

## Bed Bath & Beyond Inc. (BBBY)

**\$23.95** (As of 10/14/20)

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

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 07/28/20)

Prior Recommendation: Outperform

Short Term: 1-3 Months

**Zacks Rank:** (1-5)

**2-Buy**

Zacks Style Scores:

VGM:A

Value: A

Growth: A

Momentum: A

### Summary

Shares of Bed Bath & Beyond have outpaced the industry in the past three months. The stock is gaining from its sound fundamentals and growth strategies. It also received a boost from the top and bottom line beat reported in second-quarter fiscal 2020. Results benefited from robust digital growth, courtesy of its BOPIS and contactless curbside-pickup facilities. Also, stringent cost-cutting actions and strong financial position contributed to growth. Notably, the bottom line gained from improved margins and lower expenses. Further, the company continued to witness momentum in comparable sales (comps) as well as store and digital sales in September. Moreover, the recent introduction of the same-day-delivery service is likely to aid the top line. However, the impacts of COVID-19 on store traffic and intense competition are likely to be headwinds.

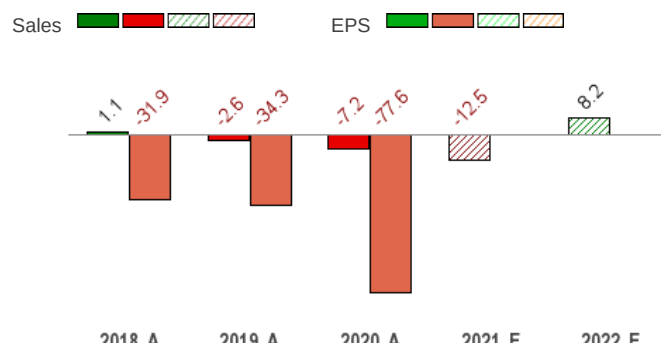
### Price, Consensus & Surprise



### Data Overview

|                                |                         |
|--------------------------------|-------------------------|
| 52-Week High-Low               | \$24.26 - \$3.43        |
| 20-Day Average Volume (Shares) | 15,979,880              |
| Market Cap                     | \$3.0 B                 |
| Year-To-Date Price Change      | 38.4%                   |
| Beta                           | 2.37                    |
| Dividend / Dividend Yield      | \$0.00 / 0.0%           |
| Industry                       | Retail - Miscellaneous  |
| Zacks Industry Rank            | Top 23% (57 out of 248) |

### Sales and EPS Growth Rates (Y/Y %)



|                               |            |
|-------------------------------|------------|
| Last EPS Surprise             | 394.1%     |
| Last Sales Surprise           | 2.9%       |
| EPS F1 Estimate 4-Week Change | 71.9%      |
| Expected Report Date          | 01/13/2021 |
| Earnings ESP                  | 0.0%       |

### Sales Estimates (millions of \$)

|      | Q1      | Q2      | Q3      | Q4      | Annual*  |
|------|---------|---------|---------|---------|----------|
| 2022 | 2,234 E | 2,648 E | 2,741 E | 2,990 E | 10,568 E |
| 2021 | 1,307 A | 2,688 A | 2,767 E | 3,050 E | 9,769 E  |
| 2020 | 2,573 A | 2,719 A | 2,759 A | 3,107 A | 11,159 A |

### EPS Estimates

|      | Q1        | Q2       | Q3        | Q4       | Annual*   |
|------|-----------|----------|-----------|----------|-----------|
| 2022 | -\$0.24 E | \$0.67 E | \$0.14 E  | \$0.64 E | \$1.19 E  |
| 2021 | -\$1.96 A | \$0.50 A | \$0.10 E  | \$0.63 E | -\$0.66 E |
| 2020 | \$0.12 A  | \$0.34 A | -\$0.38 A | \$0.38 A | \$0.46 A  |

\*Quarterly figures may not add up to annual.

|         |     |
|---------|-----|
| P/E TTM | NA  |
| P/E F1  | NA  |
| PEG F1  | NA  |
| P/S TTM | 0.3 |

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 10/14/2020. The reports text is as of 10/15/2020.

## Overview

Bed Bath & Beyond Inc. is a leading operator of specialty retail stores in the United States and Canada. It is an omni-channel retailer, offering top-quality and differentiated products, services and solutions.

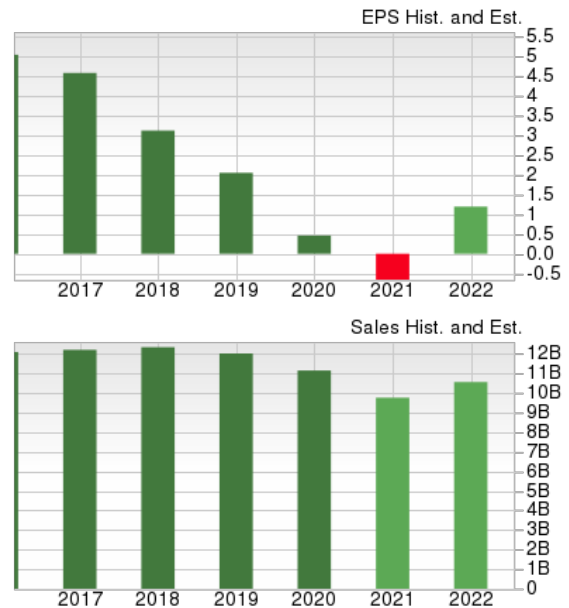
The company sells a variety of domestic merchandise and home furnishings under the names Bed Bath & Beyond ("BBB"), Christmas Tree Shops, Christmas Tree Shops and That! or and That! ("CTS"), Harmon, Harmon Face Values, or Face Values ("Harmon"), buybuy BABY ("Baby") and World Market, Cost Plus World Market or Cost Plus (collectively, "Cost Plus World Market").

The company provides a wide assortment of "everyday low price" products, primarily including domestic merchandise (such as bed linens, bath accessories, and kitchen textiles) and home furnishings (such as cookware, dinnerware, glassware and basic house ware). Bed Bath's product portfolio also includes food, giftware, health and beauty care items, along with infant and toddler merchandise. Notably, Bed Bath & Beyond's products can be bought either in-store, online, or via a customer contact center.

Additionally, the company operates an e-commerce website, featuring specially commissioned, limited edition items from emerging fashion and home designers such as Chef Central and Decorist. It also operates Linen Holdings, a provider of various textile products and other goods to institutional consumers in the hospitality, cruise line, healthcare and other industries.

As of Aug 29, the company had 1,476 stores in operation, comprising 955 namesake stores across 50 states, the District of Columbia, Puerto Rico and Canada; 259 stores under the labels World Market, Cost Plus World Market or Cost Plus; 128 buybuy BABY stores; 81 stores under the labels Christmas Tree Shops, Christmas Tree Shops and That! or and That!; 53 stores under Harmon, Harmon Face Values or Face Values names; and three stores under the label One Kings Lane. Additionally, the company's joint venture operates 10 flagship stores in Mexico.

On Oct 13, 2020, Bed Bath & Beyond agreed to sell its Christmas Tree Shops retail banner, the institutional Linen Holdings business, and the distribution center in Florence, NJ, for \$250 million.



Source: Zacks Investment Research

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## Reasons To Buy:

▲ **Robust Q2 Results Boost Stock:** Shares of Bed Bath & Beyond have gained 153% in the past three months compared with the industry's growth of 11.5%. The stock benefited from the top and bottom line beat in second-quarter fiscal 2020. Results reflect gains from robust digital growth, courtesy of its BOPIS and contactless curbside-pickup facilities. Stringent cost-cutting actions and strong financial position also aided results. Moreover, comps rose nearly 6%, marking the first sales growth since fourth-quarter fiscal 2016. Notably, adjusted earnings rose 47% year over year during the fiscal second quarter attributed to improved margins and lower expenses. Adjusted gross profit advanced 4.8%, while adjusted gross margin expanded 200 basis points (bps) on positive product mix, higher markdowns, better promotions, as well as lower distribution and fulfillment costs. Also, adjusted SG&A expenses fell 1.4% driven by cost-cutting actions and impacts of COVID-19. As a percentage of sales, adjusted SG&A expenses contracted 10 bps. Further, the company notes that comps as well as sales momentum in stores and digital platforms continued in September.

Bed Bath & Beyond's fiscal second quarter results gained from robust digital growth and cost-cutting actions. The momentum in comps, as well as store and digital sales continued in September.

▲ **Digital Growth:** Bed Bath & Beyond has been witnessing solid sales performance in the digital platform since fourth quarter fiscal 2019. Notably, digital sales rose roughly 88%, accounting for nearly 32% of total sales. Omni-channel services, such as Buy-Online-Pick-Up-In-Store (BOPIS) and Curbside Pickup contributed to digital sales growth. Evidently, BOPIS now accounts for more than 15% of total digital sales. The company fulfilled roughly 36% of total digital orders through its stores during the quarter under review. Driven by its strong omni-channel capabilities, it registered nearly 2 million new online customers in the quarter. Moreover, the mobile app has been doing well with 20 million downloads from Apple and Google Play stores. Recently, the company has joined hands with Shipt to launch same-day delivery service in its namesake and buybuy baby stores, which is likely to aid sales during the holiday season. Notably, customers with annual Shipt membership can avail free delivery for orders above \$35. For online orders at bedbathandbeyond.com and buybuybaby.com, this option is available for orders above \$39 at a flat fee of \$4.99.

▲ **Restructuring Program:** As part of its efforts to rebuild its business foundation and create a durable business model, Bed Bath & Beyond announced a strategic restructuring program. The program comprises efforts to reorganize and simplify field operations, reduce management positions and outsource several functions. The company intends to expedite this comprehensive restructuring program in a bid to achieve improved profits over the next two-three years. In this regard, adjusted EBITDA is anticipated to be \$250-\$350 million. Alongside this, it expects SG&A savings of \$85 million from the strategic restructuring program announced in February 2020. Out of these cost savings, management intends to reinvest roughly \$150-\$200 million in future initiatives. Additionally, it anticipates realizing savings of nearly \$150 million and \$200 million, respectively, through cost-cutting actions and reduced discretionary costs; as well as renegotiations with existing vendors.

▲ **Store-Rationalization Efforts:** Bed Bath & Beyond is in the process of strategically expanding its store count apart from increasing productivity of existing stores by adjusting the breadth and depth of its merchandise offerings to suit customer preferences. Earlier this year, the company announced its Store Network Optimization project, wherein it expects to shut down nearly 200 Bed Bath & Beyond stores over the next two years. This is likely to generate savings of nearly \$100 million on an annual basis. The company expects one-third of these 200 store closures to take place by 2020. As part of the program, it expects nearly 15-20% of the sales lost from these stores to be transitioned to digital platforms.

As part of its streamlining efforts, the company has divested many businesses in the past year, including the conclusion of the sale of PersonalizationMall.com in August. In its latest efforts, the company signed separate agreements for the sale of its Christmas Tree Shops retail banner, its institutional Linen Holdings business, and a distribution center in Florence, NJ. The sale of these brands and assets will collectively attract proceeds of nearly \$250 million and is likely to conclude by the end of 2020.

▲ **Financial Flexibility:** As of Aug 29, 2020, Bed Bath & Beyond's long-term debt of \$1,190.2 million decreased 31% sequentially. Moreover, the company's total debt-to-capitalization ratio stands at a respectable 0.41 as compared to 0.54 at the end of the prior quarter. Further, the company announced an \$850-million revolving credit facility to help it stay afloat amid the crisis. Moreover, its share-repurchase plan and dividend payouts remain suspended. Also, the company lowered gross debt by roughly \$500 million via bond offer and loan repayment. That said, management boasts liquidity of nearly \$2.2 billion, which is likely to help it overcome the current hurdle.

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## Reasons To Sell:

- ▼ **General Economic Factors and Impacts of COVID-19:** General economic factors like impacts in housing and consumer backdrop, recession, inflation, fuel and energy costs, interest rates, unemployment trends as well as natural disasters may influence the company's results. Notably, the COVID-19 pandemic has adversely affected the company's performance either directly or indirectly in the past few months. Moreover, the company expects the COVID-19 related disruption might impact traffic trends in stores for a longer period of time. Given the continued uncertainty of the pandemic, it refrained from providing any fiscal 2020 outlook.
- ▼ **Currency Woes:** Owing to its exposure to international markets, Bed Bath & Beyond faces various risks associated with international operations, including legal and regulatory hurdles, changing global fashion trends and unfavorable currency fluctuations. Hence, persistence of these headwinds is likely to weigh on the company's results.
- ▼ **Competitive Pressure:** Bed Bath & Beyond faces intense competition from other brick-and-mortar including merchandise stores and online retailers on grounds of providing compelling price and value, high-quality and differentiated products, services and solutions, convenience, technology, and personalization. The company's inability to stay afloat amid such competition may result in loss of market share and adversely impact its business.
- ▼ **Seasonal Risks:** Bed Bath & Beyond's business is seasonal in nature and typically generates stronger results in the second and fourth quarters. As a result, the company is exposed to significant risks if the seasons fail to deliver favorably.

Bed Bath & Beyond expects the COVID-19 disruption to impact traffic trends in stores for a longer period of time. Given the uncertainty of the pandemic, it did not provide outlook for fiscal 2020.

## Last Earnings Report

### Bed Bath & Beyond Beats Earnings & Sales Estimates in Q2

Bed Bath & Beyond reported second-quarter fiscal 2020 results wherein both the top and bottom lines surpassed the Zacks Consensus Estimate. Results reflect gains from robust digital growth, courtesy of its BOPIS and contactless curbside-pickup facilities. Keeping in these lines, the latest introduction of same-day-delivery service is likely to aid the top line further. Apart from these, stringent cost-cutting actions and strong financial position contributed to quarterly growth. Notably, all its stores resumed operations by early July. However, it refrained from providing any fiscal 2020 outlook, given the continued uncertainty of the pandemic.

| Quarter Ending   | 08/2020      |
|------------------|--------------|
| Report Date      | Oct 01, 2020 |
| Sales Surprise   | 2.85%        |
| EPS Surprise     | 394.12%      |
| Quarterly EPS    | 0.50         |
| Annual EPS (TTM) | -1.46        |

Bed Bath & Beyond reported adjusted earnings of 50 cents per share for fiscal second quarter, up 47% from 34 cents reported in the year-ago quarter. Moreover, the figure came ahead of the Zacks Consensus Estimate of a loss of 17 cents. This uptick was mainly attributed to improved margins and lower expenses.

Net sales came in at \$2,688 million, down 1.1% year over year, owing to the sale of One Kings Lane business. However, it surpassed the Zacks Consensus Estimate of \$2,613. Moreover, digital sales rose roughly 88%, accounting for approximately 32% of total sales. Several omni-channel services, such as Buy-Online-Pick-Up-In-Store and Curbside Pickup contributed to digital sales growth. Evidently, BOPIS now accounts for more than 15% of total digital sales. Speaking of its ship-from-store facility, the company's stores have fulfilled roughly 36% of total digital orders during the quarter under review. Driven by its strong omni-channel capabilities, Bed Bath & Beyond witnessed nearly 2 million new online customers in the quarter. On the flip side, in-store sales fell 18% in the reported quarter.

During the quarter, comps grew nearly 6% year over year, marking the first sales growth since fourth-quarter fiscal 2016. This can be attributed to strong digital comps of roughly 89%, somewhat offset by soft store comps to the tune of nearly 12%. Encouragingly, comparable sales, along with store and digital sales, retained momentum in September.

Adjusted gross profit advanced 4.8% to \$964.5 million in the reported quarter. Moreover, adjusted gross margin expanded 200 basis points (bps) to 35.9% on positive product mix, higher markdowns, better promotions, as well as lower distribution and fulfillment costs. On the flip side, adverse digital channel mix stemming from elevated shipping expenses acted as a deterrent.

Adjusted SG&A expenses fell 1.4% to \$846.5 million, driven by cost-cutting actions and impacts of COVID-19. Meanwhile, adjusted SG&A, as a percentage of sales, contracted 10 bps to 31.5% in the reported quarter. Further, the company reported an operating income of \$270.5 million against operating loss of \$182.3 in the year-ago quarter.

### Financial Position

Bed Bath & Beyond ended fiscal second quarter with cash and investments of roughly \$1.4 billion. Long-term debt totaled \$1,190.2 million and total shareholders' equity was \$1,697 million as of Aug 29, 2020. In fiscal second quarter, cash provided by operating activities came in at \$543.5 million along with nearly \$37 million in capital expenditures. Moreover, its share-repurchase plan and dividends remain suspended. The company lowered gross debt by roughly \$500 million via bond offer and loan repayment. That said, management boasts liquidity of nearly \$2.2 billion driven by solid cash flow to the tune of more than \$750 million and \$850 million secured asset-based lending facility.

### Business Developments

Bed Bath & Beyond noted that it successfully completed the sale of PersonalizationMall.com in early August for roughly \$245 million. Further, the company has joined hands with Shipt to launch same-day delivery facility. Notably, customers with annual Shipt membership can avail free delivery for orders above \$35. For online orders at bedbathandbeyond.com and buybuybaby.com, this option is available for orders above \$39 at a flat fee of \$4.99.

The company intends to expedite its comprehensive restructuring program in a bid to achieve improved profits over the next two-three years. In this regard, adjusted EBITDA is anticipated to be \$250-\$350 million. Alongside this, it expects SG&A savings of \$85 million from the strategic restructuring program announced in February 2020. Out of these cost savings, management intends to reinvest roughly \$150-\$200 million in future initiatives.

Apart from these, its earlier-announced Store Network Optimization project, wherein almost 200 Bed Bath & Beyond stores are estimated to be shut down in the next two years, is expected to generate savings of nearly \$100 million on an annual basis. Keeping in these lines, 15%-20% of the loss in sales from these stores is likely to be transitioned to its digital platforms. Additionally, cost-cutting actions and reduced discretionary costs, along with renegotiations with existing vendors, are predicted to realize savings of nearly \$150 million and \$200 million, respectively.

### Store Updates

In the said quarter, the company launched its 128th baby store and recently opened another in September. Going ahead, the company expects to open three more stores by the end of 2020, bringing the total number of baby stores to 132. Simultaneously, it shut down 4 stores such as three Cost Plus World Market stores and one namesake store.

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## Recent News

### **Bed Bath & Beyond Agrees to Sell Christmas Tree Shops & More – Oct 13, 2020**

Bed Bath & Beyond, as part of its streamlining efforts, signed separate agreements for the sale of its Christmas Tree Shops retail banner, its institutional Linen Holdings business, and a distribution center in Florence, NJ. The sale of these brands and assets will collectively attract proceeds of nearly \$250 million.

The sale agreement of Christmas Tree Shops with Handil Holdings, LLC includes its 80 brick-and-mortar Christmas Tree Shops and a distribution center in Middleborough, MA. Under the agreement, the companies have also signed a transition service agreement to ensure the continuity of business during the holiday season. Following the likely completion of the sale in November 2020, Handil Holdings plans to operate the Christmas Tree Shops as a separate store chain.

The Linen Holdings business will be sold to Lion Equity Partners through its affiliate The Linen Group, LLC, and will be merged with Riegel Linen, which is its existing portfolio company. The companies expect the sale to close in October 2020. The Linen Holdings primarily sells quality linen, terry, amenities, case goods and apparel to top-notch businesses in the hospitality and healthcare industries worldwide.

Further, Bed Bath & Beyond signed an agreement to sell the Florence, NJ-based distribution center to an institutional buyer, as part of its efforts to streamline and modernize distribution and fulfillment capabilities to enhance omni-channel services. The deal allows Bed Bath & Beyond to continue operations for business continuity during the transition period through a lease agreement. The sale is likely to be sealed in October 2020.

This sale of the aforementioned brands and asset is expected to accelerate the company's restructuring efforts and business transformation to unlock shareholder value. The company is continuously looking to optimize asset and brand portfolio through the sale of non-core assets, which will improve financial strength and shareholder value. Notably, the divestiture of non-core assets and businesses will help focus on its core categories, including Home, Baby, Beauty and Wellness.

### **Bed Bath & Beyond Launch Same-Day Delivery for Holiday Season – Sep 29, 2020**

Bed Bath & Beyond is looking to woo customers via the introduction of same-day delivery at Bed Bath & Beyond and buybuy BABY stores and online. After the success of BOPIS and curbside pickup services amid the pandemic, the company plans to upgrade same-day and next-day delivery options with some also delivering products within a few hours from the time of order placement. It has partnered with Instacart and delivery service provider Shipt, owned by Target, to improve its omni-channel capabilities ahead of the holiday season. Bed Bath & Beyond and buybuy BABY customers can avail of the same-day delivery service for a flat-rate fee of \$4.99 for orders above \$39.

Apart from the Bed Bath & Beyond and buybuy BABY websites and mobile apps, the same-day delivery services will be available to customers through the Shipt and Instacart websites and mobile apps. Existing Shipt clients will be eligible for free, same-day delivery on orders in excess of \$35 while shopping directly through the Shipt platform.

### **Bed Bath & Beyond Inc. Expands Google Cloud Partnership – Sep 17, 2020**

Bed Bath & Beyond has entered into a five-year agreement with Google Cloud to deploy a range of platform solutions to further personalize the shopping experience for customers, enhance fulfillment capacity, and optimize merchandise planning and demand forecasting. The company will utilize a number of Google Cloud technologies, such as BigQuery, Spanner, Google Compute Engine and Google Kubernetes Engine, to establish a singular view of customer data across its portfolio of brands.

### **Bed Bath & Beyond Makes Organizational Changes to Fight Woes – Aug 25, 2020**

Bed Bath & Beyond is one of the many companies, which are leaving no stone unturned to recover from the coronavirus crisis that has badly hit the global economy. In this context, it has come up with a new restructuring plan that is likely to generate pre-tax cost savings of nearly \$150 million on an annual basis. This includes part of the potential savings from its earlier realignment action (February 2020), which is anticipated to generate SG&A savings of \$85 million along with annual EBITDA of roughly \$250-\$350 million in the next two-three years. The latest cost-cutting move will enable the company to strengthen its financial position, simplify operations and aid growth initiatives such as in-store and online shopping experience, launch of new customer-inspired brands in 2021 and supply-chain transformation. Further, management has decided to significantly reduce headcount as part of the plan. Notably, the company is slashing roughly 2,800 jobs with immediate effect across its corporate headquarters and retail stores. In doing so, it is likely to incur charges of approximately \$25 million in fiscal 2020.

### **Bed Bath & Beyond Concludes Sale of PersonalizationMall.com - Aug 3, 2020**

Bed Bath & Beyond has successfully completed the divestment of PersonalizationMall.com to 1-800-FLOWERS.COM for \$245 million. However, certain customary closing conditions are yet to be fulfilled. Even after the sale, PersonalizationMall.com will continue to support Bed Bath & Beyond and buybuy BABY stores. This move is in sync with the company's restructuring efforts to focus on its core categories including Home, Baby, Beauty and Wellness. It has also launched Buy-Online-Pickup-In-Store and contactless Curbside Pickup services in a bid to enhance customers shopping experience. The net proceeds from this sale will be utilized to help the company strengthen its financial position in order to stay afloat during this ongoing COVID-19 crisis. The sale is also expected to fund its transformation program.

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## Valuation

Bed Bath & Beyond shares are up 38.4% in the year-to-date period and nearly 93.7% for the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Retail-Wholesale sector are up 5.1% and 40.4%, in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and the sector are up 11.2% and 46.6%, respectively.

The S&P 500 index is up 9.2% in the year-to-date period and 17.7% in the past year.

The stock is currently trading at 0.29X forward 12-month sales, which compares to 0.83X for the Zacks sub-industry, 1.37X for the Zacks sector and 4.21X for the S&P 500 index.

Over the past five years, the stock has traded as high as 0.82X and as low as 0.04X, with a 5-year median of 0.24X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$25 price target reflects 0.3X forward 12-month sales.

The table below shows summary valuation data for BBBY

| Valuation Multiples - BBBY |               |       |              |        |         |
|----------------------------|---------------|-------|--------------|--------|---------|
|                            |               | Stock | Sub-Industry | Sector | S&P 500 |
| P/S F12M                   | Current       | 0.29  | 0.83         | 1.37   | 4.21    |
|                            | 5-Year High   | 0.82  | 1.1          | 1.37   | 4.31    |
|                            | 5-Year Low    | 0.04  | 0.51         | 0.84   | 3.18    |
|                            | 5-Year Median | 0.24  | 0.88         | 1.01   | 3.67    |
| P/B TTM                    | Current       | 1.78  | 6.84         | 6.6    | 6.11    |
|                            | 5-Year High   | 3.99  | 10.42        | 6.6    | 6.2     |
|                            | 5-Year Low    | 0.26  | 3.17         | 3.7    | 3.75    |
|                            | 5-Year Median | 1.09  | 6.67         | 5.06   | 4.89    |
| EV/EBITDA TTM              | Current       | 11.34 | 12.77        | 21.13  | 15.42   |
|                            | 5-Year High   | 17.47 | 13.08        | 21.13  | 15.68   |
|                            | 5-Year Low    | 0.67  | 4.74         | 10.7   | 9.55    |
|                            | 5-Year Median | 3.55  | 9.47         | 12.99  | 13.1    |

As of 10/14/2020

Source: Zacks Investment Research



## Industry Analysis Zacks Industry Rank: Top 23% (57 out of 248)



## Top Peers

| Company (Ticker)                   | Rec        | Rank |
|------------------------------------|------------|------|
| DICKS Sporting Goods, Inc. (DKS)   | Outperform | 1    |
| KAR Auction Services, Inc (KAR)    | Neutral    | 3    |
| Kingfisher PLC (KGFHY)             | Neutral    | 3    |
| The Michaels Companies, Inc. (MIK) | Neutral    | 3    |
| Office Depot, Inc. (ODP)           | Neutral    | 3    |
| Sally Beauty Holdings, Inc. (SBH)  | Neutral    | 2    |
| Tractor Supply Company (TSCO)      | Neutral    | 3    |
| Ulta Beauty Inc. (ULTA)            | Neutral    | 3    |

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

| Industry Comparison Industry: Retail - Miscellaneous |            |            |           | Industry Peers |         |           |
|------------------------------------------------------|------------|------------|-----------|----------------|---------|-----------|
|                                                      | BBBY       | X Industry | S&P 500   | DKS            | ODP     | TSCO      |
| Zacks Recommendation (Long Term)                     | Neutral    | -          | -         | Outperform     | Neutral | Neutral   |
| Zacks Rank (Short Term)                              | 2          | -          | -         | 1              | 3       | 3         |
| VGM Score                                            | A          | -          | -         | A              | B       | A         |
| Market Cap                                           | 3.02 B     | 1.36 B     | 23.88 B   | 5.55 B         | 1.14 B  | 17.65 B   |
| # of Analysts                                        | 8          | 6.5        | 14        | 6              | 1       | 15        |
| Dividend Yield                                       | 0.00%      | 0.00%      | 1.61%     | 2.01%          | 0.00%   | 1.05%     |
| Value Score                                          | A          | -          | -         | B              | A       | C         |
| Cash/Price                                           | 0.53       | 0.24       | 0.07      | 0.20           | 0.64    | 0.07      |
| EV/EBITDA                                            | 18.23      | 7.05       | 13.59     | 7.05           | 2.28    | 18.12     |
| PEG F1                                               | NA         | 3.21       | 2.87      | 3.41           | 0.91    | 1.90      |
| P/B                                                  | 1.78       | 1.60       | 3.53      | 2.88           | 0.66    | 10.41     |
| P/CF                                                 | 3.34       | 6.27       | 13.42     | 8.69           | 2.69    | 23.42     |
| P/E F1                                               | NA         | 14.11      | 22.16     | 16.39          | 6.24    | 24.11     |
| P/S TTM                                              | 0.31       | 0.47       | 2.64      | 0.64           | 0.11    | 1.90      |
| Earnings Yield                                       | -2.76%     | 6.16%      | 4.34%     | 6.10%          | 16.04%  | 4.15%     |
| Debt/Equity                                          | 0.70       | 0.21       | 0.70      | 0.21           | 0.37    | 0.34      |
| Cash Flow (\$/share)                                 | 7.16       | 3.18       | 6.93      | 7.18           | 8.05    | 6.49      |
| Growth Score                                         | A          | -          | -         | A              | D       | A         |
| Historical EPS Growth (3-5 Years)                    | -33.91%    | 4.11%      | 10.41%    | 1.81%          | -1.50%  | 13.47%    |
| Projected EPS Growth (F1/F0)                         | -242.66%   | -12.80%    | -2.95%    | 3.07%          | -15.37% | 34.62%    |
| Current Cash Flow Growth                             | -19.13%    | 5.84%      | 5.49%     | 6.18%          | 9.73%   | 7.18%     |
| Historical Cash Flow Growth (3-5 Years)              | -5.23%     | 2.61%      | 8.51%     | 2.61%          | 2.23%   | 9.40%     |
| Current Ratio                                        | 1.50       | 1.40       | 1.35      | 1.35           | 1.18    | 1.40      |
| Debt/Capital                                         | 41.22%     | 22.52%     | 42.91%    | 17.33%         | 27.22%  | 25.10%    |
| Net Margin                                           | -1.91%     | 2.99%      | 10.28%    | 3.03%          | -2.74%  | 7.40%     |
| Return on Equity                                     | -10.67%    | 8.26%      | 14.80%    | 19.21%         | 10.50%  | 45.25%    |
| Sales/Assets                                         | 1.28       | 1.23       | 0.51      | 1.19           | 1.51    | 1.60      |
| Projected Sales Growth (F1/F0)                       | -12.45%    | 0.00%      | -0.53%    | 3.03%          | -9.76%  | 19.42%    |
| Momentum Score                                       | A          | -          | -         | D              | C       | A         |
| Daily Price Change                                   | 8.13%      | 0.00%      | -0.25%    | 0.47%          | -1.28%  | -0.67%    |
| 1-Week Price Change                                  | 4.17%      | 4.37%      | 4.06%     | 0.98%          | 9.96%   | 6.62%     |
| 4-Week Price Change                                  | 86.63%     | 4.94%      | 1.91%     | 6.99%          | 0.51%   | 9.87%     |
| 12-Week Price Change                                 | 139.45%    | 14.67%     | 5.03%     | 40.38%         | -7.24%  | 4.07%     |
| 52-Week Price Change                                 | 93.65%     | 15.99%     | 4.66%     | 60.73%         | 9.85%   | 62.54%    |
| 20-Day Average Volume (Shares)                       | 15,979,880 | 612,951    | 2,074,743 | 2,141,417      | 492,637 | 1,156,384 |
| EPS F1 Estimate 1-Week Change                        | 0.00%      | 0.00%      | 0.00%     | 0.00%          | 0.00%   | 0.15%     |
| EPS F1 Estimate 4-Week Change                        | 71.94%     | 0.00%      | 0.00%     | -0.59%         | 0.00%   | 0.15%     |
| EPS F1 Estimate 12-Week Change                       | 73.34%     | 19.56%     | 3.54%     | 480.51%        | -22.28% | 12.67%    |
| EPS Q1 Estimate Monthly Change                       | 121.87%    | 0.00%      | 0.00%     | -0.67%         | 0.00%   | 0.00%     |

Source: Zacks Investment Research



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## 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.

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### 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    | A |
| Growth Score   | A |
| Momentum Score | A |
| VGM Score      | A |

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.

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## 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.

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**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.

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**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 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.

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**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.