4.23%	0.57%	7.37%	0.58%	0.81%	-35.48%
Current Ratio	1.71	1.30	1.39	4.36	3.50	1.97
Debt/Capital	88.57%	51.55%	41.42%	63.85%	48.65%	71.63%
Net Margin	24.15%	8.57%	10.59%	15.76%	94.61%	-29.29%
Return on Equity	43.78%	2.60%	14.75%	5.57%	18.45%	-9.34%
Sales/Assets	0.14	0.11	0.51	0.11	0.09	0.09
Projected Sales Growth (F1/F0)	1.42%	2.31%	6.93%	1.36%	3.53%	3.12%
Momentum Score	C	-	-	C	B	F
Daily Price Change	2.98%	1.68%	1.04%	1.29%	0.58%	1.48%
1-Week Price Change	-1.55%	2.07%	2.46%	4.54%	3.76%	3.95%
4-Week Price Change	7.62%	10.40%	3.55%	12.27%	9.13%	5.36%
12-Week Price Change	29.49%	21.34%	7.58%	18.52%	28.44%	24.66%
52-Week Price Change	12.62%	8.25%	45.24%	-5.13%	29.56%	-10.54%
20-Day Average Volume (Shares)	3,597,570	941,820	2,199,326	856,953	5,110,100	7,823,577
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	0.45%	-0.54%	0.00%	-1.39%	-2.87%	-3.22%
EPS F1 Estimate 12-Week Change	0.20%	-1.32%	2.02%	-7.98%	-5.06%	-8.46%
EPS Q1 Estimate Monthly Change	-0.78%	-1.29%	0.00%	-5.48%	-0.95%	-4.03%

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	C
Growth Score	F
Momentum Score	C
VGM Score	D

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

Disclosures

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

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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 forward-looking 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 medium-term price change metric and an indication of the stock gaining momentum.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Periods:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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