

## Church & Dwight(CHD)

**\$83.40** (As of 03/16/21)

Price Target (6-12 Months): **\$88.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

**Neutral**

(Since: 03/27/19)

Prior Recommendation: Underperform

Short Term: 1-3 Months

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

**3-Hold**

Zacks Style Scores:

VGM:D

Value: C

Growth: D

Momentum: D

## Summary

Church & Dwight has outpaced the industry in a year. The company has been gaining from rising consumer demand amid the pandemic. This also boosted the company's fourth-quarter top line, which advanced year over year and beat the consensus mark. Results gained from robust household and personal care businesses on consumers' increased preference for essential products. Further, e-commerce sales played a solid role, with more consumers buying online. The company also continued to witness organic sales growth. However, rising costs associated with the COVID-19 pandemic, high tariffs and elevated marketing costs weighed on the bottom line. Management expects inflation and tariff-related concerns to stay in 2021, though they are expected to be countered by productivity, reduced pandemic-led additional costs and trade promotion efficacy.

## Price, Consensus & Surprise

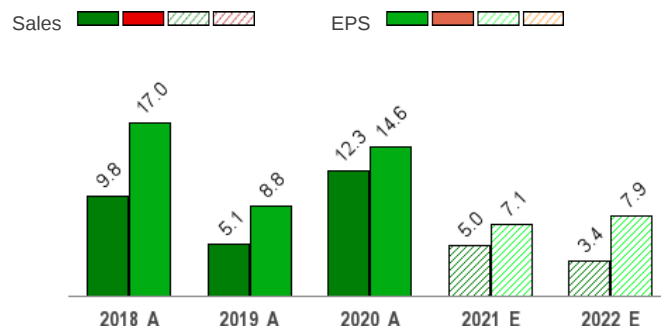


Source: Zacks Investment Research

## Data Overview

|                                |                             |
|--------------------------------|-----------------------------|
| 52-Week High-Low               | \$98.96 - \$59.36           |
| 20-Day Average Volume (Shares) | 1,365,681                   |
| Market Cap                     | \$20.3 B                    |
| Year-To-Date Price Change      | -5.0%                       |
| Beta                           | 0.37                        |
| Dividend / Dividend Yield      | \$1.01 / 1.2%               |
| Industry                       | Soap and Cleaning Materials |
| Zacks Industry Rank            | Bottom 34% (166 out of 253) |

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



|                               |            |
|-------------------------------|------------|
| Last EPS Surprise             | 0.0%       |
| Last Sales Surprise           | 2.6%       |
| EPS F1 Estimate 4-Week Change | -0.0%      |
| Expected Report Date          | 04/29/2021 |
| Earnings ESP                  | 0.0%       |
| P/E TTM                       | 29.3       |
| P/E F1                        | 27.5       |
| PEG F1                        | 3.2        |
| P/S TTM                       | 4.2        |

## Sales Estimates (millions of \$)

|      | Q1      | Q2      | Q3      | Q4      | Annual* |
|------|---------|---------|---------|---------|---------|
| 2022 | 1,251 E | 1,299 E | 1,355 E | 1,408 E | 5,317 E |
| 2021 | 1,208 E | 1,262 E | 1,307 E | 1,362 E | 5,142 E |
| 2020 | 1,165 A | 1,194 A | 1,241 A | 1,295 A | 4,896 A |

## EPS Estimates

|      | Q1       | Q2       | Q3       | Q4       | Annual*  |
|------|----------|----------|----------|----------|----------|
| 2022 | \$0.87 E | \$0.80 E | \$0.88 E | \$0.73 E | \$3.27 E |
| 2021 | \$0.81 E | \$0.73 E | \$0.82 E | \$0.68 E | \$3.03 E |
| 2020 | \$0.83 A | \$0.77 A | \$0.70 A | \$0.53 A | \$2.83 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 03/16/2021. The report's text and the analyst-provided price target are as of 03/17/2021.

## Overview

Founded in 1846 and based in Ewing, NJ, Church & Dwight Co., Inc. develops, manufactures and markets a broad range of household, personal care and specialty products. It is the leading U.S. producer of sodium bicarbonate, popularly known as baking soda, a natural product that cleans, deodorized, leavens and buffers.

The company operates in six countries (Canada, Mexico, U.K., France, Australia and Brazil) and exports to over 90 other countries. Approximately 17% of the company's net sales came from outside the United States in 2020.

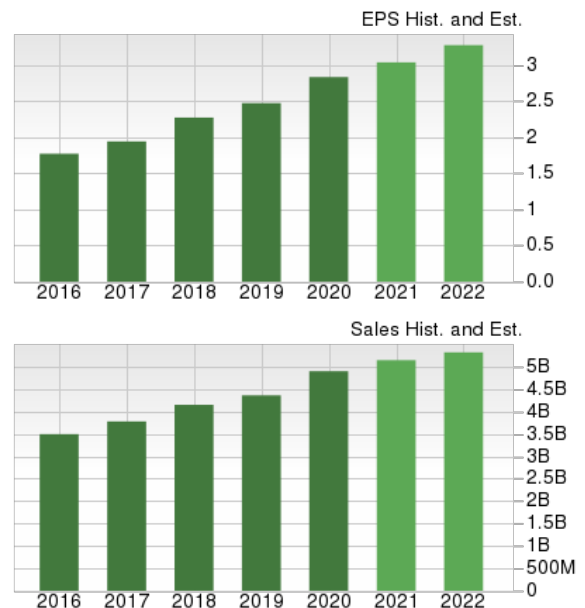
The company has 13 power brands, including ARM & HAMMER, Trojan, OxiClean, Spinbrush, First Response, Nair, Orajel, Xtra, L'IL CRITTERS and VITAFUSION, Batiste, Waterpik, FLAWLESS and Zicam. The company's ARM & HAMMER brand is one of the nation's most trusted trademarks for a broad range of consumer and specialty products and its products are sold under ARM & HAMMER liquid and powder laundry detergent, ARM & HAMMER cat litter, ARM & HAMMER dental care and ARM & HAMMER baking soda. Markedly, 12 out of 13 power brands were acquired by the company and added to its portfolio since 2001.

The company's business is divided into three primary segments, Consumer Domestic, Consumer International and Specialty Products.

The **Consumer Domestic** segment (77% of 2020 sales) includes eight power brands, ARM & HAMMER, Trojan, First Response, Nair, Spinbrush, OxiClean, Orajel and XTRA and other household and personal care products.

The **Consumer International** segment (17% of 2020 sales) sells a variety of household and personal care products in international markets, including Canada, Europe, Australia, Mexico and Brazil.

The **Specialty Products** segment (6% of 2020 sales) is the largest U.S. producer of sodium bicarbonate, which it sells together with other specialty inorganic chemicals for a variety of industrial, institutional, medical and food applications. This segment also sells a range of animal nutrition and specialty cleaning products.



Source: Zacks Investment Research

## Reasons To Buy:

- ▲ **Coronavirus-Led Demand Boosts Q4 Sales, Stock Gains:** Shares of Church & Dwight have gained 20.2% in the past year compared with the industry's growth of 10%. The company has been gaining from rising consumer demand for its products amid the coronavirus-led crisis. This also boosted fourth-quarter 2020 results, wherein the top line improved year over year and beat the Zacks Consensus Estimate. Results continued to gain from strong demand for household and personal care products owing to consumers' increased preference for essential items amid the coronavirus outbreak. Results were backed by continued strength in brand consumption. Incidentally, the company saw double-digit consumption gains in several domestic categories, particularly gummy vitamins, pregnancy test kits and baking soda, amid the pandemic. Also, water flossers witnessed consumption growth during the fourth quarter. Further, the company's international business remained strong and saw broad-based consumption increases across several countries and brands, despite pandemic-led hurdles.

Church & Dwight with a strong brand portfolio and constant innovation is well-positioned for growth. Moreover, the company's strategic buyouts are encouraging.

The company expects 2021 to be another solid year, wherein it anticipates a number of categories to continue seeing high consumption, such as gummy vitamins, laundry additives, hair growth supplements and cat litter. Certainly, a number of brands are likely to gain on increased at-home grooming and self care trends amid the pandemic. Gummy vitamins have been seeing increased household penetration and management remains on track to supplement its manufacturing capacity with third-party assistance to cater to rising demand in this category. Further, the company anticipates a modest improvement in the laundry category. The company anticipates sales growth of 4.5% in 2021 and roughly 3% in the first quarter of 2021. In addition, Church & Dwight estimates gross margin to expand 50 bps in 2021, with advancement expected to be more skewed toward the back half of 2021. This is likely to be backed by improved price and volume mix. SG&A expenses, as a percentage of sales, are expected to decline 20 bps. Adjusted operating margin is expected to expand 100 bps in 2021. Finally, adjusted earnings per share are envisioned to grow 6-8% to \$3-\$3.06 on higher operating income.

- ▲ **Impressive Organic & Online Sales Trend:** Church & Dwight has been witnessing organic sales growth for a while now. In the fourth quarter of 2020, organic sales rose 10.8%, fueled by volume gains of 10.3% and a favorable price and product mix of 0.5%. Organic sales growth surpassed management's guidance of 8% growth. Prior to this, organic sales improved 9.9%, 8.4% and 9.2% in the third, second and first quarters of 2020, respectively. Organic sales for 2021 are expected to rise nearly 3%. For the first quarter of 2021, organic sales are expected to rise nearly 2%.

Further, Church & Dwight's e-commerce sales have been playing a strong role amid the pandemic, backed by consumers accelerated online shopping preferences. In 2020, the company's e-commerce sales surged 60%. Online sales (as a percentage of total sales) contributed 14% to total sales in the fourth quarter and 13% to full-year 2020 compared with 8% in full-year 2019.

- ▲ **Robust Acquisitions Strengthen Portfolio:** Church & Dwight had a long history of acquisitions. The company started with only one brand, i.e. ARM & HAMMER and since then it has acquired a number of brands which are generally number-one or number-two brands with high margin and have been contributing significantly toward top-line growth. Progressing along these lines, we note that the buyout of FLAWLESS and Waterpik have been prudent additions to Church & Dwight's portfolio, which are also key subsidiaries of the company. Impressively, the company has doubled the Waterpik business in the last three years on the back of professional detailing, solid in-store display activation and consumer marketing. Moving on, sales in the FLAWLESS brand contributed to the company's Consumer International segment results in the fourth quarter of 2020. The brand is poised to keep gaining from the introduction of fresh products, increased boost from influencers and footfall revival. Also, the brand's spa at home products among others is likely to be a driver, as at-home grooming trends are likely to remain high amid the pandemic.

Another noteworthy acquisition of the company includes Batiste. Also, in December 2020, the company took over Matrixx Initiatives, which owns the ZICAM brand. Markedly, Zicam is a leading zinc supplement in the United States in the vitamins, minerals, and supplements (VMS) cough/cold shortening category. The buyout is likely to boost Church & Dwight's cash earnings in 2021 by nearly 3%.

- ▲ **Impressive Brand Portfolio and Innovation Aids Market Share:** Church & Dwight develops, manufactures and markets a broad range of household, personal care and specialty products. It is the leading U.S. producer of sodium bicarbonate, popularly known as baking soda. The company, which was started in 1846 with just one brand, is now diversified with dozens of brands. It boasts power brands, including ARM & HAMMER, Trojan, OxiClean, Spinbrush, First Response, Nair, Orajel, Xtra, L'IL CRITTERS and VITAFUSION, WATERPIK, FLAWLESS and Batiste, which represents majority of its consumer sales. We note that the company has been witnessing significant increase in demand for its products, especially household and personal care amid the pandemic. Also, the demand for brands like FLAWLESS is benefiting from elevated at-home grooming sessions. During the fourth quarter of 2020, the company's Consumer Domestic segment's organic sales were led by brands like VITAFUSION and L'IL CRITTERS gummy vitamins, ARM & HAMMER liquid laundry detergent, WATERPIK oral care products, OXICLEAN stain fighter powder, ARM & HAMMER clumping cat litter and baking soda, VIVISCAL hair thinning, and KABOOM bathroom cleaners.

Additionally, the company's regular innovation helps in improving brand positions and market share in the consumer categories. Management considers innovation to be a major growth driver, and remains encouraged about its 2021 product launches. Incidentally, the company is launching OXICLEAN Laundry and Home Sanitizer, which will boost the company's household products portfolio. In its personal care products space, VITAFUSION has introduced VITAFUSION POWER ZINC, Elderberry gummies in both adult and kids' options, along with Super Immune Support to make the most of consumers' growing inclination toward boosting in immunity. Additionally, WATERPIK is coming up with WATERPIK ION, which is a water flosser. FLAWLESS is also set to capitalize on increased at-home beauty and self care trends — with a facial cleanser, a full body exfoliator, together with mani-pedi nail and foot care solutions. Also, VIVISCAL is introducing Hair Therapy — that is a powder supplement for hair health.

- ▲ **Financial Position:** Church & Dwight's long-term debt of \$1,812.5 million as of the end of the fourth quarter of 2020 (Dec 31, 2020)

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remained almost in line with the previous quarter's level. Apart from this, Church & Dwight has been committed to regular dividend payments. In its fourth-quarter earnings release, the company hiked its regular dividend by 5.2%, taking it to 25.25 cents per share, which amounts to an annualized rate of \$1.01. The raised dividend was payable on Mar 1, 2021, to stockholders of record as of Feb 16. Notably, this marks the company's 25th straight year of a dividend hike. Remarkably, the company has a dividend payout ratio of 35.8%, a dividend yield of 1.2% and a free cash flow yield of 4.3%.

Also, as part of the company's Evergreen Share Repurchase Program, management, in December 2020, entered into an accelerated share buyback deal with a commercial bank to buy shares worth \$300 million. The purchase period is expected to close during the first quarter of 2021. These actions reflect the company's robust cash flows as well as commitment toward shareholders.

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## Reasons To Sell:

▼ **Stock Appears Overvalued:** Considering price-to-earnings (P/E) ratio, Church & Dwight looks pretty overvalued when compared with the industry as well as the S&P 500. This indicates limited room for upside potential. The stock has a trailing 12-month P/E ratio of 29.47, which is below the high level of 34.93 scaled in the past one year. On the contrary, the trailing 12-month P/E ratio for the industry and the S&P 500 is 20.32 and 28.85, respectively.

▼ **High Costs & Margin Concerns:** Rising costs associated with the COVID-19 pandemic as well as high tariffs poses concerns for the company. During fourth-quarter 2020, the company's gross margin declined 280 basis points (bps) to 43% due to increased manufacturing costs, largely owing to outsourcing, pandemic-led expenses, awards to supply-chain workers and elevated tariffs. Also, marketing expenses flared up 24% to \$201.6 million. As a percentage of sales, it expanded 140 bps to 15.6%. The fourth quarter saw the company's highest marketing investments, which were mainly undertaken to improve its brands. In fact, owing to these factors, the company's bottom line declined 3.6% to 53 cents in the fourth quarter.

In 2021, marketing costs are likely to rise in dollar terms, while the same is expected to contract 30 bps as a percentage of sales. Also, the company expects inflation and tariff-related concerns to stay in 2021, though these are anticipated to be countered by productivity, a decline in pandemic-led additional costs and trade promotion efficacy. Incidentally, the company expects inflation and COVID-19 costs to have an adverse impact of roughly 130 bps on the gross margin.

▼ **Q1 Earnings View:** For the first quarter of 2021, management expects gross margin to contract year over year. Adjusted earnings per share are expected to be 80 cents, indicating a decline of 4% from the year-ago quarter's figure. This reflects increased marketing spend to support product introductions.

▼ **Competitive Pressure:** Church & Dwight faces intense competition from other well-established players in the consumer products industry, such as Colgate-Palmolive, Clorox, and Procter & Gamble on the basis of pricing, promotional activities and new product introductions. The failure to offer exclusive high-quality products at competitive prices may hamper the company's market share.

▼ **Macroeconomic Headwinds:** Church & Dwight remains vulnerable to global economic challenges, which may impact its revenues, profits and cash flows. A global economic slowdown can reduce the personal disposable income of consumers, which in turn, will decrease the company's sales volumes as consumers move toward cheaper alternatives. Further, it may force the company to shift its product mix to lower margin products, thereby impacting margins.

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## Last Earnings Report

### Church & Dwight Q4 Earnings Match Estimates, Sales Up Y/Y

Church & Dwight reported fourth-quarter 2020 results. The company posted adjusted earnings of 53 cents per share, in line with the Zacks Consensus Estimate. The figure, however, declined 3.6% from the year-ago quarter's level. We believe that the bottom line was hurt by lower gross margin and higher marketing expenses.

Net sales of \$1,295.3 million advanced 13.2% year over year and surpassed the Zacks Consensus Estimate of \$1,262.6 million. Results were backed by continued strength in brand consumption. Incidentally, the company saw double-digit consumption gains in several domestic categories, particularly gummy vitamins, pregnancy test kits and baking soda, amid the pandemic. Also, water flossers witnessed consumption growth in the fourth quarter. Moreover, the company's international business remained strong and saw broad-based consumption increases across several countries and brands despite the pandemic-led hurdles. Organic sales rose 10.8%, fueled by volume gains of 10.3% and a favorable price and product mix of 0.5%. Organic sales growth surpassed management's guidance of 8% growth.

Gross margin declined 280 basis points (bps) to 43% due to increased manufacturing costs, largely owing to outsourcing, pandemic-led expenses, awards to supply-chain workers and elevated tariffs. Marketing expenses increased 24% to \$201.6 million. As a percentage of sales, it expanded 140 bps to 15.6%. The fourth quarter saw the company's highest marketing investments, which were mainly undertaken to improve its brands. However, adjusted SG&A expenses, as a percentage of sales, contracted 70 bps as an increase in sales outperformed investments.

### Segment Details

**Consumer Domestic:** Net sales in the segment rose 13.8% to \$990.9 million on higher household and personal care sales, as well as gains from buyouts. Organic sales improved 11%, driven by volume growth and higher price and product mix. The segment mainly benefited from strong consumption. Organic sales growth was led by brands like VITAFUSION and L'IL CRITTERS gummy vitamins, ARM & HAMMER liquid laundry detergent, WATERPIK oral care products, OXICLEAN stain fighter powder, ARM & HAMMER clumping cat litter and baking soda, VIVISCAL hair thinning, and KABOOM bathroom cleaners.

**Consumer International:** Net sales in the segment increased 16.2% to \$228.5 million. Organic sales improved 14.9% on higher volumes and a favorable price and mix. Organic sales gained from the strength in WATERPIK, NAIR, VITAFUSION and OXICLEAN in the Global Markets Group; FLAWLESS and WATERPIK in Australia, and FLAWLESS women's hair removal in Canada, among other brands.

**Specialty Products:** Sales in the segment dipped 1.2% to \$75.9 million, mainly due to the non-dairy segment. Also, organic sales went down due to lower volumes, somewhat compensated by better pricing. However, volumes improved from the preceding quarter, with milk prices remaining stable.

### Other Financial Updates & Outlook

Church & Dwight ended the quarter with cash on hand of \$183.1 million and total debt of \$2,163.9 million. For 2020, cash flow from operating activities was \$990.3 million and the company incurred capital expenditures of \$98.9 million. Additionally, the company hiked its regular dividend by 5.2%, taking it to 25.25 cents per share, which amounts to an annualized rate of \$1.01. The raised dividend will be payable on Mar 1, 2021, to stockholders of record as of Feb 16. Notably, this marks the company's 25th straight year of a dividend hike. Also, as part of the company's Evergreen Share Repurchase Program, management, in December 2020, entered into an accelerated share buyback deal with a commercial bank to buy shares worth \$300 million. The purchase period is expected to close during the first quarter of 2021. These actions reflect the company's robust cash flows as well as commitment toward shareholders.

The company forecasts 2021 to be another solid year, wherein it anticipates a number of categories to continue seeing high consumption, such as gummy vitamins, laundry additives, hair growth supplements and cat litter. Gummy vitamins have been seeing increased household penetration and management remains on track to supplement its manufacturing capacity with third-party assistance to cater to rising demand in this category. Further, the company anticipates a modest improvement in the laundry category. Other categories like baking soda, toothache and pregnancy kits, however, are likely to be lower than their 2020 highs.

Additionally, management remains encouraged about its 2021 product launches in several categories, which is likely to drive growth. International investments have also been paying off. Further, Church & Dwight expects the Specialty Products business to deliver a stronger year, on the back of the balanced dairy and non-dairy businesses. The company anticipates sales growth of nearly 4.5% in 2021, while organic sales are expected to rise nearly 3%. Church & Dwight expects gross margin to advance 50 bps, with advancement expected to be more skewed toward the back half of 2021. Inflation and tariffs are anticipated to be countered by productivity, lower pandemic-led additional costs and trade promotion efficacy. Marketing costs are likely to rise in dollar terms, while the same is likely to contract 30 bps as a percentage of sales. SG&A expenses, as a percentage of sales, are expected to decline 20 bps. Consequently, adjusted operating margin is expected to expand 100 bps in 2021. Finally, adjusted earnings per share are envisioned to grow 6-8% to \$3-\$3.06, on the back of higher operating income.

For the first quarter of 2021, the company projects roughly a 3% increase in sales, while organic sales are expected to rise nearly 2%. Further, management expects gross margin to contract year over year. Adjusted earnings per share are estimated to be 80 cents, calling for a decline of 4% from the year-ago quarter's figure. This reflects increased marketing spend to support product introductions.

### Quarter Ending 12/2020

| Report Date      | Jan 29, 2021 |
|------------------|--------------|
| Sales Surprise   | 2.59%        |
| EPS Surprise     | 0.00%        |
| Quarterly EPS    | 0.53         |
| Annual EPS (TTM) | 2.83         |

## Valuation

Church & Dwight shares are down 4.4% year to date period and up 20.2% over the trailing 12-month period. Stocks in the Zacks sub-industry are down 8.1% and the Zacks Consumer Staples sector declined 0.3%. Over the past year, the Zacks sub-industry is up 10% and the sector gained 31.7%.

The S&P 500 index is up 6.1% in the year-to-date period and 67.6% in the past year.

The stock is currently trading at 27.05X forward 12-month earnings, which compares to 21.47X for the Zacks sub-industry, 20.02X for the Zacks sector and 22.58X for the S&P 500 index.

Over the past five years, the stock has traded as high as 33.64X and as low as 19.58X, with a 5-year median of 26.13X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$88 price target reflects 28.54X forward 12-month earnings.

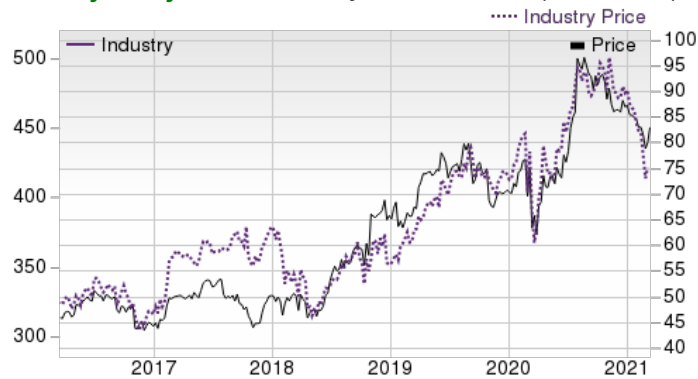
The table below shows summary valuation data for CHD

| Valuation Multiples - CHD |               |       |              |        |         |
|---------------------------|---------------|-------|--------------|--------|---------|
|                           |               | Stock | Sub-Industry | Sector | S&P 500 |
| P/E F12M                  | Current       | 27.05 | 21.47        | 20.02  | 22.58   |
|                           | 5-Year High   | 33.64 | 25.08        | 22.4   | 23.8    |
|                           | 5-Year Low    | 19.58 | 17.53        | 16.5   | 15.3    |
|                           | 5-Year Median | 26.13 | 21.93        | 19.52  | 17.9    |
| P/S F12M                  | Current       | 3.95  | 3.29         | 10.61  | 4.59    |
|                           | 5-Year High   | 4.99  | 3.54         | 11.95  | 4.59    |
|                           | 5-Year Low    | 2.69  | 2.34         | 8.58   | 3.21    |
|                           | 5-Year Median | 3.58  | 2.79         | 10.45  | 3.69    |
| EV/EBITDA F12M            | Current       | 18.14 | 12.86        | 38.03  | 15.76   |
|                           | 5-Year High   | 22.11 | 14.29        | 38.84  | 16.19   |
|                           | 5-Year Low    | 13.31 | 9.91         | 26.63  | 10.79   |
|                           | 5-Year Median | 16.34 | 11.62        | 35.01  | 13.45   |

As of 03/16/2021

Source: Zacks Investment Research

## Industry Analysis Zacks Industry Rank: Bottom 34% (166 out of 253)



Source: Zacks Investment Research

## Top Peers

| Company (Ticker)                    | Rec          | Rank |
|-------------------------------------|--------------|------|
| ColgatePalmolive Company (CL)       | Neutral      | 3    |
| The Clorox Company (CLX)            | Neutral      | 3    |
| Henkel AG & Co. (HENKY)             | Neutral      | 4    |
| KimberlyClark Corporation (KMB)     | Neutral      | 3    |
| Newell Brands Inc. (NWL)            | Neutral      | 3    |
| Procter & Gamble Company The (PG)   | Neutral      | 3    |
| Reckitt Benckiser Group PLC (RBGLY) | Neutral      | 2    |
| Unilever PLC (UL)                   | Underperform | 4    |

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

| Industry Comparison Industry: Soap And Cleaning Materials |           |            |           | Industry Peers |           |           |
|-----------------------------------------------------------|-----------|------------|-----------|----------------|-----------|-----------|
|                                                           | CHD       | X Industry | S&P 500   | CL             | CLX       | PG        |
| Zacks Recommendation (Long Term)                          | Neutral   | -          | -         | Neutral        | Neutral   | Neutral   |
| Zacks Rank (Short Term)                                   | 3         | -          | -         | 3              | 3         | 3         |
| VGM Score                                                 | D         | -          | -         | B              | B         | C         |
| Market Cap                                                | 20.32 B   | 41.19 B    | 28.70 B   | 64.22 B        | 23.71 B   | 316.58 B  |
| # of Analysts                                             | 10        | 6.5        | 13        | 7              | 6         | 8         |
| Dividend Yield                                            | 1.22%     | 1.91%      | 1.39%     | 2.33%          | 2.36%     | 2.46%     |
| Value Score                                               | C         | -          | -         | C              | B         | C         |
| Cash/Price                                                | 0.01      | 0.04       | 0.06      | 0.01           | 0.03      | 0.04      |
| EV/EBITDA                                                 | 18.02     | 17.44      | 16.04     | 16.28          | 17.44     | 17.03     |
| PEG F1                                                    | 3.19      | 3.42       | 2.37      | 3.83           | 3.25      | 3.24      |
| P/B                                                       | 6.82      | 5.99       | 3.94      | 58.92          | 17.18     | 6.64      |
| P/CF                                                      | 22.96     | 19.95      | 16.20     | 20.50          | 21.32     | 19.40     |
| P/E F1                                                    | 27.38     | 22.71      | 21.51     | 22.96          | 22.73     | 22.71     |
| P/S TTM                                                   | 4.15      | 3.53       | 3.35      | 3.90           | 3.15      | 4.28      |
| Earnings Yield                                            | 3.66%     | 4.40%      | 4.54%     | 4.36%          | 4.40%     | 4.40%     |
| Debt/Equity                                               | 0.60      | 0.54       | 0.67      | 6.66           | 1.80      | 0.47      |
| Cash Flow (\$/share)                                      | 3.63      | 3.67       | 6.78      | 3.70           | 8.87      | 6.65      |
| Growth Score                                              | D         | -          | -         | B              | B         | B         |
| Historical EPS Growth (3-5 Years)                         | 12.86%    | 11.79%     | 9.32%     | 1.26%          | 11.79%    | 8.79%     |
| Projected EPS Growth (F1/F0)                              | 7.21%     | 7.85%      | 14.54%    | 7.70%          | 12.64%    | 10.55%    |
| Current Cash Flow Growth                                  | 12.83%    | 9.55%      | 0.72%     | 7.20%          | 11.90%    | 11.93%    |
| Historical Cash Flow Growth (3-5 Years)                   | 11.02%    | 9.13%      | 7.32%     | 1.09%          | 7.62%     | 2.25%     |
| Current Ratio                                             | 0.80      | 0.90       | 1.39      | 0.99           | 1.21      | 0.78      |
| Debt/Capital                                              | 37.50%    | 34.59%     | 41.42%    | 86.95%         | 64.28%    | 31.69%    |
| Net Margin                                                | 16.05%    | 16.36%     | 10.59%    | 16.36%         | 16.28%    | 18.72%    |
| Return on Equity                                          | 23.72%    | 31.43%     | 14.65%    | 324.36%        | 114.11%   | 31.43%    |
| Sales/Assets                                              | 0.68      | 1.07       | 0.51      | 1.07           | 1.17      | 0.62      |
| Projected Sales Growth (F1/F0)                            | 5.02%     | 6.11%      | 7.02%     | 6.11%          | 12.96%    | 6.29%     |
| Momentum Score                                            | D         | -          | -         | B              | D         | D         |
| Daily Price Change                                        | 0.60%     | 0.30%      | -0.77%    | 0.24%          | 0.30%     | 0.30%     |
| 1-Week Price Change                                       | 3.68%     | 2.05%      | 2.96%     | -0.72%         | 2.52%     | 1.71%     |
| 4-Week Price Change                                       | 2.12%     | 0.84%      | 4.54%     | -2.98%         | 3.10%     | 0.80%     |
| 12-Week Price Change                                      | -3.65%    | -3.65%     | 9.18%     | -10.12%        | -6.14%    | -5.57%    |
| 52-Week Price Change                                      | 21.42%    | 21.42%     | 63.85%    | 8.06%          | -4.47%    | 9.05%     |
| 20-Day Average Volume (Shares)                            | 1,365,681 | 1,548,528  | 2,338,720 | 4,936,556      | 1,548,528 | 8,826,847 |
| EPS F1 Estimate 1-Week Change                             | 0.00%     | 0.00%      | 0.00%     | 0.00%          | 0.00%     | 0.00%     |
| EPS F1 Estimate 4-Week Change                             | -0.05%    | -0.05%     | 0.00%     | 0.10%          | -0.10%    | -0.07%    |
| EPS F1 Estimate 12-Week Change                            | -0.11%    | 1.81%      | 2.10%     | 2.63%          | 3.20%     | 1.81%     |
| EPS Q1 Estimate Monthly Change                            | -0.06%    | -0.03%     | 0.00%     | 0.00%          | -0.47%    | 0.15%     |

Source: Zacks Investment Research

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## Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

### Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we maintain a balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

### Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

### 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   | D |
| Momentum Score | D |
| VGM Score      | D |

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

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## Disclosures

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## Additional Disclosure

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

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

## Glossary of Terms and Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Periods:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**P/TB Ratio:** The price-to-tangible-book value ratio is calculated as 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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