

TELUS Corporation (TU)

\$23.08 (As of 06/04/21)

Price Target (6-12 Months): **\$25.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 02/11/21)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:B

Value: B

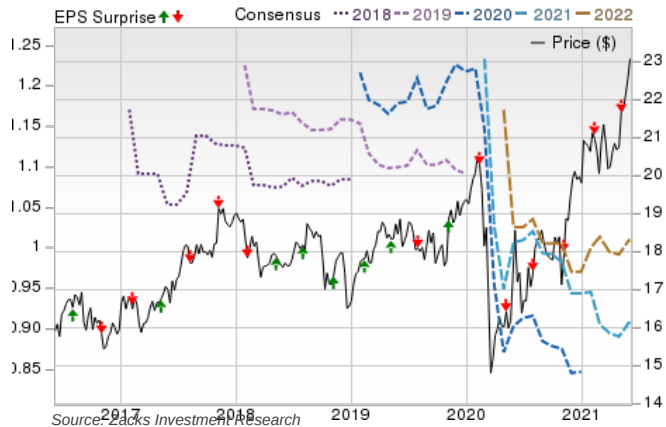
Growth: B

Momentum: D

Summary

TELUS launched 5G networks in various places across Canada and is likely to benefit from increased penetration of wireline fiber-optic networks. Strategic acceleration of broadband network investment programs acts as a major tailwind. Accretive subscriber growth and higher demand for premium bundled services with an expanded market footprint are likely to boost its near-term revenues. However, high infrastructure investments are weighing on TELUS' margins as cable TV operators migrate from phone services based on circuit-switched technology to Voice over Internet Protocol. Efforts to offset capital expenditure for upgrading the network infrastructure by raising fees have reduced demand for its legacy voice services. A debt-laden balance sheet is denting its profitability, while stiff competition from regional carriers is another concern.

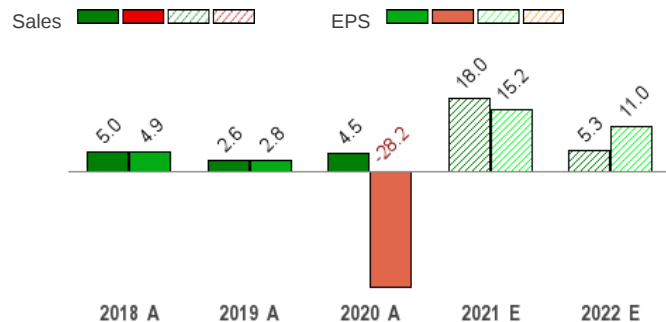
Price, Consensus & Surprise



Data Overview

52-Week High-Low	\$23.10 - \$16.22
20-Day Average Volume (Shares)	969,859
Market Cap	\$29.9 B
Year-To-Date Price Change	16.6%
Beta	0.67
Dividend / Dividend Yield	\$0.67 / 2.9%
Industry	Diversified Communication Services
Zacks Industry Rank	Bottom 48% (131 out of 250)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-8.7%
Last Sales Surprise	-2.2%
EPS F1 Estimate 4-Week Change	1.8%
Expected Report Date	07/30/2021
Earnings ESP	-5.6%
P/E TTM	30.0
P/E F1	25.4
PEG F1	2.6
P/S TTM	2.5

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022					14,341 E
2021	3,088 A	3,261 E	3,371 E	3,467 E	13,616 E
2020	2,754 A	2,689 A	2,988 A	3,116 A	11,543 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	\$0.26 E	\$0.25 E	\$0.23 E	\$0.20 E	\$1.01 E
2021	\$0.21 A	\$0.22 E	\$0.24 E	\$0.22 E	\$0.91 E
2020	\$0.24 A	\$0.18 A	\$0.21 A	\$0.17 A	\$0.79 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 06/04/2021. The report's text and the analyst-provided price target are as of 06/07/2021.

Overview

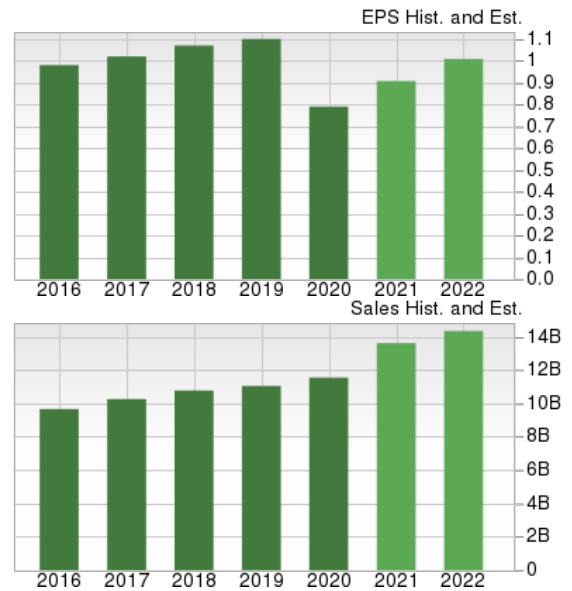
TELUS Corporation is a leading Canadian telecom service provider based in Burnaby, British Columbia (with executive offices in Vancouver). The company is one of the largest telecom carriers in Canada (the largest in western Canada), covering 95% of the country's population. TELUS provides wireless, wireline, and Internet communications services for voice and data to businesses and consumers. The company operates as the incumbent local exchange carrier (ILEC) in British Columbia, Alberta and parts of Quebec.

The company achieved a strong foothold in the Canadian healthcare telecom market through its acquisition of Emergis, a business process outsourcer specializing in healthcare and financial services. This acquisition strengthened TELUS' industry solutions for healthcare and financial services. Furthermore, the acquisition of Toronto-based Fastvibe Corporation, a leading provider of innovative and superior quality web streaming solutions for businesses, has added a unique technical, event and production web management capability to the company's expertise.

In first-quarter 2021, TELUS made alterations to its reporting categories to better align with operational changes. The company now reports its revenues under two segments — TELUS technology solutions (TTech) and TELUS International (DLCX). Following is a snapshot of the company's operating segments:

TELUS technology solutions (84.5% of total operating revenues in first-quarter 2021): The segment comprises certain healthcare software and technology solutions; network revenues and equipment sales arising from mobile technologies; revenues from voice and other telecommunications services and equipment sales. It also encompasses data revenues (which include television; Internet protocol; hosting, managed information technology and cloud-based services; software, data management and data analytics-driven smart food-chain technologies; and home and business security).

Digitally-led customer experiences – TELUS International (15.5%): The segment is primarily involved in the delivery of best-in-class digital solutions like content management and artificial intelligence on the back of enhanced customer experience.



Reasons To Buy:

- ▲ TELUS launched 5G networks in Winnipeg, Brandon, Vancouver, Montreal, Calgary, Edmonton and the Greater Toronto Area. The company acquired a 100% stake in Mobile Klinik to grow its wireless business. It is well positioned to benefit from increasing penetration of smart devices, wireless data services and wireline fiber optic networks. The company expects balanced growth in its TTech and Digitally-led customer experiences – TELUS International (DLCX) businesses backed by investments in high-speed broadband technology. TELUS secured 600 MHz spectrum licenses in British Columbia, Alberta, Saskatchewan, Ontario and Quebec. Equating to a national average of 11.3 MHz, these licenses allow it to provide better mobile broadband connectivity at a time when the industry is moving from 4G LTE to 5G. The deployment of this spectrum is important to TELUS' 5G growth strategy along with network quality, speed and coverage. Notably, strategic acceleration of broadband network investment program is expected to not only enhance TELUS' fibre buildout across key markets in British Columbia, Alberta and Eastern Quebec but also expand its 5G footprint, including network readiness for 5G spectrum and system upgrades.
- ▲ The company launched TELUS Agriculture, a new business unit dedicated to providing innovative solutions to support the agriculture industry with connected technology. TELUS Agriculture supports more than 100 million acres of agricultural land, backed by a team of more than 1,200 experts across Canada, USA, Mexico, Brazil, the United Kingdom, Slovakia, Armenia, Germany, China and Australia. TELUS Agriculture acquired AFS Technologies, a global leader in sales and distribution solutions to the consumer goods market. It also bought Agrian, a unified management platform for precision, agronomy, sustainability, analytics and compliance. In the last reported quarter, TTech revenues increased 6.1% year over year to C\$3,494 million, primarily driven by higher revenues in mobile and fixed equipment, fixed data services and health services. Meanwhile, revenues from Digitally-led customer experiences – TELUS International grew 28.1% year over year to C\$639 million.
- ▲ TELUS and its global unit, TELUS International, acquired Competence Call Center (CCC). TELUS International holds a 100% interest in CCC. The combined business has an expanded portfolio of customer experience, digital transformation, content moderation, IT lifecycle, advisory and digital consulting, risk management, and back-office support that will enable new go-to-market opportunities and drive growth. The acquisition is likely to add significant scale to TELUS International, an important and differentiated growth driver for the company, and will support TELUS' consolidated financial and operating results including revenues, EBITDA and free cash flow growth. TELUS International has inked an agreement to acquire Lionbridge AI, a market-leading global provider of crowd-based training data and annotation platform solutions used in the development of AI algorithms to power machine learning.
- ▲ TELUS' 4G LTE network covers 99% of the country's population and the addition of the 600 MHz spectrum will help it increase urban capacity, while expanding the rural availability of wireless broadband service. It has made more than C\$6 billion spectrum-related investments since 2008 and C\$54 billion in technology across the country since 2000. The company is focused on execution of its strategies along with amplifying efforts on cost efficiency for margin-accretive customer growth and investments to support its expansion strategy. With the expansion of Internet of Things marketplace across Canada, TELUS is focusing to consolidate its foothold in the market. It introduced the TELUS Global IoT Connectivity platform to deliver seamless connectivity and simplified billing across 200 networks globally, supporting the expansion of Canadian business enterprises.
- ▲ Between 2013 and 2021, TELUS intends to invest more than C\$300 million to expand its PureFibre network in the eastern part of Quebec, with C\$72 million in support from the federal and provincial governments. In the next two years, it aims to offer direct fiber access to 93% of Greater Quebec City and Eastern Quebec residents. Notably, TELUS PureFibre network covered more than 2.5 million premises at the end of first-quarter 2021. The company plans to generate subscriber growth in its key growth segments, including wireless, high-speed Internet and TELUS TV. Increasing demand for reliable access and fast-data services are expected to support customer additions. Furthermore, TELUS International and TELUS Health are likely to contribute to the company's growth, organically and from acquisitions.

TELUS launched 5G networks in Winnipeg, Brandon, Vancouver, Montreal, Calgary, Edmonton and the Greater Toronto Area. The addition of the 600 MHz spectrum will help it increase urban capacity.

Reasons To Sell:

▼ Efforts to offset capital expenditure for upgrading the network infrastructure by raising fees have reduced demand for TELUS' legacy voice and data services. The company's huge debts are worrisome. As of Mar 31, 2021, it had \$1,511 million in cash and cash equivalents with \$13,647 million of long-term debt compared with \$633 million and \$14,076 million at the end of the previous quarter. Although TELUS has a debt-to-capital ratio of 0.56 compared with 0.68 of the industry, the times interest earned ratio has declined over the past few quarters to 3.1 at present compared with 1.3 of the industry. This indicates that the company is reeling under pressure to meet its debt obligations. It is to be seen whether TELUS can turn the tables in the coming days amid disruptions stemming from the pandemic.

▼ TELUS faces strong wireless competition from Rogers Communications and Bell. An intensifying competitive environment arising from small regional carriers like MTS in Manitoba and SaskTel in Saskatchewan raise concerns. Such competitive pressure has resulted in reduced subscriber additions for the company. Also, Shaw Communications' decision to venture into the Canadian wireless market with the WIND Mobile acquisition has raised competition for TELUS.

▼ Markedly, competition has increased with cable TV operators moving from offering phone services based on 'circuit-switched' technology to less costly voice-over-Internet Protocol. Capital expenditure in the wireline segment includes significant investments in broadband infrastructure to bring in more business and residential customers directly under fiber optic cable. This has resulted in substantial outflow of funds, leading to soft margins.

TELUS is facing intense competition in wireless and traditional telephony, and from VoIP-focused competitors in both consumer and business markets.

Last Earnings Report

TELUS Lags Q1 Earnings Estimates, Revenues Grow Y/Y

TELUS reported lackluster first-quarter 2021 results, wherein both the bottom and the top lines missed their respective Zacks Consensus Estimate. However, diligent operational execution, expanded service offerings and strategic acceleration of broadband network investment program on the back of an accretive subscriber base favored TELUS' resilience amid a volatile environment.

Quarter Ending **03/2021**

Report Date	May 07, 2021
Sales Surprise	-2.19%
EPS Surprise	-8.70%
Quarterly EPS	0.21
Annual EPS (TTM)	0.77

Net Income

Net income in the March quarter declined 5.4% year over year to C\$331 million or C\$0.25 per share. The deterioration was due to higher depreciation and amortization charges, declines in legacy fixed voice and data services and higher employee benefits expenses. The results were further hurt with the lingering effects of the COVID-19 pandemic.

Quarterly adjusted net income was C\$359 million or C\$0.27 per share (\$283.5 million or 21 cents per share) compared with C\$400 million or C\$0.32 per share in the prior-year quarter. The bottom line missed the Zacks Consensus Estimate by 2 cents.

Revenues

On the virtue of a resilient business model, quarterly total operating revenues increased 8.9% year over year to C\$4,024 million (\$3,088 million). The growth reflects higher demand for premium bundled services that resulted in 145,000 new customer additions in the reported quarter. Also, robust asset mix with best-in-class digital capabilities and superior service offerings across wireless and fibre broadband networks acted as a major tailwind. The top line, however, lagged the consensus estimate of \$3,157 million.

Quarterly Segment Results

Beginning first-quarter 2021, TELUS made changes to its reporting categories to better align with operational changes. The company will now report its revenues in two segments — TELUS technology solutions (TTech) and TELUS International (DLCX).

TELUS technology solutions (TTech) revenues increased 6.1% year over year to C\$3,494 million, primarily driven by higher revenues in mobile and fixed equipment, fixed data services and health services. Mobile network revenues fell 0.5% to C\$1,503 million due to declining mobile phone ARPU from reduced roaming revenues related to travel restrictions.

Fixed voice services declined 9.3% to C\$214 million compared with C\$236 million in the year-ago period. This reflects the ongoing decline in legacy voice revenues from technological substitution accompanied with greater use of long-distance plans and price plan changes. Meanwhile, Health services jumped 9.8% to C\$123 million, driven by the positive impact from business acquisitions and higher revenues from virtual care solutions. This was further fueled by growth in healthcare provider solutions.

The segment's adjusted EBITDA of C\$1,365 million increased 1.8% over the same period a year ago, led by higher revenues from mobile, and fixed products and services along with savings achieved from cost reduction efforts, which were undertaken to tackle the economic impacts of the COVID-19 turmoil. Adjusted EBITDA margin was 39.1% compared with 40.7% in the year-ago quarter. Capital expenditures increased 2.5% year over year to C\$662 million.

Revenues from **Digitally-led customer experiences – TELUS International (DLCX)** grew 28.1% year over year to C\$639 million. Operating revenues (arising from contracts with customers) surged 44.6% to C\$535 million, primarily driven by business acquisitions along with organic growth in customers.

The segment's adjusted EBITDA of C\$138 million improved 3% from the year-ago quarter's figure. However, Adjusted EBITDA margin was 21.6% compared with 26.8% in the prior-year quarter. The decline was due to lower contribution from Lionbridge AI accompanied with forex woes. Capital expenditures were up 21.1% year over year to C\$23 million.

TELUS PureFibre network covered more than 2.5 million premises at the end of first-quarter 2021.

Other Details

EBITDA was C\$1,461 million, up 3.7% year over year, driven by higher fixed data service margins from accretive subscriber base, growth in mobile equipment margins, improved cost efficiency programs and increased contribution from TELUS International segment. Positive impact from business acquisitions was a driving factor as well. Adjusted EBITDA increased 1.9% year over year to C\$1,503 million. Capital expenditures grew 3% to C\$685 million on the back of increased 5G investments, fast-tracked investments to increase system capacity and higher purchase of equipment to support subscriber growth.

Cash Flow & Liquidity

In the first three months of 2021, TELUS generated C\$939 million of cash from operating activities compared with C\$1,177 million in the year-ago period. Free cash flow plunged 41.1% year over year to C\$321 million. As of Mar 31, 2021, the company had C\$1,903 million (\$1,511.2 million) of cash and temporary investments with C\$17,185 million (\$13,646.6 million) of long-term debt.

2021 Outlook Updated

In 2021, TELUS plans to continue generating positive financial outcomes and strong customer growth. The company expects revenue growth between 8% and 10% year over year. Adjusted EBITDA growth is projected in the 6-8% band. While free cash flow is estimated to be around

C\$750 million compared with prior guidance of C\$1,500 million, capital expenditures are likely to be C\$3,500 million versus previous figure of C\$2,750 million. With an optimistic approach, the company expects to drive its financial and operational performance, and propel future broadband investments with expanded Canadian market footprint on the back of enhanced customer growth.

Conversion rate used:

C\$1 = \$0.789573 (period average from Jan 1, 2021 to Mar 31, 2021)

C\$1 = \$0.794100 (as of Mar 31, 2021)

Recent News

On May 11, 2021, TELUS announced its decision to invest an additional \$14.5 billion in infrastructure and operations across Alberta through 2024. The investment is aimed at accelerating 5G deployments, augmenting the footprint of PureFibre network to 530,000 more consumers belonging to the underserved communities and creating employment opportunities to support the province's economic recovery amid the pandemic.

On May 10, TELUS announced its intent to invest an additional \$13 billion in infrastructure and operations across British Columbia through 2024.

On Apr 14, TELUS announced plans to invest almost \$30 million in the Chaudiere-Appalaches region, in association with the governments of Quebec and Canada. The collaboration aims to install PureFibre network to augment Internet connection in underserved areas, thereby narrowing digital disparity.

On Apr 9, TELUS announced plans to invest almost C\$2 million in the Mekinac and des Chenaux regional county municipalities in 2021. The company will accelerate the deployment of its PureFibre and 5G networks to bridge the digital divide and drive innovation in businesses.

On Mar 23, TELUS announced the expansion of its portfolio of Connecting for Good programs to bridge the digital and health gaps in Canada. These initiatives include Mobility for Good, Internet for Good and Health for Good programs to support Canadians in need. The company's leading-edge technology ensures equal access for everyone, making a real impact across the country. Almost 3 million Canadians take advantage of the various Connecting for Good programs every year.

Valuation

TELUS' shares are up 15.7% in the past six months and up 21.3% over the trailing 12-month period. Stocks in the Zacks sub-industry are up 6.2% over the past six months, while stocks in the Zacks Utilities sector are up 3.3% in the same period. Over the past year, the Zacks sub-industry is up 8.1% and the sector is up 3.2%.

The S&P 500 Index is up 14.4% in the past six months and up 33.1% in the past year.

The stock is currently trading at 10.38X trailing 12-month EV/EBITDA, which compares to 13.75X for the Zacks sub-industry, 17.96X for the Zacks sector and 17.35X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 10.38X and as low as 7.24X, with a 5-year median of 8.46X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$25 price target reflects 1.03X forward 12-month earnings.

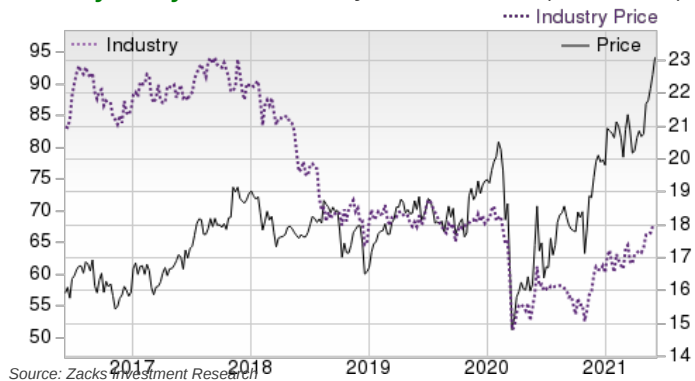
The table below shows summary valuation data for TU

Valuation Multiples - TU					
		Stock	Sub-Industry	Sector	S&P 500
EV/EBITDA TTM	Current	10.38	13.75	17.96	17.35
	5-Year High	10.38	14.86	19.41	17.74
	5-Year Low	7.24	6.9	10.75	9.63
	5-Year Median	8.46	11.45	14.45	13.46
P/E F12M	Current	24.27	13.58	14.05	21.85
	5-Year High	24.27	17.09	15.34	23.83
	5-Year Low	12.64	10.06	11.37	15.31
	5-Year Median	16.15	14.26	13.85	18.05
P/S F12M	Current	2.15	1.25	2.86	4.72
	5-Year High	2.2	3.94	3.17	4.74
	5-Year Low	1.47	1.04	1.78	3.21
	5-Year Median	1.96	1.27	2.2	3.72

As of 06/04/2021

Source: Zacks Investment Research

Industry Analysis Zacks Industry Rank: Bottom 48% (131 out of 250)



Top Peers

Company (Ticker)	Rec	Rank
BCE, Inc. (BCE)	Neutral	2
Chunghwa Telecom Co., Ltd. (CHT)	Neutral	3
Deutsche Telekom AG (DETEGY)	Neutral	2
Swisscom AG (SCMWY)	Neutral	3
Telenor ASA (TELNY)	Neutral	3
Telecom Italia S.P.A. (TIAY)	Neutral	3
Telstra Corp. (TLSYY)	Neutral	3
VEON Ltd. (VEON)	Neutral	3

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

Industry Comparison Industry: Diversified Communication Services				Industry Peers		
	TU	X Industry	S&P 500	BCE	SCMWY	TELNY
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	2	3	3
VGM Score	B	-	-	B	A	C
Market Cap	29.93 B	13.97 B	30.49 B	45.73 B	29.67 B	NA
# of Analysts	7	3	12	7	3	3
Dividend Yield	2.92%	0.62%	1.29%	5.43%	3.62%	5.54%
Value Score	B	-	-	C	B	C
Cash/Price	0.05	0.09	0.06	0.05	0.03	NA
EV/EBITDA	10.24	7.92	17.32	10.15	7.59	NA
PEG F1	2.63	3.07	2.16	4.20	8.08	4.58
P/B	2.45	2.27	4.24	3.15	2.57	5.50
P/CF	9.13	5.79	17.90	8.42	7.02	5.44
P/E F1	25.36	19.41	21.66	19.67	19.15	22.63
P/S TTM	2.52	0.89	3.52	2.63	2.45	NA
Earnings Yield	3.94%	5.08%	4.47%	5.08%	5.22%	4.40%
Debt/Equity	1.11	0.60	0.66	1.36	0.60	2.40
Cash Flow (\$/share)	2.53	2.05	6.83	6.00	8.16	3.22
Growth Score	B	-	-	C	A	A
Historical EPS Growth (3-5 Years)	-2.20%	-1.60%	9.44%	-1.62%	1.18%	-1.58%
Projected EPS Growth (F1/F0)	14.83%	-0.82%	21.30%	14.22%	-5.08%	-33.33%
Current Cash Flow Growth	-0.05%	-1.09%	0.98%	-6.50%	2.00%	22.99%
Historical Cash Flow Growth (3-5 Years)	4.16%	0.99%	7.34%	2.03%	3.58%	9.68%
Current Ratio	0.84	0.84	1.39	0.83	1.00	0.86
Debt/Capital	52.64%	38.29%	41.53%	52.75%	37.49%	70.59%
Net Margin	7.41%	7.67%	11.95%	11.23%	15.94%	10.11%
Return on Equity	9.81%	9.32%	16.36%	16.21%	19.49%	27.71%
Sales/Assets	0.37	0.44	0.51	0.37	0.46	0.48
Projected Sales Growth (F1/F0)	17.92%	0.00%	9.30%	12.55%	1.98%	0.81%
Momentum Score	D	-	-	A	D	F
Daily Price Change	1.05%	0.08%	0.34%	0.78%	-0.23%	1.51%
1-Week Price Change	2.30%	0.92%	0.58%	1.67%	0.92%	0.57%
4-Week Price Change	6.56%	0.63%	0.29%	3.78%	3.98%	-2.45%
12-Week Price Change	8.15%	3.72%	8.01%	11.37%	10.48%	-2.62%
52-Week Price Change	24.42%	26.91%	33.62%	14.13%	10.31%	7.63%
20-Day Average Volume (Shares)	969,859	58,401	1,797,059	1,289,487	8,578	72,155
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.17%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	1.76%	0.00%	0.07%	0.67%	0.67%	-30.95%
EPS F1 Estimate 12-Week Change	0.98%	0.00%	3.32%	4.90%	-0.83%	-36.96%
EPS Q1 Estimate Monthly Change	-1.84%	0.00%	0.00%	0.81%	NA	NA

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	B
Momentum Score	D
VGM Score	B

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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Additional Disclosure

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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.