Carnival Corporation(CCL)

$17.21 (As of 08/28/20)

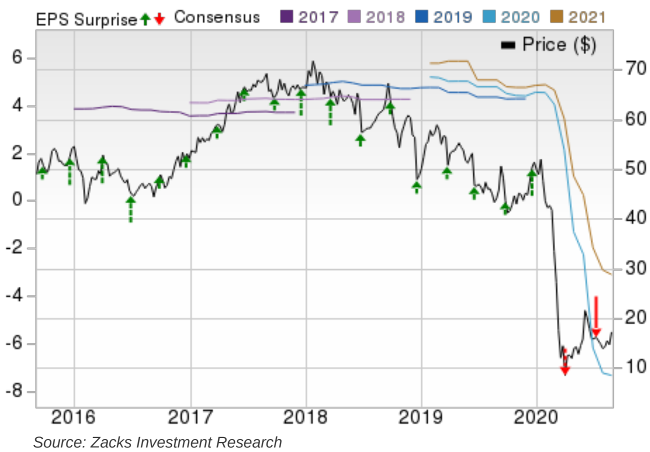
Price Target (6-12 Months): **$15.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 06/26/20) Prior Recommendation: Neutral	**Underperform**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**4-Sell**
	Zacks Style Scores:	VGM:C
	Value: B | Growth: F | Momentum: C	

Summary

Shares of Carnival have underperformed the industry in the past six months. The dismal performance can primarily be attributed to the coronavirus pandemic. The outbreak has been hurting the company's operations and global bookings, which are down for the remainder of 2020. This pandemic is likely to cause delay in ship deliveries as the shipyards have been impacted. Recently, the company reported second-quarter fiscal 2020 results, wherein both top and bottom lines missed the Zacks Consensus Estimate and declined sharply year over year. The company is unable to definitively predict when its cruise operations, which have been halted for more than two months, will return to normal operations. Due to this, the company is unable to provide a guidance. Of late, earnings estimates for 2020 and 2021 have witnessed sharp downward revisions.

Price, Consensus & Surprise

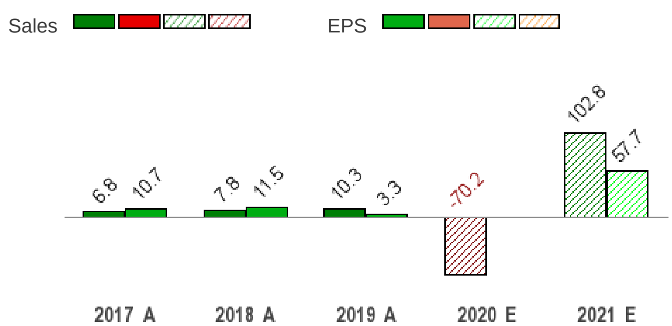


Source: Zacks Investment Research

Data Overview

52-Week High-Low	**$51.94 - $7.80**
20-Day Average Volume (Shares)	**34,538,900**
Market Cap	**$10.3 B**
Year-To-Date Price Change	**-66.1%**
Beta	**1.85**
Dividend / Dividend Yield	**$0.00 / 0.0%**
Industry	**Leisure and Recreation Services**
Zacks Industry Rank	**Bottom 4% (242 out of 252)**
Last EPS Surprise	**-80.3%**
Last Sales Surprise	**-43.1%**
EPS F1 Estimate 4-Week Change	**-1.3%**
Expected Report Date	**09/24/2020**
Earnings ESP	**-1.2%**
P/E TTM	**101.2**
P/E F1	**NA**
PEG F1	**NA**
P/S TTM	**0.6**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2021	1,148 E	3,207 E	3,969 E	3,151 E	12,571 E
2020	4,789 A	740 A	95 E	741 E	6,198 E
2019	4,673 A	4,838 A	6,533 A	4,781 A	20,825 A

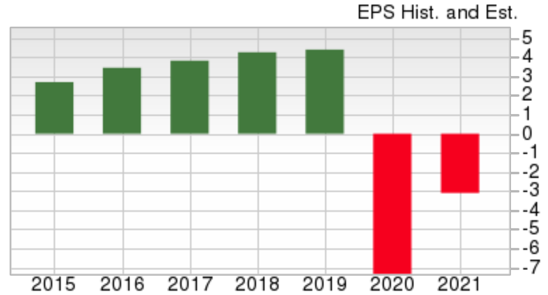
EPS Estimates

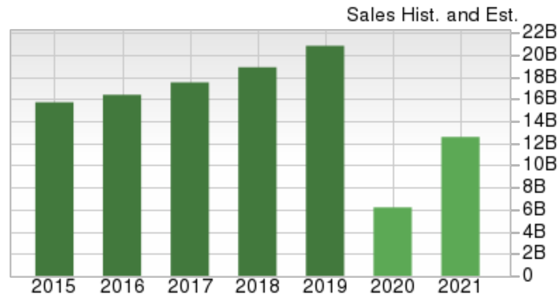
	Q1	Q2	Q3	Q4	Annual*
2021	-$1.72 E	-$0.63 E	$0.16 E	-$0.76 E	-$3.10 E
2020	$0.22 A	-$3.30 A	-$2.17 E	-$1.98 E	-$7.33 E
2019	$0.49 A	$0.66 A	$2.63 A	$0.62 A	$4.40 A

*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 08/28/2020. The reports text is as of 08/31/2020.

Overview





Founded in 1972 and headquartered in Miami, FL, Carnival Corporation operates as a cruise and vacation company. As a single economic entity, Carnival Corporation & Carnival plc forms the largest cruise operator in the world. Carnival is the world's leading leisure travel firm and carries nearly half of the global cruise guests. The company has operations on North America, Australia, Europe and Asia.

The company's cruise brand includes s Carnival Cruise Line, Princess Cruises, Holland America Line, Seabourn, P&O Cruises (Australia), Costa Cruises, AIDA Cruises, P&O Cruises (UK) and Cunard. As of Nov 30, 2019, the company had a total of 17 cruise ships planned to be delivered through 2025.

Carnival has four reportable segments, namely, (1) North America 55% of total 2019 revenues) (2) Europe (30% of total 2019 revenues) (3) Australia & Asia (13% of total 2019 revenues) and (4) Other (2% of total 2019 revenues).

Carnival Cruise Line is one of the most recognizable brands in the cruise industry and carried over 13 million guests in 2019.

Carnival recently extended the suspension of operations of cruises in North America through Sep 30, 2020 due to the coronavirus pandemic. The company also believes that the pandemic is likely to cause delay in ship deliveries as the shipyards have been impacted as well. The company is unable to definitively predict when its cruise operations, which have been halted for more than two months, will return to normal operations. Notably, management has been unable to provide a guidance owing to the same.

Source: Zacks Investment Research

Reasons To Sell:

The coronavirus pandemic is likely to affect operations and global bookings and consequently results in 2020. The company has cancelled all voyages due to the outbreak.

- **Coronavirus to Hurt 2020 Results:** The cruise industry has been driven to a standstill by the coronavirus-induced crisis. Carnival coronavirus-induced crisis is hurting operations and global bookings. The company also believes that this pandemic is likely to cause delay in ship deliveries as the shipyards have been impacted as well. The company is unable to definitively predict when its cruise operations, which have been halted for more than two months, will return to normal operations. Due to this, the company is unable to provide a guidance.

- **Bookings Down Significantly:** As of May 31, 2020, cumulative advanced bookings for 2021 capacity currently available for sale are within historical ranges at prices that are down in the low to mid-single digits range, which includes the negative yield owing to FCCs and onboard credits applied, on a comparable basis. However, for 2021, booking volumes for the six weeks ending May 31, 2020, were down significantly compared with the prior year.

- **Results Decline Sharply in Q2:** Carnival reported second-quarter fiscal 2020 results, wherein both earnings and revenues missed the Zacks Consensus Estimate. In the quarter under review, the company reported loss per share of $3.30, wider than the Zacks Consensus Estimate of a loss of $1.83. In the prior-year quarter, the company had reported earnings per share of 66 cents. Revenues came in at $0.7 billion, which missed the consensus mark of $1.3 billion. The top line also declined sharply from the prior-year quarter figure of $4.8 billion. Results in the quarter were impacted by the coronavirus-induced shutdowns.

- **Policy Change on Travel to Cuba:** Trump administration's policy change on travel to Cuba is concerning. Travel ban to Cuba will have a huge impact on the cruise industry. The company anticipates voyage disruptions due to bad weather, ship delivery delay

Risks

- **Strong Brand Recognition:** Carnival is the largest and historically, the most profitable cruise operator in the world. The company's cruise brands are well diversified across diverse geographies, including Asia and Europe, and strategically positioned at various price points within the larger North American cruise market. This enables the company to cater to passengers in various geographic regions as well as within the contemporary, premium and luxury cruise segments. With the strength and diversity of its brands and itineraries, the company boasts a broader passenger base among potential and repeat cruise vacationers.

  Carnival's market-leading position offers a cost advantage, allowing it to generate higher return on investment than smaller companies. Further, its leadership position provides the scope to expand capacity — by upgrading current ships and increasing the fleet — due to higher cash from operations and comparatively lower debt burden. Carnival's capacity growth should allow it to maintain market share without putting pressure on pricing.

- **Strategic Initiatives Improve Revenue Yields:** Carnival has been witnessing ticket price improvements for both its North American and EAA brands, with robust ticket price improvements in its core Caribbean deployment. The company is optimistic on its innovations including the transformational new ocean experience platform, featuring Ocean Medallion, a guest experience platform; PlayOcean — a proprietary mobile gaming portfolio; and OceanView — a proprietary digital streaming network. These new offerings are anticipated to accelerate and expand engagement, and step up the company's already high guest experience delivery by leveraging its industry-leading scale.

- **Enough Liquidity to Tide over Pandemic:** Carnival has ample liquidity, which will help it survive in an extended zero revenue scenario for some time. The company exited the fiscal second quarter with liquidity of $7.6 billion. The company has $8.8 billion of committed export credit facilities, which are available to fund ship deliveries originally planned through 2023. Amid the coronavirus-induced shutdowns, the company's average cash burn rate for the second half of 2020 is anticipated to be nearly $650 million. Moreover, the company has preliminary agreements for the disposal of six ships.

Last Earnings Report

Carnival Posts Wider-than-Expected Q2 Loss

Quarter Ending	05/2020
Report Date	**Jul 10, 2020**
Sales Surprise	**-43.14%**
EPS Surprise	**-80.33%**
Quarterly EPS	**-3.30**
Annual EPS (TTM)	**0.17**

Carnival reported second-quarter fiscal 2019 results, wherein both earnings and revenues missed the Zacks Consensus Estimate.

In the second quarter, the company reported loss per share of $3.30, wider than the Zacks Consensus Estimate of a loss of $1.83. In the prior-year quarter, the company had reported earnings per share of 66 cents. Revenues came in at $740 million, which missed the consensus mark of $1,301 million. The top line also declined sharply from the prior-year quarter's $4,838 million due to coronavirus-induced shutdowns.

Segmental Revenues

Carnival generates revenues from the Passenger Tickets business, and the Onboard and Other as well as the Tour and Other segments. Revenues at the Passenger Tickets business segment totaled $446 million compared with $3,257 million in the year-ago quarter. Onboard and Other revenues (inclusive of Tour and Other revenues) totaled $294 million compared with $1580 million in the prior-year quarter.

Balance Sheet

Carnival exited the fiscal second quarter with cash and cash equivalents of $6,881 million compared with $518 million as of Nov 30, 2019. Trade and other receivables summed $604 million compared with $444 million as of Nov 30, 2019. Long-term debt amounted to approximately $14,870 million.

Bookings for 2021 Improve

Following the pause in operations since mid-March due to the coronavirus pandemic, Carnival's AIDA Cruises recently announced resumption of sailing from August. Bookings for the same are also being taken.

The company intends to ramp up operations in a phased manner, keeping in mind the health and safety of its guests and crew members. Notably, its collaboration with WHO, German Robert Koch Institute (RKI) along with other governmental and health authorities is noteworthy.

Owing to the incentives and flexibility in terms of bookings, the company is witnessing solid demand in advance bookings for 2021. Notably, offers like onboard credits, reduced or refundable deposits and future cruise credits (FCC) bode well.

As of Jun 21, 2020, cumulative advanced bookings for 2021 remained within historical ranges, while prices ranged from low to mid-single digits, on a comparable basis.

Fleet Size Update

Coming to fleet size, Carnival expects capacity to get moderated by the phased re-entry of its ships, the removal of capacity from its fleet and delays in new ship deliveries.

Carnival's president and CEO Arnold Donald stated, "We have been transitioning the fleet into a prolonged pause and right sizing our shoreside operations. We have aggressively shed assets while actively deferring new ship deliveries."

Notably, 13 ships are expected to be unloaded in the near future, representing approximately a 9% reduction in current capacity. Also, the company expects five ships (out of nine) to be delivered before the end of fiscal 2021 (which were earlier scheduled for delivery in fiscal 2020 and 2021). Also, deliveries for fiscal 2022 and 2023 have been deferred. As a result of these initiatives, the company has reduced operating costs and capital expenditures by more than $7 billion on an annualized basis. It also intends to save more than $5 billion over the next 18 months.

Other Updates

Despite the virus triggering a catastrophe in terms of lives lost and financial impact, Carnival appears resilient enough to navigate through the uncertain times. Notably, the company has taken significant actions to preserve cash and secure additional financing to maximize its liquidity.

The company has reduced administrative expenses and non-newbuild capital expenditures by $1.3 billion for 2020 and expects to cut newbuild capital expenditures by more than $600 million for 2020 (net of export credit facilities).

It has also raised more than $10 billion through a series of financial transactions which include senior secured term loan facility. The company has also negotiated Debt Holiday amendments, deferring certain principal repayments, otherwise due through March 2021. Additionally, the company stated that it has $8.8 billion of committed export credit facilities that were initially assigned to fund ship deliveries planned through 2023.

Notably, with an expected average cash burn rate of $650 million per month, the company stated that it has ample liquidity to survive an extended zero revenue scenario for some time.

Recent News

Carnival's AIDA Cruises to Resume Operations From November 2020 – Aug 28, 2020

Carnival's AIDA Cruises intends to restart its voyages in November and December, 2020, in compliance with the requirements of the respective international and national health authorities.

Carnival's Princess Cruises Extends Operations Suspension – Aug 26, 2020

Carnival's Princess Cruises has cancelled its cruise operations in Australia through Dec 12, 2020. It also includes voyages throughout Australia and New Zealand.

Carnival's Princess Cruises Announce World Cruise Cancellations – Aug 25, 2020

Carnival's Princess Cruises has cancelled early 2021 World Cruises and Circle South America cruises on two ships - Island Princess and Pacific Princess, owing to restrictions from regulatory authorities.

Carnival's Cunard Extends Halt in Operations Due to Coronavirus Fear – Aug 25, 2020

Owing to rising concerns regarding the coronavirus pandemic, Carnival's Cunard has extended its pause in operations from November 2020 to May 2021. Notably, voyages for Queen Elizabeth, Queen Mary 2 and Queen Victoria are to be negatively impacted by the same.

Carnival Celebration Cruise To Debut in 2022 – Aug 21, 2020

Carnival expands its fleet with the introduction of its new excel class ship – Carnival Celebration. This will be the second ship in the Excel series after the Mardi Gras. Carnival Celebration is expected to debut from Port Miami in November 2022.

Carnival Extends 'Have it All' Offer Through Sept. 30 – Aug 20, 2020

In a bid to boost consumer confidence, Carnival's Holland America Line extends its cancellation protection program through Sep 30, 2020.

Carnival's Holland America Line to Sail Again, Bookings Begin – Aug 18, 2020

Carnival's Holland America Line recently announced opening of bookings for two of its explorations, namely — 2021 Grand Africa Voyage and 2022 Grand World Voyage. Moreover, the company is providing Early Booking Benefits for full cruise bookings for both the itineraries.

Valuation

Carnival shares are down 66.1% year-to-date and 60.9% in the trailing 12-month period. Stocks in the Zacks sub-industry is down by 38.9%, and Zacks Consumer Discretionary sector is down by 0.5% in the year-to-date period. Over the past year, the Zacks sub-industry was down by 32.6%, while the sector was up by 9.4%.

The S&P 500 index is up 9% in the year-to-date period and 20.3% in the past year.

The stock is currently trading at 101.24X trailing 12-month earnings, which compares with 37.06X for the Zacks sector and 24.89X for the S&P 500 index.

Over the past five years, the stock has traded as high as 146.53X and as low as 1.93X, with a 5-year median of 15.4X. Our Underperform recommendation indicates that the stock will perform worse-than the market. Our $15 price target reflects 88.75X trailing12-month earnings.

The table below shows summary valuation data for CCL.

Valuation Multiples - CCL		Stock	Sub-Industry	Sector	S&P 500
P/E TTM	Current	101.24	N/A	37.06	24.89
	5-Year High	146.53	28.12	37.06	24.89
	5-Year Low	1.93	N/A	19.59	15.98
	5-Year Median	15.4	21.27	24.42	19.26
P/B TTM	Current	0.44	1.17	3.43	4.76
	5-Year High	1.61	1.7	4.83	4.76
	5-Year Low	0.17	0.42	2.22	2.83
	5-Year Median	1.24	1.37	4.2	3.76
EV/EBITDA TTM	Current	7.21	17.02	11.42	13.29
	5-Year High	9.85	17.02	17.83	13.29
	5-Year Low	2.75	4.62	8.3	8.22
	5-Year Median	7.76	8.81	12.23	10.91

As of 08/28/2020

Industry Analysis **Zacks Industry Rank:** Bottom 4% (242 out of 252)

Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
Malibu Boats, Inc. **(MBUU)**	Neutral	2
MGM Resorts International **(MGM)**	Neutral	3
Vail Resorts, Inc. **(MTN)**	Neutral	3
Red Rock Resorts, Inc. **(RRR)**	Neutral	2
SeaWorld Entertainment, Inc. **(SEAS)**	Neutral	4
Lindblad Expeditions Holdings Inc. **(LIND)**	Underperform	5
Norwegian Cruise Line Holdings Ltd. **(NCLH)**	Underperform	5
Royal Caribbean Cruises Ltd. **(RCL)**	Underperform	5

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

Industry Comparison Industry: Leisure And Recreation Services

	CCL	X Industry	S&P 500	MBUU	NCLH	RCL
				Industry Peers		
Zacks Recommendation (Long Term)	Underperform	-	-	Neutral	Underperform	Underperform
Zacks Rank (Short Term)	4	-	-	2	5	5
VGM Score	C	-	-	B	F	F
Market Cap	10.34 B	787.29 M	23.71 B	1.14 B	4.88 B	15.05 B
# of Analysts	7	4	14	4	7	8
Dividend Yield	0.00%	0.00%	1.63%	0.00%	0.00%	0.00%
Value Score	B	-	-	C	D	D
Cash/Price	0.78	0.26	0.07	0.12	0.53	0.31
EV/EBITDA	3.38	7.64	13.37	10.41	6.90	7.91
PEG F1	NA	2.24	3.08	NA	NA	NA
P/B	0.44	1.32	3.22	4.51	1.12	1.68
P/CF	1.74	5.84	12.90	11.94	2.15	4.44
P/E F1	NA	39.78	21.82	15.03	NA	NA
P/S TTM	0.61	1.20	2.52	1.74	1.05	1.90
Earnings Yield	-42.59%	-16.32%	4.41%	6.65%	-46.92%	-24.24%
Debt/Equity	0.71	0.80	0.74	0.76	2.31	1.98
Cash Flow ($/share)	9.87	2.54	6.94	4.63	8.22	15.81
Growth Score	F	-	-	B	F	F
Historical EPS Growth (3-5 Years)	-7.41%	11.19%	10.41%	37.06%	16.24%	16.90%
Projected EPS Growth (F1/F0)	-266.49%	-278.27%	-4.94%	11.85%	-263.04%	-278.20%
Current Cash Flow Growth	3.07%	4.33%	5.22%	40.74%	4.56%	11.91%
Historical Cash Flow Growth (3-5 Years)	10.47%	10.16%	8.50%	32.76%	18.35%	15.91%
Current Ratio	0.69	1.05	1.35	2.83	1.06	0.99
Debt/Capital	41.64%	61.23%	43.86%	43.31%	69.78%	67.17%
Net Margin	-17.53%	-8.95%	10.25%	9.43%	-43.46%	-24.36%
Return on Equity	0.06%	-4.76%	14.66%	29.47%	-4.47%	-3.68%
Sales/Assets	0.36	0.40	0.50	1.26	0.28	0.25
Projected Sales Growth (F1/F0)	-70.24%	-38.37%	-1.43%	7.73%	-79.93%	-78.80%
Momentum Score	C	-	-	B	C	C
Daily Price Change	6.76%	2.13%	0.71%	-2.19%	6.25%	5.29%
1-Week Price Change	-5.30%	-0.70%	-1.45%	-9.84%	-1.21%	1.70%
4-Week Price Change	20.01%	11.58%	4.59%	-9.07%	24.84%	39.40%
12-Week Price Change	-6.87%	0.75%	4.86%	2.22%	-9.70%	21.55%
52-Week Price Change	-60.89%	-37.65%	3.09%	94.45%	-64.78%	-32.17%
20-Day Average Volume (Shares)	34,538,900	228,020	1,887,168	188,361	32,093,792	9,666,982
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	-1.34%	-16.03%	0.79%	3.37%	-22.00%	-16.41%
EPS F1 Estimate 12-Week Change	-223.94%	-55.82%	3.43%	11.08%	-33.74%	-76.08%
EPS Q1 Estimate Monthly Change	-1.56%	-7.94%	0.00%	6.78%	-18.66%	-14.55%

Source: Zacks Investment Research

Zacks Style Scores

Value Score	B
Growth Score	F
Momentum Score	C
VGM Score	C

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.

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

This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock.The EPS and revenue forecasts are the Zacks Consensus estimates, unless indicated otherwise on the reports first page. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment.This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time.ZIR is not a broker-dealer.ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients.Zacks and its staff are not involved in investment banking activities for the stock issuer covered in this report.

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.