Amcor plc (AMCR)

$11.54 (As of 06/17/21)

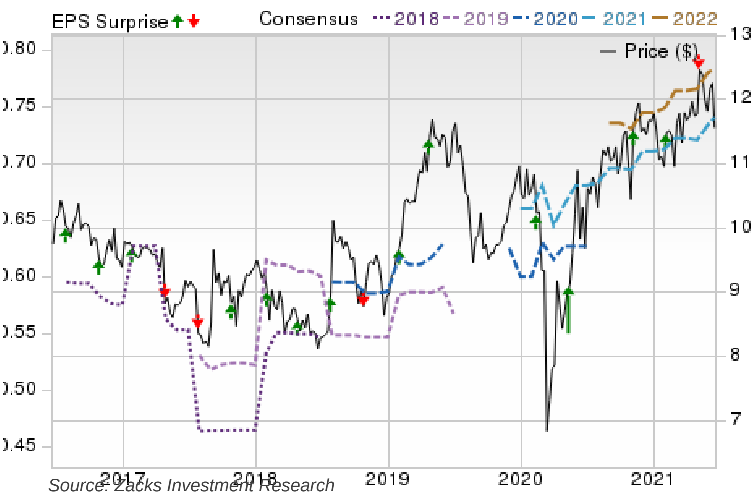
Price Target (6-12 Months): **$13.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 02/16/21) Prior Recommendation: Underperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM:C
	Value: B | Growth: D | Momentum: B	

Summary

Amcor expects adjusted constant currency earnings per share growth of approximately 14-15% in fiscal 2021. The Flexibles segment has been witnessing solid growth across a broad range of end markets, including higher-value end markets like protein, coffee, cheese and pet food. However, this has somewhat been offset by lower volumes in certain healthcare end markets due to fewer elective surgeries and lower prescription trends. The Rigid Packaging segment has been gaining on strong consumer demand. However, high input costs will hurt margins in the near term. Nevertheless, Amcor will continue to benefit from cost discipline and synergies related to the Bemis acquisition. Moreover, investments to expand capacity in high value segments and favorable growth markets, and focus on innovation and sustainable packaging will contribute to growth.

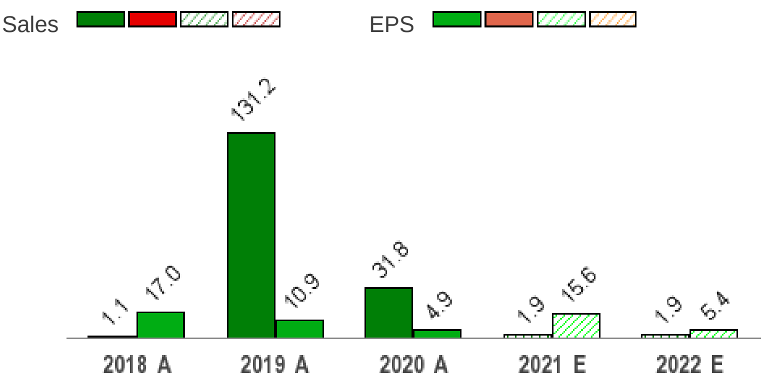
Price, Consensus & Surprise



Data Overview

52-Week High-Low	**$12.76 - $9.62**
20-Day Average Volume (Shares)	**6,189,485**
Market Cap	**$18.0 B**
Year-To-Date Price Change	**-2.0%**
Beta	**0.87**
Dividend / Dividend Yield	**$0.47 / 4.1%**
Industry	**Containers - Paper and Packaging**
Zacks Industry Rank	**Top 23% (59 out of 252)**
Last EPS Surprise	**-5.6%**
Last Sales Surprise	**-3.2%**
EPS F1 Estimate 4-Week Change	**0.0%**
Expected Report Date	**08/17/2021**
Earnings ESP	**0.0%**
P/E TTM	**NA**
P/E F1	**15.6**
PEG F1	**1.7**
P/S TTM	**1.4**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2022	3,157 E	3,123 E	3,229 E	3,344 E	12,940 E
2021	3,097 A	3,103 A	3,207 A	3,318 E	12,699 E
2020	3,141 A	3,043 A	3,141 A		12,468 A

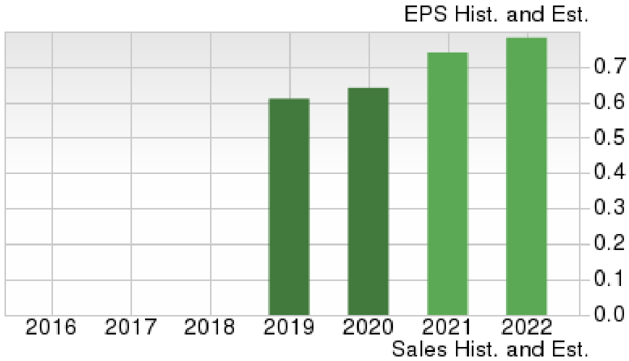
EPS Estimates

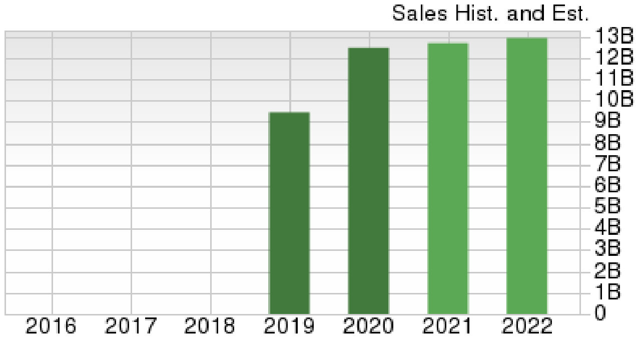
	Q1	Q2	Q3	Q4	Annual*
2022	$0.17 E	$0.19 E	$0.20 E	$0.23 E	$0.78 E
2021	$0.16 A	$0.18 A	$0.17 A	$0.22 E	$0.74 E
2020	$0.13 A	$0.16 A	$0.16 A		$0.64 A

*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 06/17/2021. The report's text and the analyst-provided price target are as of 06/18/2021.

Overview





Amcor is a global leader in developing and producing responsible packaging for food, beverage, pharmaceutical, medical, home and personal care, and other products. Through its broad range of packaging products, which include flexible and rigid packaging, specialty cartons and closures, the company helps leading companies in protecting their products and differentiating their brands.

In June 2019, Amcor completed the acquisition of Bemis Company Inc. — the largest in its history. The buyout increased Amcor's exposure in America and attractive end markets as well as high-value segments like Healthcare and Protein. The company employs approximately 47,000 people across 230 principal manufacturing sites spanning more than 40 countries. Amcor is currently the 357th-largest company in the S&P 500 Index with a market capitalization of $18 billion. It is also a member of the S&P 500 Dividend Aristocrat Index.

Amcor offers a combination of scale, geographic reach and capabilities that is unique in the packaging industry. Its global footprint is well balanced across developed markets (primarily North America and Western Europe) as well as emerging markets (including China, India and the rest of Asia, as well as Eastern Europe and Latin America). The company continues to build on its innovation capabilities to cater to the growing needs of consumers. Amcor is becoming more focused on making packaging that light-weight, recyclable and reusable. It is the first global packaging company to have pledged to develop all its packaging to be recyclable or reusable by 2025.

Amcor reports its financial results in two reportable segments.
Flexibles, which generated around 78% of Amcor's consolidated net sales in fiscal 2020, is one of the world's largest suppliers of plastic, aluminum and fiber based flexible packaging. It develops and produces flexible packaging for food, beverage, pharmaceutical, medical, home and personal care, and other products.

Rigid Packaging accounted for approximately 22% of the company's consolidated net sales in fiscal 2020. It comprises operations that manufacture rigid packaging containers and related products for food, beverage, spirits, home and personal care, and healthcare products.

Source: Zacks Investment Research

Reasons To Buy:

Amcor will gain on strong demand in end markets and synergies from the Bemis acquisition. Focus on growing presence in high growth segments, emerging markets and innovation will aid growth.

- Amcor's sales have benefitted from the stay-at-home trend amid the pandemic. Both the Rigid Packaging and Flexible Packaging segments are performing well through a combination of organic growth and disciplined cost control. In the first nine-month period of fiscal 2021, the Flexibles segment has consistently witnessed solid growth across a broad range of end markets, including higher-value end markets like protein, coffee, cheese and pet food. The Rigid packaging segment is also seeing strong consumer demand. So far in fiscal 2021, in North America, beverage volumes are 7% higher year on year and hot fill container volumes are up 13%. Strong consumer demand reflects higher-at-home consumption of packaged beverages supported by higher retail sales in multi-pack formats across a range of product categories. Growth was also driven by brand extensions and the introduction of new health and wellness oriented products in PET containers. Specialty container volumes were also higher than the prior period with growth in certain categories including spirits, personal care and home cleaning.

  Backed by the improved performances so far in the fiscal, Amcor expects adjusted constant currency earnings per share growth of approximately 14-15% in fiscal 2021. The guidance translates to earnings per share in the range of 73 cents to 74 cents for fiscal 2021.

- Amcor is focusing on higher-growth, higher value-added, more packaging-intensive segments like healthcare, protein and premium coffee or hot fill beverage containers and barrier films. Emerging markets will also continue to be a key driver of organic growth. The company has over $3 billion in annual sales from 27 profitable emerging market businesses, where it benefits from leadership positions and differentiated capabilities. Amcor is constantly striving to get an edge over competition and to meet ever-evolving consumer needs through innovation. The company invests around $100 million annually in R&D. It recently announced a strategic investment in ePac, a relatively new start-up in the flexible packaging space. ePac has a fast-growing international footprint and is focused on servicing the needs of small and medium sized consumer goods customers through a unique, digitally enabled and scalable business model. This will complement Amcor's innovation capabilities.

- Amcor acquired Bemis Company Inc. through an all-stock transaction in June 2019, creating a global leader in consumer packaging. The Bemis buyout will drive strong growth for Amcor by expanding its global footprint, opening up new attractive end markets and customers for the company's products, and greater economies of scale driving efficiencies and higher margins. The company has continued to execute well against overhead, procurement and footprint initiatives and has realized cost synergies ahead of expectations. So far in fiscal 2021, the company delivered approximately $55 million (pre-tax) of incremental cost synergies. Amcor expects total cost synergy benefits of approximately $70 million (pre-tax) in fiscal 2021. Combined with the $80 million delivered in fiscal 2020, this will result in cumulative cost synergies of approximately $150 million (pre-tax) by the end of fiscal 2021. Amcor is well on track to deliver at least its original target of $180 million by the end of fiscal 2022.

- Backed by its strong balance sheet and annual free cash flow in excess of $1 billion, Amcor continues to invest in growth, expand capacity in higher value segments and higher growth markets. The company is investing in a major capacity expansion for one of its aluminum-based product segments at a Flexibles Packaging plant in Switzerland. It will support the continued high growth of the premium coffee segment and is underwritten by a long-term supply agreement with a key customer. Amcor has begun construction of a new greenfield plant in China to add capacity to its business in that high-growth market. The new state-of-the-art plant will be the largest in Amcor's China network and will commence operations by the end of calendar 2022 to support a range of global and local customers, primarily in the food and personal care segments.

  Amcor has also returned $850 million to shareholders through higher dividends and repurchased around 2% of its outstanding shares. The company expects to complete the previously approved $350 million repurchase program in fiscal 2021. Amcor has raised its dividend payout every year for 25 consecutive years, thus qualifying for the S&P 500 Dividend Aristocrat. The company's total debt to total capital ratio was at 0.58 as of Mar 31, 2021, lower than the industry's 0.61. Its times interest earned ratio is at 7.9, higher than the industry's 6.6. Amcor anticipates adjusted free cash flow in the range of $1.0 to $1.1 billion in fiscal 2021.

- Driven by increasing e-commerce activities over the past few years, packaging has gained importance as it maintains the integrity and durability of a product during the complex delivery process. The pandemic has also increased the value of packaging by ensuring hygiene and sterilization, and extended shelf life. Consumers' increasing demand for more sustainable packaged products represents a major growth opportunity. Amcor has committed all of its packaging to be recyclable or reusable by 2025. In fiscal year 2020, the company increased its use of post-consumer recycled resin (PCR) by more than 40% — up to almost 200 million pounds. Amcor has doubled use of PCR since 2019.

Reasons To Sell:

- The company is facing higher raw material costs, and higher labor and transportation costs. This will continue to weigh on its margins in the near term. Further, the Flexibles segment has been facing lower volumes in certain healthcare end markets since in the fourth quarter of fiscal 2020. This was due to fewer elective surgeries and lower prescription trends on account of the COVID-19 pandemic. It will continue to weigh on the segment's performance.

Lower volumes in the healthcare end markets due to fewer elective surgeries and lower prescription trends will continue to hurt Amcor. Higher input costs will also dent margins in the near term.

- The lingering impact of the pandemic remains an uncertainty. Amcor's earnings and free cash flow could be impacted by COVID-19 related factors such as the extent and nature of any future operational disruptions across the supply chain, government imposed restrictions on consumer mobility and the pace of macroeconomic recovery in key global economies. The ultimate magnitude and duration of the pandemic's future impact on the business remains unclear at this time.

- Amcor's growth is anticipated to slow in fiscal 2022 as more population is vaccinated and the pandemic is brought under control. This will lead to changes in consumption patterns and demand in Amcor's key end-user markets will resume normal levels. Further, with major portion of the Bemis synergies being realized in fiscal 2021, it will not benefit results in that capacity next fiscal. Also, lower D&A expenses, which have been benefiting results in fiscal 2021, are not likely to be repeated next fiscal.

- The company expects a total of net cost synergies of approximately $180 million from the Bemis acquisition through procurement, manufacturing and general and administrative efficiencies. While it is currently on track to achieve the targeted Bemis synergies, it cannot be said with certainty that the full savings will be realized or current savings will be sustained. If Amcor is not able to successfully integrate the acquisition and achieve the expected synergy cost savings, the anticipated benefits of the transaction may not be realized fully.

Last Earnings Report

Amcor's Q3 Earnings & Revenues Miss Estimates

Quarter Ending	03/2021
Report Date	May 04, 2021
Sales Surprise	-3.19%
EPS Surprise	-5.56%
Quarterly EPS	0.17
Annual EPS (TTM)	NA

Amcor reported third-quarter fiscal 2021 adjusted earnings per share of 17 cents, which missed the Zacks Consensus Estimate of 18 cents. However, the bottom line improved 6% from 16 cents reported in the prior-year quarter.

Including special items, the company reported net earnings per share of 17 cents compared with the prior-year quarter figure of 11 cents.

Total revenues inched up 2% year over year to $3,207 million in the reported quarter but lagged the Zacks Consensus Estimate of $3,333 million. Excluding the impact of disposed operations of 0.6%, positive currency impacts of 2% and pass-through of raw material costs of 0.5%, net sales in the quarter were up 0.2%. Favorable price mix of 0.6% was offset by unfavorable volumes of 0.4% in the quarter.

Cost and Margins

Cost of sales rose 1.4% year over year to $2,525 million. Gross profit improved 5% year over year to $682 million. Gross margin came in at 21.3%, reflecting an expansion of 50 basis points from 20.8% in the prior-year quarter.

SG&A expenses decreased 8% to $325 million year over year. Adjusted operating income was $402 million in the quarter, up 12% from the $360 million in the prior-year quarter. Adjusted operating margin was 12.5% compared with 11.5% in the prior-year quarter.

Segment Performances

Flexibles: Net sales increased 3% year over year to $2,500 million. Adjusted operating income improved 11% year over year to $352 million.

Rigid Packaging: The segment reported net sales of $707 million in the reported quarter, flat compared with the prior-year quarter. Adjusted operating income was up 7% year over year to $75 million.

Financial Updates

As of Mar 31, 2021, Amcor had $690 million of cash and cash equivalents compared with $743 million as of Jun 30, 2020. The company generated $617 million of cash in operating activities in the nine months ended Mar 31, 2021 compared with $470 million in the prior-year comparable period. Adjusted free cash flow was $360 million in the nine months ended Mar 31, 2021 compared with $367 million in the prior-year comparable period. As of Mar 31, 2021, Amcor's net debt totaled $5.9 billion, up from $5.5 billion as of Jun 30, 2020. Leverage, measured as net debt divided by adjusted trailing 12 month EBITDA, was 3.0 times, in line with Amcor's expectations.

During the nine months ended Mar 31, 2021, Amcor repurchased 26.7 million shares (or 1.7% of outstanding shares) for $308 million. The company expects to complete the previously approved $350 million repurchase program in fiscal 2021.

Update on Bemis Integration

On Jun 11, 2019, Amcor had completed the all-stock acquisition of Bemis Company. The Bemis integration is progressing well with pre-tax synergy benefits of $55 million realized in fiscal 2021. Amcor expects incremental cost synergy benefits of approximately $70 million (pre-tax) in fiscal 2021. Combined with the $80 million delivered in fiscal 2020, this will result in cumulative cost synergies of approximately $150 million (pre-tax) by the end of fiscal 2021. It expects to achieve total synergy benefits (pre-tax) of $180 million by fiscal 2022 end.

Hikes Fiscal 2021 Guidance

Backed by the improved performances so far in the fiscal, Amcor anticipates adjusted constant currency earnings per share growth of approximately 14-15% in fiscal 2021, up from its previous guidance of 10-14% growth. Based on earnings of 64 cents reported in fiscal 2020, the new growth guidance translates to earnings per share in the range of 73 cents to 74 cents for fiscal 2021.

Valuation

Amcor's shares have gone up 0.6% in the trailing six-month period and up 11.9% over the trailing 12-month period. Stocks in Containers - Paper and Packaging industry and the Zacks Industrial Products sector are up 9.5% and 9.4%, in the trailing six-month period, respectively. Over the past year, the Zacks sub-industry and the sector are up 35.6% and 47.3%, respectively.

The S&P 500 index is up 14.6% in the six-month period and 38.4% in the past year.

The stock is currently trading at 14.78X forward 12-month earnings, which compares with 16.10X for the Zacks sub-industry, 21.15X for the Zacks sector and 21.69X for the S&P 500 index.

Over the past five years, the stock has traded as high as 20.58X and as low as 8.94X, with a 5-year median of 16.09X.

Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $13 price target reflects 16.65X forward 12-month earnings.

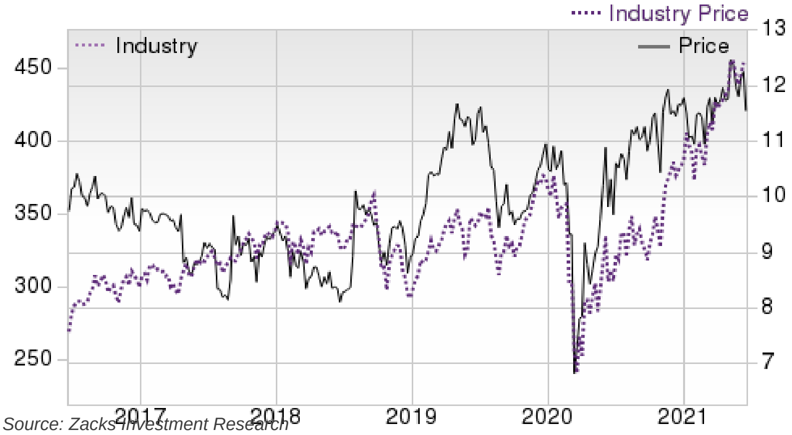
The table below shows summary valuation data for AMCR.

Valuation Multiples - AMCR

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	14.78	16.10	21.15	21.69
	5-Year High	20.58	18.98	23.56	23.83
	5-Year Low	8.94	7.20	12.65	15.31
	5-Year Median	16.09	16.04	18.28	18.05
P/S F12M	Current	1.39	2.97	3.48	4.70
	5-Year High	4.67	5.08	3.58	4.74
	5-Year Low	0.74	1.49	1.61	3.21
	5-Year Median	1.11	2.02	2.11	3.72
EV/EBITDA TTM	Current	19.21	23.02	22.96	17.34
	5-Year High	22.14	28.59	27.92	17.74
	5-Year Low	9.95	13.28	11.10	9.63
	5-Year Median	12.94	16.30	15.53	13.47

As of 06/17/2021 *Source: Zacks Investment Research*

Industry Analysis Zacks Industry Rank: Top 23% (59 out of 252)



Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
AptarGroup, Inc. **(ATR)**	Neutral	3
Berry Global Group, Inc. **(BERY)**	Neutral	2
Ball Corporation **(BLL)**	Neutral	3
Crown Holdings, Inc. **(CCK)**	Neutral	3
Graphic Packaging Holding Company **(GPK)**	Neutral	3
Sealed Air Corporation **(SEE)**	Neutral	2
Silgan Holdings Inc. **(SLGN)**	Neutral	3
Sonoco Products Company **(SON)**	Neutral	3

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

Industry Comparison Industry: Containers - Paper And Packaging

Industry Peers

	AMCR	X Industry	S&P 500	BERY	BLL	CCK
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	2	3	3
VGM Score	C	-	-	A	D	B
Market Cap	18.03 B	6.58 B	29.66 B	8.63 B	26.24 B	13.44 B
# of Analysts	5	3	12	7	8	6
Dividend Yield	4.07%	1.80%	1.35%	0.00%	0.75%	0.80%
Value Score	B	-	-	A	C	B
Cash/Price	0.04	0.04	0.05	0.09	0.02	0.04
EV/EBITDA	14.09	12.10	16.95	8.83	19.58	12.14
PEG F1	1.71	1.97	2.09	1.12	4.56	2.91
P/B	3.83	3.64	4.06	3.26	7.38	4.79
P/CF	10.97	10.97	17.27	5.69	15.80	10.51
P/E F1	15.47	17.93	20.99	11.19	22.79	14.54
P/S TTM	1.44	1.35	3.39	0.69	2.16	1.13
Earnings Yield	6.41%	5.58%	4.65%	8.93%	4.39%	6.87%
Debt/Equity	1.38	1.38	0.66	3.71	1.95	2.80
Cash Flow ($/share)	1.05	4.15	6.83	11.31	5.06	9.48
Growth Score	D	-	-	C	F	D
Historical EPS Growth (3-5 Years)	NA%	9.06%	9.44%	15.71%	12.98%	10.67%
Projected EPS Growth (F1/F0)	15.63%	27.55%	21.49%	18.59%	18.10%	15.77%
Current Cash Flow Growth	42.95%	1.62%	0.99%	39.89%	7.54%	6.15%
Historical Cash Flow Growth (3-5 Years)	32.85%	9.59%	7.28%	21.65%	16.35%	11.67%
Current Ratio	1.30	1.45	1.39	1.73	0.85	1.23
Debt/Capital	58.00%	58.00%	41.51%	78.78%	66.14%	73.71%
Net Margin	6.88%	6.48%	11.95%	5.61%	6.29%	5.90%
Return on Equity	20.36%	16.78%	16.48%	34.88%	32.35%	35.78%
Sales/Assets	0.76	0.85	0.51	0.73	0.69	0.75
Projected Sales Growth (F1/F0)	1.85%	7.96%	9.41%	10.63%	12.59%	3.22%
Momentum Score	B	-	-	A	C	A
Daily Price Change	-2.37%	-1.66%	-0.04%	-1.95%	-0.68%	-1.88%
1-Week Price Change	0.74%	0.37%	-0.41%	-2.43%	-1.22%	0.86%
4-Week Price Change	-3.75%	-2.90%	1.51%	-7.53%	-8.41%	-10.27%
12-Week Price Change	-0.35%	4.15%	7.99%	4.78%	-4.89%	1.98%
52-Week Price Change	12.26%	47.21%	35.52%	47.21%	13.44%	52.00%
20-Day Average Volume (Shares)	6,189,485	168,110	1,771,802	780,650	2,110,445	1,118,115
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.00%	0.00%	0.16%
EPS F1 Estimate 4-Week Change	0.00%	0.14%	0.03%	1.21%	0.02%	0.16%
EPS F1 Estimate 12-Week Change	2.54%	3.98%	3.37%	6.21%	2.13%	0.07%

EPS Q1 Estimate Monthly Change	1.15%	0.00%	0.00%	0.67%	-0.78%	0.51%

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	D
Momentum Score	B
VGM Score	C

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

Disclosures

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

Additional Disclosure

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

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

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

Glossary of Terms and Definitions

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

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

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

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

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

4-Week Price Change: This is the percentage change in a stock's closing price over the last 20 trading days or past 4 weeks. This is a mediumterm price change metric and an indication of the stock gaining momentum.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Periods:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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