Sep 21, 2020

B&G Foods, Inc. (BGS)

$27.01 (As of 09/18/20)

Price Target (6-12 Months): **$29.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 07/30/20) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**2-Buy**
	Zacks Style Scores:	VGM:A
	Value: B | Growth: A | Momentum: F	

Summary

Shares of B&G Foods have outperformed the industry year to date. The company has been benefiting from consumers' rising demand due to the coronavirus-led increased at-home consumption. Apart from this, it is gaining on pricing efforts and buyouts like Clabber Girl and Farmwise. These upsides aided the company's second-quarter 2020 performance, wherein both top and bottom lines soared year over year and beat the consensus mark. Robust pandemic-led demand drove sales of most brands, including Green Giant, which holds strong prospects. Management informed that solid retail consumption was a major driver in the quarter. However, weakness in the away-from-home channel weighed on the foodservice business, which is likely to remain challenged. Moreover, costs related to operations amid the pandemic are likely to remain elevated.

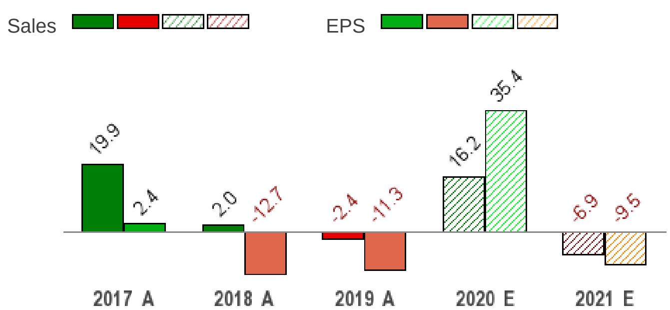
Price, Consensus & Surprise

Source: Zacks Investment Research

Data Overview

52-Week High-Low	**$31.93 - $10.39**
20-Day Average Volume (Shares)	**998,995**
Market Cap	**$1.7 B**
Year-To-Date Price Change	**51.9%**
Beta	**0.36**
Dividend / Dividend Yield	**$1.90 / 7.0%**
Industry	**Food - Miscellaneous**
Zacks Industry Rank	**Bottom 33% (167 out of 251)**
Last EPS Surprise	**14.5%**
Last Sales Surprise	**0.6%**
EPS F1 Estimate 4-Week Change	**0.0%**
Expected Report Date	**10/29/2020**
Earnings ESP	**0.0%**
P/E TTM	**13.7**
P/E F1	**12.2**
PEG F1	**NA**
P/S TTM	**1.0**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2021	462 E	409 E	441 E	509 E	1,795 E
2020	449 A	513 A	454 E	514 E	1,929 E
2019	413 A	371 A	406 A	470 A	1,660 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	$0.54 E	$0.45 E	$0.61 E	$0.41 E	$2.01 E
2020	$0.46 A	$0.71 A	$0.64 E	$0.41 E	$2.22 E
2019	$0.44 A	$0.38 A	$0.54 A	$0.28 A	$1.64 A

*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 09/18/2020. The reports text is as of 09/21/2020.

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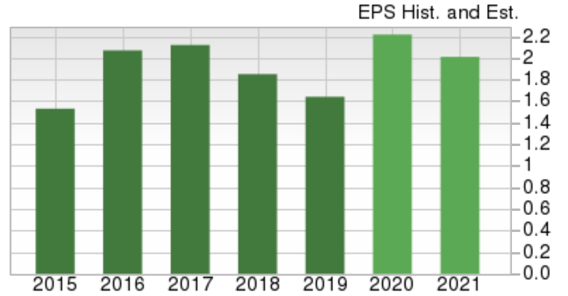
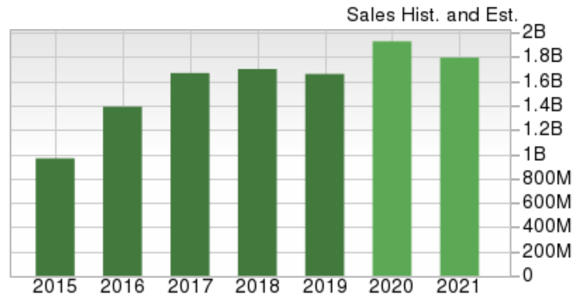
Overview

Based in Parsippany, NJ, **B&G Foods, Inc.** along with its subsidiaries manufactures, sells and distributes high quality, shelf stable, frozen food and household products across the United States, Canada and Puerto Rico.

The company boasts of a diversified portfolio of 50 brands, including Back to Nature, B&G, B&M, Cream of Wheat, Green Giant, Las Palmas, Le Sueur, Mama Mary's, Maple Grove Farms, Mrs. Dash, New York Style, Ortega, Pirate's Booty, Polaner, SnackWell's, Spice Islands and Victoria. Many of these brands hold leading market shares in different regions.





In order to further strengthen portfolio, the company frequently engages in acquisitions and innovations. Since 1996, B&G Foods has acquired and integrated more than 45 brands.

The company sources raw materials from suppliers located in the United States as well as overseas. In order to meet production need, it procures a range of raw materials such as agricultural items as well as meat, poultry and flour amongst others. Ingredients and packaging materials are sourced from growers, commodity processors other food companies and packaging suppliers

Alongside retail sales, the company also engages in institutional, foodservice and private label sales. It sells, distributes and markets products to supermarkets, mass merchants, warehouse clubs, specialty food distributors, wholesalers, foodservice distributors and direct accounts, military commissaries and non-food outlets such as drug and dollar store chains.

Many of these channels procure the company's products through broker sales network. Owing to differential product characteristics, the company maintain a different distribution system for frozen and shelf-stable products. Such items are handled by third-party logistics providers.

Further, marketing and trade spending support the company's brands. Such endeavors typically consist of advertising trade promotions, coupons and cross promotions with other products. It makes use of a range of media platforms to supplement its marketing and promotional ventures.

Source: Zacks Investment Research

Reasons To Buy:

▲ **Coronavirus-Led Demand Fuels Q2 Results, Stock Up:** Shares of B&G Foods have surged 59.3% year to date against the industry's decline of 3.6%. The company has been benefiting from consumers' rising demand amid coronavirus-led increased at-home consumption and pantry loading trends. These continued to aid the company's performance in second-quarter 2020, wherein both top and bottom lines surged year over year and beat the Zacks Consensus Estimate. Results were backed by solid pricing and gains from buyouts along with increased demand led by the COVID-19 outbreak. Notably, the company's 85% of brands witnessed sales growth, including Green Giant, Cream of Wheat, Ortega, McCann's, Victoria and Clabber Girl, among others.

B&G Foods is gaining from strategic acquisitions and pricing initiatives. Further, the company is largely gaining on robust demand amid coronavirus-led higher at home consumption.

The company has been witnessing a rapid increase in demand for its products since the second half of March 2020, thanks to the coronavirus-led stockpiling and higher at-home consumption. Markedly, net sales surged more than 60% in April, about 50% in May and 10% in June. In this regard, B&G Foods' higher net sales to mass merchants, warehouse clubs, supermarkets, wholesalers and e-commerce consumers have more than offset lower demand from Foodservice clients. Solid retail consumption continued to be a major driver in the second quarter. As reported by Nielsen, consumption for B&G Foods' total portfolio jumped 34.5% for the 13-week period ended Jun 27. Management expects sales to remain elevated, as it expects the pandemic-led increased stay-at home, work-from-home and cook-at-home trends to stay. B&G Foods anticipates net sales and adjusted EBITDA for fiscal 2020 to significantly exceed the guidance provided in February.

▲ **Strategic Acquisitions, Green Giant Strong:** The company is actively pursuing strategic acquisitions to boost growth. To this end, the company recently acquired Farmwise (in February 2020), while it also acquired and integrated retail baking powder maker, Clabber Girl (acquired in May 2019). Incidentally, Farmwise and Clabber Girl made contributions of $0.6 million and $15 million, respectively, to B&G Foods' second-quarter top line. Apart from this, the company has acquired notable brands such as Back to Nature, Green Giants, Victoria, Mama Mary, Specialty Brands, Rickland Orchardsn, TrueNorth, McCann's and Ortega. Markedly, Green Giants has emerged as the company's largest brand. During the second quarter, net sales from Green Giant products (including Le Sueur) increased a solid 45.4%.

The company will remain committed to product innovation and other brand enhancement investments in the second half of 2020. Toward this end, the company particularly has solid plans for the Green Giant brand. It expects to launch a number of new products like Green Giant frozen vegetable carb replacement products, including Green Giant Pizza with Cauliflower Crust, Green Giant Veggie Hash Browns, Green Giant Cauliflower Gnocchi and Cauliflower Breadsticks. Additionally, management plans to utilize Farmwise to introduce Green Giant Veggie Fries and Green Gaint Veggie Rings. Moreover, management remains focused on launching a shelf stable version of Green Giant Riced Veggies in the dry grocery space. Certainly, the Green Giant brand holds solid potential and is likely to continue being a driver in future.

▲ **Net Pricing Strategies & Solid E-Commerce Sales:** The company's strategic pricing initiatives have played an important role in strengthening revenues and profitability for a while now. During the second quarter, the company's base business sales benefited from a rise in net pricing to the tune of $15.3 million. Management expects efficient pricing and the ongoing cost-saving efforts to help B&G Foods counter input cost inflation in 2020.

B&G Foods is also benefiting from higher online sales. During the second quarter, the company saw a number of online customers, thanks to social-distancing trends. E-commerce sales form about 3-5% of the company's sales and are accelerating with pace, mainly attributable to efficient delivery services of the company's retail customers like Amazon. The company expects solid e-commerce trends to continue and is also making investments to enhance its e-commerce capacity. The company expects to be fully e-commerce capable by fourth-quarter beginning.

▲ **Financial Flexibility:** B&G Foods' long-term debt (including operating lease liabilities) of $1,902.4 million declined 5.1% sequentially at the end of the second quarter of fiscal 2020 (ended Jun 27, 2020). Also, the company repaid in May and June the $100 million it had drawn under its revolver facility in March. As of the end of the second quarter, B&G Foods' short-term debt (including operating lease liabilities) stood at $15.4 million, whereas its cash and cash equivalents were $181.2 million. The company said that it has lowered its debt by about $170 million in the first six months of 2020, bringing its net debt to pro forma EBITDA from 6.1 to less than 5 times. Management remains committed to lowering debt further in 2020.

Further, the company generated robust net cash flow from operating activities of $188.8 million in the second quarter, which took its cumulative year-to-date net cash from operations to $246.4 million. Apart from this, B&G Foods looks quite strong on the dividend-payout front. At a juncture where several companies have suspended dividend payments to preserve financial flexibility, B&G Foods declared a dividend of 47.5 cents per share on Jul 29, which is payable on Oct 30. This will mark the company's 64th successive quarterly dividend since October 2004. Notably, the company has a dividend yield of 7% and free cash flow yield of 13.86%.

Reasons To Sell:

- **Escalated SG&A Costs:** B&G Foods' SG&A expenses increased 11.3% to $44.3 million in the second quarter of 2020, thanks to rise in general and administrative expenses as well as escalated selling costs. The metric has been rising for quite some time now. Additionally, the company continued to incur high costs associated with COVID-19, which had a 90 bps or roughly $4.7 million adverse impact on adjusted EBITDA. These costs are related to better sanitization, employee screenings and elevated employee compensations such as temporary wage hikes, special bonuses and continued payments during quarantine. Management expects costs associated with operating amid the pandemic to remain high, which is likely to exert some pressure on margins.

Management expects costs associated with operating amid the pandemic to remain high. Also, foodservice sales are likely to remain under pressure.

- **Foodservice Category Soft:** B&G Foods' foodservice business remained soft in the second quarter as increased at-home consumption amid the pandemic dealt a blow to away from home or restaurant-related consumption. Notably, sales from food service customers formed nearly 13% of the company's net sales in 2019. Management expects foodservice sales to remain challenged amid the coronavirus-led stay-at-home trends. It also expects to see a soft economy with greater-than-normal levels of unemployment amid the crisis.

- **Intense Competition:** The company is facing stiff competition from its peers on the grounds of lower fixed cost, pricing, product quality, promotional activities and responsiveness to consumers changing needs. Further, the packaged food industry is exposed to intense competition of late.

- **Risks Related to International Exposure:** B&G Foods remains exposed to the risks associated with operating internationally, including volatile currency movements. Notably, 7.7% of the company's sales in 2019 were made to foreign customers. Also, the company gets some of its raw materials and co-packaging arrangements from foreign locations. In the second quarter of 2020, the company's adjusted EBITDA was hurt by adverse currency translations to the tune of $3 million or 60 basis points. Also, base business saes were partly countered by currency headwinds of $1.3 million.

Last Earnings Report

B&G Foods Q2 Earnings Top Estimates on Robust Demand

Quarter Ending	06/2020
Report Date	Jul 30, 2020
Sales Surprise	0.58%
EPS Surprise	14.52%
Quarterly EPS	0.71
Annual EPS (TTM)	1.99

B&G Foods posted strong second-quarter 2020 results, which benefited from the rising demand amid the pandemic and contributions from buyouts, especially Clabber Girl. Adjusted earnings of 71 cents per share beat the Zacks Consensus Estimate of 62 cents. Moreover, the bottom line increased a solid 86.8% year over year. The upside can be attributed to increased sales.

B&G Foods' net sales of $512.5 million surged 38.1% year over year and surpassed the Zacks Consensus Estimate of $510 million. The top line was buoyed by contributions from the buyouts of Farmwise (February 2020) and Clabber Girl (May 2019) to the tune of $0.6 million and $15 million, respectively.

Net sales from the company's base business rallied 33.9% to $496.9 million on a $111.7-million increase in unit volumes along with improved net pricing to the tune of $15.3 million. This was partly countered by currency headwinds of $1.3 million. Net sales from one of the company's leading brands, Green Giant products (including Le Sueur), soared 45.4% in the quarter.

Apart from this, B&G Foods' spices & seasonings, Ortega, Cream of Wheat and Maple Grove Farms businesses registered sales increases of 21.4%, 37.4%, 54% and 1.5%, respectively. Net sales from all other brands grew 33.3%.

Adjusted gross profit jumped 39% to $134.6 million and the adjusted gross margin was 26.3%, up 30 basis points (bps) year over year. SG&A expenses increased 11.3% to $44.3 million, thanks to a rise in general and administrative expenses as well as escalated selling costs. This was partially offset by lower warehousing and consumer marketing costs along with a decline in certain non-recurring costs and costs related to acquisitions/divestitures. As a percentage of sales, SG&A expenses dropped 2 percentage points to 8.7%.

Adjusted EBITDA increased 44.6% to $102.6 million, driven by the impact of higher volumes on sales owing to COVID-19-related demand and contributions from Clabber Girl. Adjusted EBITDA margin expanded 90 bps to 20%.

Other Financial Updates & Outlook

The company concluded the quarter with cash and cash equivalents of $181.2 million, long-term debt of $1,874.4 million and shareholders' equity of $817.1 million.

In the second half of 2020, B&G Foods will remain focused on working with its supply-chain allies and customers to ensure prompt services and continue catering to the burgeoning coronavirus-led demand, stemming from higher at-home consumption. Also, the company will remain committed to product innovation and other brand-enhancement efforts.

While management did not offer any guidance for 2020 due to uncertainties surrounding the pandemic, it still anticipates net sales and adjusted EBITDA for the year to significantly exceed the guidance offered in February 2020.

Recent News

B&G Foods Announces Quarterly Dividend – Jul 29, 2020

B&G Foods' board approved quarterly dividend of 47.5 cents per share to be payable on Oct 30, 2020 to shareholders as of Sep 30.

Valuation

B&G Foods shares are up 59.3% in the year-to-date period and 52.9% over the trailing 12-month period. Stocks in the Zacks sub-industry are down 3.6% in the year-to-date period, while the Zacks Consumer Staples sector is down 5.4%. Over the past year, the Zacks sub-industry is up 1.9%, while the sector declined 2.9%.

The S&P 500 index is up 4.4% in the year-to-date period and 13.3% in the past year.

The stock is currently trading at 13.18X forward 12-month earnings, which compares to 18.56X for the Zacks sub-industry, 19.58X for the Zacks sector and 21.85X for the S&P 500 index.

Over the past five years, the stock has traded as high as 24.23X and as low as 7.03X, with a 5-year median of 14.3X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $29 price target reflects 14.03X forward 12-month earnings.

The table below shows summary valuation data for BGS

Valuation Multiples - BGS

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	13.18	18.56	19.58	21.85
	5-Year High	24.23	22.9	22.37	23.44
	5-Year Low	7.03	14.74	16.62	15.26
	5-Year Median	14.3	18.56	19.58	17.63
P/S F12M	Current	0.95	1.67	9.34	4.04
	5-Year High	2.4	2.05	11.15	4.29
	5-Year Low	0.45	1.4	8.12	3.11
	5-Year Median	1.19	1.74	9.89	3.66
EV/EBITDA F12M	Current	10.28	13.27	34.18	14.27
	5-Year High	14.95	14.68	37.28	19.68
	5-Year Low	8.58	10.79	25.83	13.54
	5-Year Median	10.95	13.1	33.73	16.52

As of 09/18/2020 *Source: Zacks Investment Research*

Industry Analysis **Zacks Industry Rank:** Bottom 33% (167 out of 251)

Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
Flowers Foods, Inc. **(FLO)**	Outperform	2
The Hain Celestial Group, Inc. **(HAIN)**	Outperform	1
TreeHouse Foods, Inc. **(THS)**	Outperform	2
The Chefs Warehouse, Inc. **(CHEF)**	Neutral	3
Campbell Soup Company **(CPB)**	Neutral	3
General Mills, Inc. **(GIS)**	Neutral	3
Kellogg Company **(K)**	Neutral	3
JJ Snack Foods Corp. **(JJSF)**	Underperform	5

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

Industry Comparison Industry: Food - Miscellaneous

	BGS	X Industry	S&P 500	CHEF	GIS	THS
				Industry Peers		
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Outperform
Zacks Rank (Short Term)	2	-	-	3	3	2
VGM Score	A	-	-	C	A	B
Market Cap	1.75 B	3.60 B	23.70 B	642.19 M	35.02 B	2.22 B
# of Analysts	3	3	13	2	8	6
Dividend Yield	6.98%	0.00%	1.63%	0.00%	3.42%	0.00%
Value Score	B	-	-	C	C	B
Cash/Price	0.11	0.09	0.07	0.32	0.05	0.13
EV/EBITDA	12.40	12.31	13.12	10.63	12.09	25.51
PEG F1	NA	5.36	2.93	NA	2.17	1.90
P/B	2.14	2.39	3.26	1.66	4.19	1.23
P/CF	9.68	11.46	12.78	8.84	12.48	6.40
P/E F1	12.17	18.00	21.44	NA	16.25	14.70
P/S TTM	0.95	1.30	2.49	0.46	1.99	0.51
Earnings Yield	8.15%	5.05%	4.44%	-9.01%	6.16%	6.80%
Debt/Equity	2.29	0.55	0.70	1.03	1.31	1.16
Cash Flow ($/share)	2.81	2.75	6.94	1.92	4.59	6.13
Growth Score	A	-	-	B	A	C
Historical EPS Growth (3-5 Years)	-0.35%	5.17%	10.42%	5.12%	3.19%	-8.24%
Projected EPS Growth (F1/F0)	35.16%	2.45%	-4.74%	-251.49%	-2.32%	11.72%
Current Cash Flow Growth	-0.56%	4.54%	5.29%	20.81%	9.11%	-1.33%
Historical Cash Flow Growth (3-5 Years)	4.81%	6.08%	8.50%	19.83%	3.48%	5.96%
Current Ratio	3.12	1.65	1.35	3.54	0.68	1.48
Debt/Capital	69.64%	35.90%	42.92%	50.67%	56.69%	53.64%
Net Margin	6.22%	2.97%	10.26%	-1.37%	12.37%	-4.51%
Return on Equity	15.65%	9.73%	14.69%	-5.13%	27.66%	8.12%
Sales/Assets	0.55	1.02	0.51	1.38	0.58	0.83
Projected Sales Growth (F1/F0)	16.17%	0.00%	-1.42%	-29.64%	-2.75%	-8.61%
Momentum Score	F	-	-	F	C	C
Daily Price Change	0.89%	-0.25%	-1.15%	-3.47%	-0.45%	-0.61%
1-Week Price Change	-11.77%	-1.06%	-1.90%	1.53%	-7.30%	-5.49%
4-Week Price Change	-8.96%	0.00%	0.06%	18.23%	-10.73%	-7.54%
12-Week Price Change	10.55%	6.06%	7.27%	21.44%	-4.99%	-5.53%
52-Week Price Change	43.52%	-2.17%	0.33%	-57.82%	5.39%	-30.45%
20-Day Average Volume (Shares)	998,995	155,651	1,916,343	927,586	2,786,682	498,418
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 12-Week Change	3.10%	2.65%	4.12%	-24.90%	1.04%	3.49%
EPS Q1 Estimate Monthly Change	0.00%	0.00%	0.00%	0.00%	-0.67%	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	B
Growth Score	A
Momentum Score	F
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.

Additional Disclosure

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

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

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

Glossary of Terms and Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Periods:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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