Nov 06, 2020

Conagra Brands (CAG)

$36.16 (As of 11/05/20)

Price Target (6-12 Months): **$38.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 03/25/19) Prior Recommendation: Underperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5) Zacks Style Scores: Value: C | Growth: B | Momentum: D	**3-Hold** VGM:B

Summary

Conagra has outpaced the industry year to date. The company has been benefiting from rising demand amid the coronavirus-led stockpiling and higher at-home consumption. These trends drove the company's retail business in first-quarter fiscal 2021. The top and the bottom line increased year over year and beat the consensus mark. Also, organic sales have surged and are likely to keep moving up the second quarter on elevated at-home consumption. Apart from this, Conagra has been benefiting from its solid innovation platform and synergies from Pinnacle Foods' buyout. However, divestiture of Sold businesses and currency are hurting sales. Also, soft restaurant traffic has been weighing on Conagra's Foodservice unit, which continued to see lower demand in the second quarter (till Oct 1). Also, inflated COGS pose threats to margins.

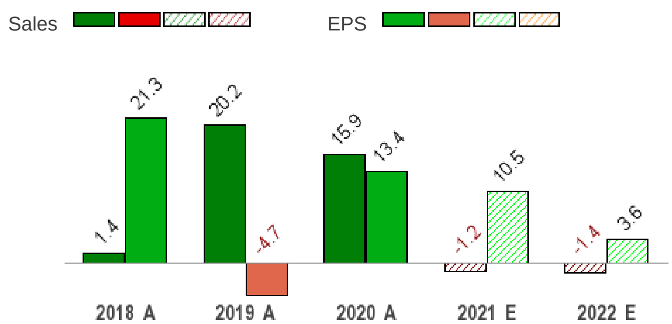
Price, Consensus & Surprise

Source: Zacks Investment Research

Data Overview

52-Week High-Low	**$39.34 - $22.83**
20-Day Average Volume (Shares)	**2,370,375**
Market Cap	**$17.7 B**
Year-To-Date Price Change	**5.6%**
Beta	**0.90**
Dividend / Dividend Yield	**$1.10 / 3.0%**
Industry	**Food - Miscellaneous**
Zacks Industry Rank	**Bottom 24% (190 out of 250)**
Last EPS Surprise	**22.8%**
Last Sales Surprise	**2.9%**
EPS F1 Estimate 4-Week Change	**0.0%**
Expected Report Date	**12/17/2020**
Earnings ESP	**0.0%**
P/E TTM	**14.2**
P/E F1	**14.4**
PEG F1	**2.1**
P/S TTM	**1.6**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2022	2,516 E	2,961 E	2,705 E	2,686 E	10,770 E
2021	2,679 A	2,983 E	2,656 E	2,612 E	10,919 E
2020	2,391 A	2,821 A	2,555 A	3,288 A	11,054 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	$0.60 E	$0.76 E	$0.67 E	$0.60 E	$2.61 E
2021	$0.70 A	$0.73 E	$0.58 E	$0.52 E	$2.52 E
2020	$0.43 A	$0.63 A	$0.47 A	$0.75 A	$2.28 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 11/05/2020. The reports text is as of 11/06/2020.

Overview

Chicago-based Conagra Brands, Inc. (CAG) is one of the leading branded food company of North America. The company offers premium edible products, with refined focus on innovation.

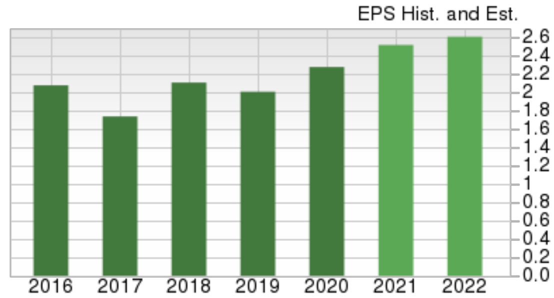
The company maintains a highly dynamic product portfolio and incorporates alterations within it as per the preference pattern of the end-users. Some iconic brands of the company are Reddi-Wip, Hunt's, Healthy Choice, Frontera, Slim Jim, Blake's and Marie Callender.

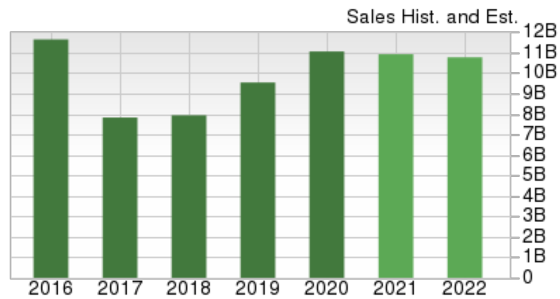
Conagra currently reports results in the following segments:

Grocery & Snacks (42.3% of first-quarter fiscal 2021 sales): This unit incudes branded, shelf stable food products sold in several retail channels in the United States.

Refrigerated & Frozen (42.2% of first-quarter fiscal 2021 sales): This comprises branded, temperature-controlled food products sold in many retail channels in the United States.

International (8.2% of first-quarter fiscal 2021 sales): The segment takes care of branded food products, in various temperature states, offered to various retail and foodservice channels outside the United States.





Foodservice (7.3% of first-quarter fiscal 2021 sales): The segment includes branded and customized food products, such as meals, entrees, sauces and a wide assortment of custom-made culinary products packaged for sale to restaurants and other foodservice setups in the United States.

Conagra acquired Pinnacle Foods in October 2018. Further, the company took over Sandwich Bros. in February 2018, which forms part of Conagra's Refrigerated and Frozen segment.

In October 2017, Conagra acquired Angie's Artisan Treats, LLC, which is a part of its Grocery & Snacks business. This segment also includes Thanasi Foods and BIGS LLC, which were acquired in April 2017.

In September 2016, Conagra bought the assets of Frontera Foods, Inc. and Red Fork LLC.

Source: Zacks Investment Research

Reasons To Buy:

Brand modernizing moves, stronger innovation and meaningful buyouts are driving Conagra's performance. Coronavirus-led increased demand is also aiding the company's retail business.

▲ **Solid Q1 Results & Q2 View, Stock Outperforms:** Shares of Conagra have gained 5.6% year to date against the industry's decline of 5.2%. The company has been benefiting from the rising demand amid coronavirus-led stockpiling of essential items and increased at-home consumption. These trends also drove Conagra in first-quarter fiscal 2021, with the top and the bottom lines surging year over year and beating the Zacks Consensus Estimate. Results were backed by increased organic sales, which in turn benefited from higher at-home consumption amid the pandemic, driving Conagra's retail business. Notably, sales grew across Staples, Frozen and Snacks categories. Strength in retail business also helped the company offset softness in the Foodservice segment, wherein sales fell due to COVID-19.

The company continued to see a considerable increase in demand in the retail business in the second quarter of fiscal 2021 (till Oct 1). Considering these factors and assuming a smooth supply chain, management expects organic sales growth of 6-8% in the second quarter of fiscal 2021. Adjusted operating margin is likely to be 18-18.5%, while adjusted earnings per share (EPS) are envisioned between 70 cents and 74 cents. Apart from this, management reiterated its targets for fiscal 2022. Organic net sales are anticipated to grow 1-2% (three-year CAGR ending fiscal 2022). Adjusted operating margin is expected in a range of 18-19% and adjusted EPS for fiscal 2022 is likely to be between $2.66 and $2.76.

▲ **Efforts to Boost Frozen & Snacks Categories:** Conagra has been focused on boosting the Frozen and Snacks businesses. In the first quarter of fiscal 2021, the company's retail sales gained on double-digit increases in Snacks, Frozen and Staples sales. During the quarter, total Conagra Frozen retail sales rallied 13.5%, with strength in each category such as single serve meals, multi-serve meals and plant-based meat alternatives. Frozen has indeed picked up more pace in the current situation, wherein the pandemic has caused consumers to stock up and eat at home. Snacks business sales gained 14.6%, while the quarter also saw robust Staples business performance, thanks to the pandemic-led demand. Management expects at-home eating trends to stay high for a while, and is well positioned to tap opportunities related to it.

Conagra is on track with a range of innovation and brand-building efforts for exploring growth prospects in these areas. Such efforts are likely to yield results in the forthcoming periods.

▲ **Financial Profile:** Conagra's senior long-term debt (excluding current installments) of $8,897.6 million declined marginally sequentially at the end of the first quarter of fiscal 2021 — Aug 30, 2020. Notably, Conagra is on track with its de-leveraging goals and lowered its total gross debt by more than $1.9 billion since it concluded Pinnacle Foods' buyout through the end of the first quarter. As of the end of the first quarter of fiscal 2021, the company's net debt to last 12 month's adjusted EBITDA ratio was 3.7x. Management expects to achieve its 3.5x-3.6x target by the end of the third quarter of fiscal 2021.

Additionally, at a juncture where several companies had to suspend dividend payments to preserve financial flexibility amid the pandemic, Conagra announced a dividend hike along with its first-quarter results. It will now pay out a quarterly dividend of 27.50 cents per share, up 29% from the prior rate. Notably, the new rate takes the company's annualized dividend to $1.10 per share. This clearly speaks of the company's healthy financial position. Notably, Conagra has a dividend payout of 33.4%, dividend yield of 2.3% and free cash flow yield of 8.4%. With an annual free cash flow return on investment of 8.7%, the dividend payment is likely to be sustainable.

▲ **Synergies from Pinnacle Foods' Buyout, Focus on Innovation:** Conagra acquired Pinnacle Foods in October 2018. The combination of the two companies is appropriate, given the increasing demand for frozen foods and snacks. The consolidation of these food companies has helped to create a robust portfolio of leading, iconic and on-trend brands. Further, the move is aiding to speed up innovation and exploit the long-term benefits in the frozen foods space. Notably, management has been boosting some of the Pinnacle Foods business banners, especially the Gardein brand, which holds a solid position in the plant-based meat-alternatives food space. Conagra has generated total synergies of $219 million from Pinnacle Foods' buyout, as of the end of the first quarter of 2021. The company earlier stated that it expects synergies of roughly $305 million through fiscal 2022.

Conagra has been strongly committed toward undertaking innovation, which is clearly working well for the company. Even amid the pandemic, the company remained focused on carrying out innovation for its customers as well as consumers. In its first-quarter fiscal 2021 conference call, management stated that its robust focus on Conagra Way playbook has helped it constantly surpass its target of generating 15% of total retail sales (each year) from products introduced within the past three years. Certainly, the company's growth is rooted in its innovation platform, which is helping it aid category performance.

Reasons To Sell:

Conagra continues to struggle with cost of goods sold inflation. Also, high COVID-19 related costs and adverse currency movements are concerns.

- **Soft Foodservice Segment:** While coronavirus-led increased at-home trends have boosted Conagra's retail business, the same has been dealing a blow to its Foodservice segment for a while now. Incidentally, quarterly sales in the segment declined 21.8% year over year to $195.1 million due to Sold Businesses and lower organic sales. Organic sales fell 20.3%, with volumes down 24.2% owing to reduced restaurant traffic amid the pandemic. Lower sales and elevated input costs also dented the segment operating profit, which tumbled 20%. Further, in the second quarter of fiscal 2021 (till Oct 1), demand for foodservice products continued to be lower than the pre-pandemic level.

- **Escalated Cost Concerns:** During the first quarter of fiscal 2021, though the gross margin improved year over year, it was hurt by cost of goods sold (or COGS) inflation by 220 basis points. Notably cost of goods sold inflation was around 3.1% in the quarter. Management pointed that it spent roughly $34 million as COGS directly associated with COVID-19, which hurt the gross margin by 150 bps in the quarter under review. Persistence of such factors can pose threats to margins.

- **Currency Volatility:** Conagra's international presence keeps the company exposed to the risk of adverse currency fluctuations. In first-quarter fiscal 2021, currency translations weighed on sales by 0.5%. In the International segment, net sales included a 5.9% adverse impact from adverse currency fluctuations. Volatile currency movements remain a threat to Conagra's performance.

- **Divestiture Impacts:** During the first quarter of fiscal 2020, Conagra's sales growth included a 2.4% headwind from divestiture of Sold Businesses. The Sold Businesses include the divested businesses of Direct Store Delivery (DSD) snacks, Lender's Bagel business, along with the exited private-label peanut butter business. Nonetheless, these impacts are expected to lessen sequentially, as and when the company completes a year of closing them.

Last Earnings Report

Conagra Tops Q1 Earnings Estimates, Hikes Dividend

Quarter Ending	08/2020
Report Date	Oct 01, 2020
Sales Surprise	2.86%
EPS Surprise	22.81%
Quarterly EPS	0.70
Annual EPS (TTM)	2.55

Conagra Brands posted robust first-quarter fiscal 2021 results. Quarterly adjusted earnings came in at 70 cents, which surpassed the Zacks Consensus Estimate of 57 cents. Moreover, the figure jumped 62.8% from the year-ago quarter. The year-over-year growth can be attributed to increased adjusted net income, higher gross profit as well as reduced SG&A expenses. Adjusted EPS was somewhat affected by greater average shares outstanding.

Conagra generated net sales of $2,678.9 million, which advanced 12.1% year over year and beat the Zacks Consensus Estimate of $2,604.5 million. The year-over-year sales growth was backed by higher organic sales partly offset by the divestiture of Sold Businesses and adverse currency movements. Organic sales increased 15% on higher volumes and favorable price/mix. Volumes were aided by elevated at-home consumption amid the coronavirus pandemic, which in turn boosted Conagra’s retail business but hurt the Foodservice segment. Also, price/mix was favorable in the quarter.

Adjusted gross profit jumped 21.7% to $823 million, while adjusted gross margin expanded 244 basis points to 30.7%. This can be attributed to higher sales, productivity related to supply chain, favorable margin mix, fixed cost leverage and cost synergies from Pinnacle Foods’ buyout. These were somewhat countered by costs associated with COVID-19, adverse impacts of unfavorable currency rates as well as profit that was lost from Sold Businesses.

Segmental Details

Grocery & Snacks: Quarterly sales in the segment came in at $1,134.2 million, which increased 16% year over year owing to higher organic sales, partially hurt by divestiture of Sold Businesses. Organic sales increased 20.7% with volumes and price/mix up 17.2% and 3.5%, respectively. Volumes rose owing to consumers’ higher at-home consumption and customer inventory replenishment.

Refrigerated & Frozen: Net sales advanced 17.9% to $1,130.6 million due to the same factor that drove the Grocery & Snacks segment’s sales. Organic sales rose 19%, with volumes up 12.8% and price/mix growth of 6.2%. Higher consumption at home and replenishment of customer inventory boosted volumes.

International: Net sales rose 7.2% to $219 million on account of higher organic sales, offset by unfavorable currency movements. On an organic basis, net sales rose 13.1%, as volumes increased 10.5% and price/mix was up 2.6%. This was backed by higher demand amid the pandemic. All the regions in which the company operates witnessed considerable growth.

Foodservice: Quarterly sales in the segment declined 21.8% year over year to $195.1 million due to Sold Businesses and lower organic sales. Organic sales fell 20.3%, with volumes down 24.2% but price/mix up 3.9%. Volumes were hurt by reduced restaurant traffic amid the pandemic.

Other Updates

Conagra exited the quarter with cash and cash equivalents of $438.2 million, senior long-term debt (excluding current portion) of $8,897.6 million and total stockholders’ equity of $8,199 million. During 13-weeks ended Aug 30, the company generated net cash of $284.5 million from operating activities. The company is on track with its de-leveraging goals and has lowered its total gross debt by more than $1.9 billion since it concluded Pinnacle Foods’ buyout through the end of the first quarter. As of the end of the first quarter of fiscal 2021, the company’s net debt to last twelve month’s adjusted EBITDA ratio was 3.7x. Management expects to achieve its 3.5x-3.6x target by the end of the third quarter of fiscal 2021.

During the quarter, Conagra paid out a quarterly dividend of 21.25 cents per share. In a separate press release, Conagra announced a dividend hike. It will now pay out a quarterly dividend of 27.50 cents per share, up 29% from the prior rate. The hiked dividend will be paid out on Dec 2, 2020 to shareholders of record as of Nov 2. Notably, the new rate takes the company’s annualized dividend to $1.10 per share.

On Sep 28, 2020, the Company entered into a definitive agreement to offload its H.K. Anderson business to Utz Quality Foods, LLC. The deal is expected to be closed by the second quarter of fiscal 2021.

Guidance

Management is uncertain about the impact of coronavirus on Conagra’s fiscal 2021 performance. Keeping this in mind, management did not offer any guidance for fiscal 2021. Nonetheless, the company continued to see a considerable increase in demand in the retail business in the second quarter of fiscal 2021, to date. However, demand for foodservice products continues to be lower than the pre-pandemic level. Additionally, costs associated with the pandemic have been impacting Conagra’s business.

Considering these factors and assuming a smooth supply chain, management expects organic sales growth of 6-8% in the second quarter of fiscal 2021. Adjusted operating margin is likely to be 18-18.5%, while adjusted earnings per share (EPS)are envisioned between 70 cents and 74 cents. Apart from this, management reiterated its targets for fiscal 2022. Organic net sales are anticipated to grow 1-2% (three-year CAGR ending fiscal 2022). Adjusted operating margin is expected in a range of 18-19% and adjusted EPS for fiscal 2022 is likely to be between $2.66 and $2.76.

Valuation

Conagra shares are up 5.6% in the year-to-date period and 30.1% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Consumer Staples sector are down 5.2% and 7.4%, respectively in the year-to-date period. Over the past year, the Zacks sub-industry went down 0.6% while the sector declined 3.3%.

The S&P 500 index is up 7.5% in the year-to-date period and 12.3% in the past year.

The stock is currently trading at 14.12X forward 12-month earnings, which compares to 18.21X for the Zacks sub-industry, 18.94X for the Zacks sector and 21.88X for the S&P 500 index.

Over the past five years, the stock has traded as high as 23.24X and as low as 9.43X, with a 5-year median of 16.28X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $38 price target reflects 14.84X forward 12-month earnings.

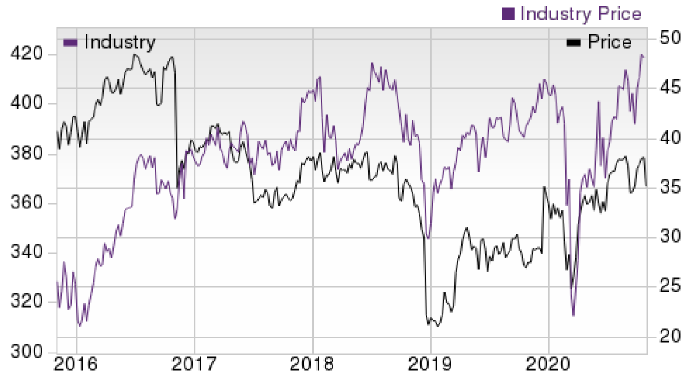
The table below shows summary valuation data for CAG

Valuation Multiples - CAG

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	14.12	18.21	18.94	21.88
	5-Year High	23.24	22.9	22.37	23.47
	5-Year Low	9.43	14.74	16.61	15.27
	5-Year Median	16.28	18.44	19.56	17.7
P/S F12M	Current	1.63	1.66	9.32	4.06
	5-Year High	2.32	2.05	11.16	4.3
	5-Year Low	0.96	1.4	8.14	3.17
	5-Year Median	1.63	1.71	9.89	3.67
EV/EBITDA F12M	Current	11.09	12.95	35.44	17.17
	5-Year High	13.86	14.63	37.5	18.82
	5-Year Low	7.93	10.81	25.76	12.96
	5-Year Median	11.67	13.08	33.85	15.71

As of 11/05/2020 *Source: Zacks Investment Research*

Industry Analysis **Zacks Industry Rank:** Bottom 24% (190 out of 250)



Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
BG Foods, Inc. **(BGS)**	Neutral	3
Campbell Soup Company **(CPB)**	Neutral	3
General Mills, Inc. **(GIS)**	Neutral	3
Ingredion Incorporated **(INGR)**	Neutral	3
Kellogg Company **(K)**	Neutral	3
The J. M. Smucker Company **(SJM)**	Neutral	4
TreeHouse Foods, Inc. **(THS)**	Neutral	3
Post Holdings, Inc. **(POST)**	Underperform	5

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

Industry Comparison Industry: Food - Miscellaneous

	CAG	X Industry	S&P 500	CPB	GIS	SJM
				Industry Peers		
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	4
VGM Score	B	-	-	B	B	B
Market Cap	17.66 B	3.00 B	24.11 B	14.53 B	37.02 B	13.21 B
# of Analysts	8	3	13	7	8	7
Dividend Yield	3.04%	0.00%	1.57%	2.91%	3.37%	3.11%
Value Score	C	-	-	C	C	C
Cash/Price	0.03	0.08	0.07	0.06	0.05	0.03
EV/EBITDA	14.15	12.30	13.73	12.97	12.58	10.52
PEG F1	2.07	4.28	2.75	11.40	2.24	6.22
P/B	2.15	2.30	3.35	5.65	4.23	1.58
P/CF	11.71	11.92	13.19	11.85	13.19	9.14
P/E F1	14.46	18.45	21.16	16.42	16.81	13.43
P/S TTM	1.56	1.36	2.64	1.67	2.06	1.65
Earnings Yield	6.97%	4.82%	4.53%	6.10%	5.94%	7.44%
Debt/Equity	1.09	0.57	0.70	1.94	1.24	0.56
Cash Flow ($/share)	3.09	2.68	6.92	4.06	4.59	12.68
Growth Score	B	-	-	A	B	A
Historical EPS Growth (3-5 Years)	-0.75%	4.55%	10.07%	-2.54%	4.24%	8.16%
Projected EPS Growth (F1/F0)	10.58%	12.79%	0.26%	-0.78%	-0.17%	-1.57%
Current Cash Flow Growth	22.57%	4.54%	5.29%	7.36%	9.11%	-2.78%
Historical Cash Flow Growth (3-5 Years)	4.34%	6.08%	8.38%	2.72%	3.48%	11.88%
Current Ratio	0.95	1.69	1.38	0.78	0.70	0.96
Debt/Capital	52.04%	36.72%	41.97%	66.03%	55.30%	35.90%
Net Margin	8.77%	2.78%	10.44%	18.73%	12.78%	10.78%
Return on Equity	15.77%	10.14%	14.96%	40.53%	28.46%	13.28%
Sales/Assets	0.51	0.96	0.50	0.70	0.59	0.48
Projected Sales Growth (F1/F0)	-1.22%	0.00%	0.00%	-3.44%	-0.50%	0.67%
Momentum Score	D	-	-	F	B	F
Daily Price Change	-0.36%	0.78%	1.91%	0.78%	0.15%	1.06%
1-Week Price Change	-7.66%	-5.40%	-5.63%	-3.87%	-4.31%	-2.89%
4-Week Price Change	-2.93%	-0.66%	0.43%	-0.74%	-1.35%	-1.14%
12-Week Price Change	-4.08%	-1.77%	3.34%	-6.10%	-3.83%	1.02%
52-Week Price Change	30.07%	-5.26%	1.98%	3.53%	16.51%	8.09%
20-Day Average Volume (Shares)	2,370,375	126,758	1,955,785	1,591,728	2,388,742	765,681
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%	1.27%	0.00%	0.10%	-0.49%
EPS F1 Estimate 12-Week Change	5.33%	1.47%	3.13%	2.35%	2.27%	5.07%
EPS Q1 Estimate Monthly Change	0.00%	0.00%	0.51%	0.00%	0.15%	-0.38%

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	C
Growth Score	B
Momentum Score	D
VGM Score	B

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

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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

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

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

Glossary of Terms and Definitions

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

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

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

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

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

4-Week Price Change: This is the percentage change in a stock's closing price over the last 20 trading days or past 4 weeks. This is a 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.