

Best Buy Co., Inc.(BBY)

\$114.71 (As of 01/12/21)

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

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 10/16/20)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:A

Value: A

Growth: A

Momentum: B

Summary

Shares of Best Buy have underperformed the industry in the past three months. The stock came under pressure in spite of the company reporting better-than-expected third-quarter fiscal 2021 results. Management stated that although the company is witnessing increased demand for the products and services at the start of the final quarter, it is still difficult to predict whether these trends will persist, owing to the uncertainty related to the pandemic. Moreover, Best Buy expects gross margin to remain under pressure and anticipates higher SG&A expenses for the fourth quarter. Despite these headwinds, we believe that the company's supply chain expertise, flexible store operating model and ability to shift quickly to digital bode well. Also, the company remains focused on executing Building the New Blue strategy and harness opportunities.

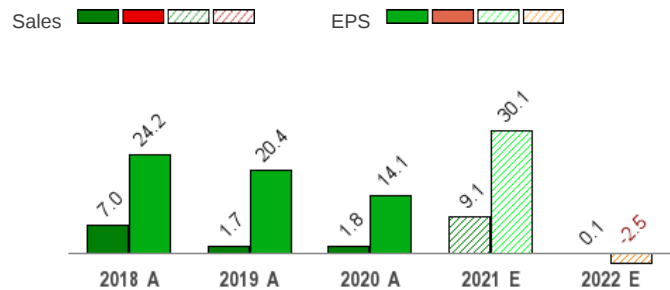
Price, Consensus & Surprise



Data Overview

52-Week High-Low	\$124.89 - \$48.11
20-Day Average Volume (Shares)	2,782,587
Market Cap	\$29.7 B
Year-To-Date Price Change	15.0%
Beta	1.52
Dividend / Dividend Yield	\$2.20 / 1.9%
Industry	Retail - Consumer Electronics
Zacks Industry Rank	Bottom 14% (217 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	17.1%
Last Sales Surprise	7.6%
EPS F1 Estimate 4-Week Change	0.1%
Expected Report Date	02/25/2021
Earnings ESP	6.1%
P/E TTM	15.6
P/E F1	14.5
PEG F1	1.7
P/S TTM	0.7

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	9,805 E	10,275 E	11,051 E	17,139 E	47,615 E
2021	8,562 A	9,910 A	11,853 A	17,197 E	47,589 E
2020	9,142 A	9,536 A	9,764 A	15,196 A	43,638 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	\$1.05 E	\$1.39 E	\$1.64 E	\$3.44 E	\$7.70 E
2021	\$0.67 A	\$1.71 A	\$2.06 A	\$3.46 E	\$7.90 E
2020	\$1.02 A	\$1.08 A	\$1.13 A	\$2.90 A	\$6.07 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 01/12/2021. The reports text is as of 01/13/2021.

Overview

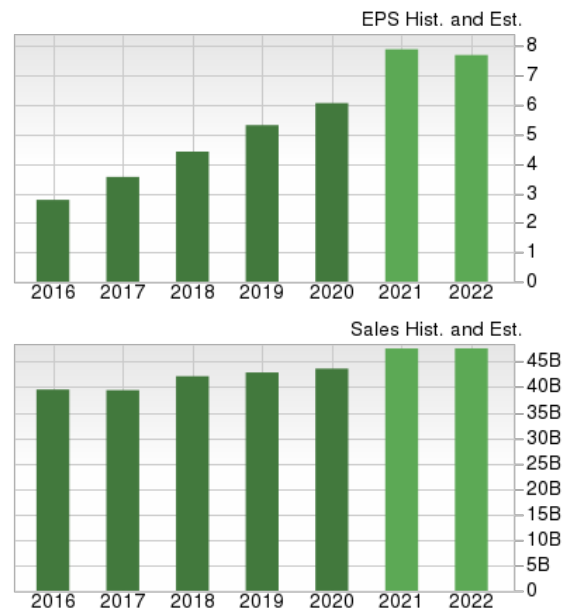
Incorporated in 1966 and headquartered in Richfield, MN, **Best Buy Company Inc. (BBY)** is a multinational specialty retailer of consumer electronics, home office products, entertainment software, communication, food preparation, wellness, health, security, appliances and related services. The company operates in the United States and Canada.

Both segments are engaged in the development of merchandise and service offerings, supply chain and procurement, pricing and promotions, online and mobile operations along with marketing and advertisements on omnichannel platforms. Moreover, Best Buy provides its customers with the option to pick a product at its store or to get the product directly delivered to their homes. The delivery of Best Buy's products is fulfilled through its distribution centers or retail stores. Further, the company's ship-from-store facility enables it to expedite the delivery process and improve product availability.

Best Buy operates through two business segments:

Domestic Operations (91.5% of Q321 total revenues): Best Buy's domestic operations comprises all store, call center and online operations, operating under the brand names Best Buy, bestbuy.com, Best Buy Direct, Best Buy Express, Best Buy Mobile, Geek Squad, Magnolia Audio Video and Pacific Sales.

International Operations (8.5% of Q321 total revenues): Best Buy's international operations consist of all store, call center and online operations in Canada under the brand names Best Buy, Best Buy Mobile, bestbuy.ca and Geek Squad. The company also carries out operations in Mexico under the brand names Best Buy, Best Buy Express, bestbuy.com.mx and Geek Squad.



Source: Zacks Investment Research

Reasons To Buy:

▲ **Stellar Q3 Performance:** In spite of a challenging backdrop, Best Buy registered stellar performance in third-quarter fiscal 2021. The top and the bottom lines surpassed the Zacks Consensus Estimate, resulting in the fifth straight quarter of sales and earnings beat. The metrics also improved year over year. This provider of technology products, services and solutions witnessed remarkable increase in Enterprise comparable sales. Notably, Domestic comparable online sales surged during the quarter. Supply chain expertise, flexible store operating model and ability to shift quickly to digital aided the performance. The company witnessed increased demand for products that assist customers work, learn, cook, entertain and connect in their homes. The company benefited from stay-at-home trend and the shift in consumer spending away from areas like travel and dining out. Better-than-expected sales resulted in operating margin expansion and earnings growth.

Best Buy's top most priority has been to pursue growth opportunities, better execution in key areas, cost containment, and investing in people and systems.

▲ **Surging Digital Sales:** Best Buy's online sales continued to grow in the third quarter of fiscal 2021, backed by the shift in consumers shopping patterns amid the pandemic. In fact, the company's Domestic comparable online sales soared 173.7% to \$3.82 billion. As a percentage of overall Domestic revenues, online revenues rose to roughly 35.2% from 15.6% in the last year. This followed an increase of 242.2% and 155.4% registered in the second and first quarter, respectively. Best Buy continues to focus on improving the buy online, pickup in store services. Markedly, contactless curbside pickup is available at all its stores. Also, it is adding new functionalities to its curbside pickup services for driving frequency, retention and personalization opportunities. Moreover, almost all its stores now provide same-day delivery on thousands of products. In fact, 340 locations are being strategically positioned to be able to ship out more volumes. Such well-chalked plans are likely to keep supporting the company's online revenues.

▲ **Building the New Blue:** Under the next phase of its "Building the New Blue" program called "Building the New Blue: Chapter Two", Best Buy's top most priority has been to pursue growth opportunities, better execution in key areas, cost containment, and investing in people and systems. The company is also testing new store formats reducing the shoppable square footage to about 15,000 square feet from an average of 27,000. Meanwhile, the company has been progressing well with programs like Total Tech Support, which provides support for fixing computers, laptops, appliances, smart home devices and connected devices. Further, Best Buy expanded its In-Home Advisor program that includes advisors, who guide customers to find out the right technology solutions and provide free in-home consultations. Moreover, it is making a significant headway into healthcare technology business by undertaking strategic buyouts in the space. The company entered into a partnership with Validic, an industry-leading technology platform. Validic collects data from connected devices, processes it and then offers meaningful insights. Other series of purchases include GreatCall, and Critical Signal Technologies that provides personal emergency response systems and telehealth monitoring services for seniors at home. It has also acquired BioSensics, a provider of wearable sensor technologies for clinical research and medical applications.

▲ **Financial Flexibility:** Even with a total debt (both short and long-term debt) of \$1,926 million, as of Oct 31, 2020, Best Buy looks quite comfortable from liquidity point of view. The company's cash & equivalents were \$5,136 million at the end of the third quarter of fiscal 2021. In the third quarter, the company completed a public bond offering for \$650 million in 1.95% notes due in October 2030. The net proceeds from the sale will be used to replace the \$650 million in 5.5% notes that mature in March 2021, which the company expects to retire during the fourth quarter by exercising its option to redeem the 5.5% notes at par. Also, the company's "times interest earned" ratio of 41.4 has improved from 35.4 at the end of the second quarter. The times-interest-earned ratio is very important for some companies, as it measures a company's ability to meet its debt obligations based on its current income. The company also looks well placed on the dividend-payout front. Notably, the company has a dividend payout of 30% and dividend yield of 1.9%. With an annual free cash flow return on investment of 104.6%, ahead of the industry's nearly 87.8%, we believe that the dividend payment is likely to be sustainable.

▲ **Long-Term Goal:** Best Buy is aiming high, banking on plans to exploit areas of potential to the fullest. The key growth initiatives underlined by the company are Best Buy Health and supply-chain transformation. Naturally, it is committed toward strengthening partnerships with vendors, focusing on offering services and solutions to meet varied customer needs, and optimizing costs. These endeavors are expected to lift the company's top line and overall profitability. Management had earlier guided Enterprise revenues of approximately \$50 billion with adjusted operating income rate of 5% by fiscal 2025. The consumer electronics retailer also projected to lower costs by about \$1 billion by the said period.

Reasons To Sell:

- ▼ **Dismal Stock Performance:** Shares of Best Buy have underperformed the industry in the past three months. In the said period, the stock has declined 2.6%, when compared with the industry's fall of 1.2%. The stock came under pressure in spite of the company reporting better-than-expected third-quarter fiscal 2021 results. This was due to management's cautionary statement over sales trend during the fourth quarter owing to the coronavirus pandemic and the company's decision to wrap up its operations in Mexico. Best Buy stated that in spite of witnessing increased demand for the products and services at the start of the fourth quarter, it is still difficult to project whether these trends will persist. Further, it expects gross margin to remain under pressure and SG&A expenses to remain elevated in the final quarter. Apart from these, the company is experiencing inventory constraints in a number of categories.
- ▼ **Sales Trend to Slowdown in Q4:** Management stated that in spite of witnessing increased demand for the products and services at the start of the final quarter of fiscal 2021, it is still difficult to project whether these trends will persist, owing to the uncertainty related to the ongoing pandemic. Rising coronavirus cases throughout the United States and Canada are making things worse. Although Best Buy envisions sales to increase in the fourth quarter, it does not expect sales trends to remain at the levels registered in the third quarter that gained from earlier start to holiday season. While sales in the first few weeks of November have remained solid, they include the launch of the new gaming consoles from Sony and Microsoft, and also likely a pull forward of sales from later in the holiday season. Additionally, inventory constraints are expected to continue in certain key categories.
- ▼ **Soft Gross Margin Trend:** Best Buy's adjusted gross margin rate was pressured in the third quarter of fiscal 2021. Adjusted gross margin decreased 30 basis points to 23.9% during the quarter under review, following a contraction of 100 basis points in the second quarter. We note that the Domestic segment's gross margin contracted 30 basis points year over year to 24% during the third quarter owing to higher supply chain costs because of the increased mix of online revenues and lower profit-sharing revenues from the company's private-label and co-branded credit card arrangement. This followed a decline of 120 basis points in gross margin in the second quarter. Looking ahead, management expects fourth-quarter gross margin rate to remain under pressure. It further anticipates year-over-year rate decline in the final quarter to be higher than it was in the third quarter. This is based on an assumption that a higher mix of online sales will continue to drive higher supply chain costs, including the increased parcel surcharges from carrier partners. Further, management anticipates a higher sales mix from lower margin gaming consoles to adversely impact the rate.
- ▼ **Higher SG&A Expenses:** Adjusted SG&A expenses increased 7.6% during the third quarter of fiscal 2021. We note that the metric rose 8.2% and 1.2% across Domestic and International segments, respectively, during the quarter under review. Domestic SG&A expenses jumped on account of higher incentive compensation expense; increased variable expense related to the higher sales growth, including items such as credit card processing fees; and a \$40 million donation to the Best Buy Foundation. International SG&A expenses increased primarily due to higher incentive compensation in Canada. Management projected mid to high single-digit range increase in SG&A expenses for the fourth quarter. This increase is expected to be driven by incentive compensation, increased variable costs from the higher expected sales and investments in both health business and technology. These are anticipated to be partly offset by slightly lower store payroll expense.
- ▼ **COVID-19 Impact:** Due to the outbreak of novel coronavirus, there has been a shift in consumer shopping pattern and behavior. There is shift in category sales mix to lower-margin non-discretionary merchandise. Industry experts are apprehensive about costs associated with digital fulfillment and supply chain as well as COVID-19 related expenses. We note that costs related to additional employee payments and benefits, along with investments undertaken to preserve safety and health of customers and team members amid the coronavirus crisis may weigh on profits to some extent.

Best Buy stated that in spite of witnessing increased demand for the products and services at the start of the fourth quarter, it is still difficult to project whether these trends will persist.

Last Earnings Report

Best Buy Q3 Earnings Beat Estimates, Online Sales Surge

In spite of a challenging backdrop, Best Buy Co., Inc. registered stellar performance in third-quarter fiscal 2021. The top and the bottom lines surpassed the Zacks Consensus Estimate, resulting in the fifth straight quarter of sales and earnings beat. The metrics also improved year over year. This provider of technology products, services and solutions witnessed remarkable increase in Enterprise comparable sales. Notably, Domestic comparable online sales surged during the quarter.

Supply chain expertise, flexible store operating model and ability to shift quickly to digital aided the performance. The company witnessed increased demand for products that assist customers work, learn, cook, entertain and connect in their homes. The company benefited from stay-at-home trend and the shift in consumer spending away from areas like travel and dining out. Better-than-expected sales resulted in operating margin expansion and earnings growth.

Management stated that in spite of witnessing increased demand for the products and services at the start of the final quarter, it is still difficult to project whether these trends will persist, owing to the uncertainty related to the ongoing pandemic. The company also refrained from providing financial guidance.

Let's Delve Deeper

Best Buy delivered adjusted earnings of \$2.06 per share that surpassed the Zacks Consensus Estimate of \$1.76, and increased substantially from \$1.13 reported in the year-ago quarter. The bottom line gained from higher revenues.

Enterprise revenues rose 21% year over year to \$11,853 million, and came ahead of the Zacks Consensus Estimate of \$11,016.7 million. Enterprise comparable sales increased 23% compared with 1.7% growth recorded in the prior-year quarter. By category, comparable sales increased across Computing and Mobile Phones, Consumer Electronics, Appliances, Entertainment and Services.

We note that adjusted gross profit grew 20% to \$2,831 million, however, adjusted gross margin contracted 30 basis points to 23.9%. Markedly, adjusted operating income came in at \$728 million, up from \$406 million reported in the year-ago quarter. Again, adjusted operating margin increased 190 basis points to 6.1%.

Segment Details

Domestic segment revenues increased 21% to \$10,850 million. This year-over-year growth was mainly driven by comparable sales increase of 22.6%, partly offset by the loss of revenues from permanent store closures in the past year. The company registered comparable sales growth across most of its categories, with the largest drivers being computing, home theater and appliances. These were partly offset by a decline in mobile phone sales. In addition, comparable sales in services category grew 13%.

Meanwhile, comparable online sales soared 173.7% to \$3.82 billion. As a percentage of overall Domestic revenues, online revenues rose to roughly 35.2% from 15.6% in the last year.

We note that the segment's gross margin contracted 30 basis points year over year to 24% owing to higher supply chain costs because of the increased mix of online revenues and lower profit-sharing revenues from the company's private-label and co-branded credit card arrangement. However, a favorable promotional environment partially offset these pressures.

International segment revenues jumped 25.4% to \$1,003 million. This upside was backed by comparable sales growth of 27.3%, partly offset by the adverse impact of foreign currency exchange rates to the tune of 140 basis points. The segment's adjusted gross margin expanded 10 basis points to 22.6%.

Other Financial Details

Best Buy ended the quarter with cash and cash equivalents of \$5,136 million, long-term debt of \$1,256 million and total equity of \$4,086 million. During the quarter, the company returned a total of \$142 million to shareholders via dividends. Management envisions capital expenditures of \$725 million during fiscal 2021.

The company intends to reinstate share repurchase in the fourth quarter. On a year-to-date basis, the company has returned a total of \$488 million to shareholders through dividends of \$426 million and share repurchases of \$62 million. The company suspended share repurchases last March in order to conserve liquidity in light of the COVID-related uncertainties.

Quarter Ending	10/2020
Report Date	Nov 24, 2020
Sales Surprise	7.59%
EPS Surprise	17.05%
Quarterly EPS	2.06
Annual EPS (TTM)	7.34

Valuation

Best Buy shares are up 33.4% in the past six months and 30.3% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Retail-Wholesale sector are up 32.5% and 11.5% in the past six months, respectively. Over the past year, the Zacks sub-industry and the sector are up 9.3% and 34.5%, respectively.

The S&P 500 index is up 20.6% in the past six months and 19.7% in the past year.

The stock is currently trading at 14.87X forward 12-month earnings, which compares to 20.42X for the Zacks sub-industry, 30.21X for the Zacks sector and 23.16X for the S&P 500 index.

Over the past five years, the stock has traded as high as 18.83X and as low as 7.95X, with a 5-year median of 13.15X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$122 price target reflects 15.76X forward 12-month earnings.

The table below shows summary valuation data for BBY

Valuation Multiples - BBY					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	14.87	20.42	30.21	23.16
	5-Year High	18.83	26.72	34.1	23.79
	5-Year Low	7.95	8.59	19.1	15.3
	5-Year Median	13.15	11.72	23.7	17.83
P/S F12M	Current	0.62	0.53	1.32	4.52
	5-Year High	0.69	0.53	1.33	4.52
	5-Year Low	0.22	0.22	0.84	3.2
	5-Year Median	0.43	0.32	1.02	3.68
EV/EBITDA TTM	Current	7.73	6.05	18.73	17.23
	5-Year High	8.99	6.4	20.79	17.37
	5-Year Low	3.26	2.69	11.17	9.55
	5-Year Median	6.33	4.54	13.11	13.22

As of 01/12/2021

Source: Zacks Investment Research

Industry Analysis Zacks Industry Rank: Bottom 14% (217 out of 253)



Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
Target Corporation (TGT)	Outperform	1
The Aarons Company, Inc. (AAN)	Neutral	3
Amazon.com, Inc. (AMZN)	Neutral	3
Conn's, Inc. (CONN)	Neutral	3
Costco Wholesale Corporation (COST)	Neutral	3
GameStop Corp. (GME)	Neutral	3
Systemax Inc. (SYX)	Neutral	3
Walmart Inc. (WMT)	Neutral	2

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

Industry Comparison Industry: Retail - Consumer Electronics				Industry Peers		
	BBY	X Industry	S&P 500	AAN	GME	SYX
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	A	-	-	A	F	A
Market Cap	29.70 B	898.40 M	26.90 B	704.73 M	1.39 B	1.45 B
# of Analysts	11	4	13	5	5	1
Dividend Yield	1.92%	0.00%	1.41%	0.00%	0.00%	1.44%
Value Score	A	-	-	A	D	C
Cash/Price	0.20	0.41	0.06	NA	0.48	0.05
EV/EBITDA	8.81	8.81	15.05	NA	-3.49	19.55
PEG F1	1.64	1.42	2.62	2.47	NA	NA
P/B	7.27	2.22	3.76	NA	3.91	8.63
P/CF	12.17	11.79	14.67	NA	11.41	26.90
P/E F1	14.39	14.53	20.85	10.44	NA	21.54
P/S TTM	0.65	0.47	3.00	NA	0.27	1.48
Earnings Yield	6.89%	-6.44%	4.69%	9.59%	-9.57%	4.64%
Debt/Equity	0.31	0.48	0.70	NA	0.65	0.00
Cash Flow (\$/share)	9.43	0.92	6.93	NA	1.75	1.44
Growth Score	A	-	-	B	D	A
Historical EPS Growth (3-5 Years)	21.44%	21.44%	9.72%	NA	-30.93%	36.63%
Projected EPS Growth (F1/F0)	30.09%	7.97%	12.36%	-33.85%	-966.36%	5.88%
Current Cash Flow Growth	7.58%	-28.14%	5.22%	0.87%	-66.61%	5.05%
Historical Cash Flow Growth (3-5 Years)	9.16%	9.46%	8.37%	NA	-26.81%	49.91%
Current Ratio	1.12	1.09	1.38	NA	1.05	1.75
Debt/Capital	23.51%	39.40%	41.97%	NA	39.40%	0.00%
Net Margin	3.79%	1.09%	10.44%	NA	-5.32%	6.21%
Return on Equity	52.17%	-0.71%	15.37%	NA	-33.58%	37.46%
Sales/Assets	2.61	1.36	0.50	NA	2.01	2.45
Projected Sales Growth (F1/F0)	9.05%	-0.34%	6.00%	-3.56%	-16.33%	3.67%
Momentum Score	B	-	-	D	F	D
Daily Price Change	3.55%	0.03%	0.57%	1.66%	0.05%	0.05%
1-Week Price Change	7.80%	0.00%	2.23%	6.49%	-6.10%	7.89%
4-Week Price Change	11.38%	15.32%	3.70%	15.90%	44.04%	4.28%
12-Week Price Change	-5.11%	14.71%	14.39%	NA	43.94%	62.01%
52-Week Price Change	26.79%	29.05%	7.96%	NA	323.57%	56.33%
20-Day Average Volume (Shares)	2,782,587	35,654	1,754,762	659,787	9,501,955	92,279
EPS F1 Estimate 1-Week Change	0.06%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	0.06%	3.48%	0.06%	0.60%	0.00%	0.00%
EPS F1 Estimate 12-Week Change	10.86%	10.52%	2.55%	NA	10.18%	20.00%
EPS Q1 Estimate Monthly Change	0.11%	0.05%	0.00%	0.00%	-2.35%	0.00%

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	A
Growth Score	A
Momentum Score	B
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.

Disclosures

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

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Additional Disclosure

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

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

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

Glossary of Terms and Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Periods:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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