Citrix Systems Inc. (CTXS)

$137.14 (As of 09/04/20)

Price Target (6-12 Months): **$144.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 10/20/19) Prior Recommendation: Underperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM:B
	Value: C | Growth: A | Momentum: C	

Summary

Citrix is benefiting from solid adoption of unified workspace solutions driven by coronavirus crisis-induced demand for secure work-from-home solutions. Moreover, solid adoption of subscription-based services and hybrid cloud offerings are expected to boost top line growth. Further, traction witnessed by ShareFile deserves a special mention. The company provided encouraging guidance for third quarter and raised revenue guidance for 2020, driven by momentum in workspace solutions. Also, growing clout of company's Remote PC Access solution is noteworthy. However, decline in Professional Services revenues remains an overhang. Also, shift toward software-based solutions from traditional hardware is likely to weigh on Networking revenues in the days ahead. Notably, shares of the company have underperformed the industry on a year-to-date basis.

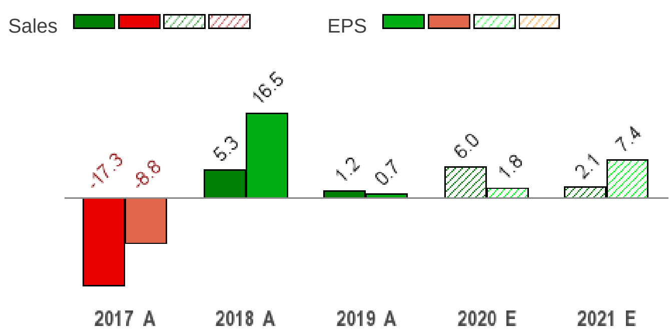
Price, Consensus & Surprise

Source: Zacks Investment Research

Data Overview

52-Week High-Low	**$173.56 - $93.36**
20-Day Average Volume (Shares)	**1,115,838**
Market Cap	**$16.9 B**
Year-To-Date Price Change	**23.7%**
Beta	**0.23**
Dividend / Dividend Yield	**$1.40 / 1.0%**
Industry	**Computer - Software**
Zacks Industry Rank	**Top 27% (69 out of 251)**
Last EPS Surprise	**26.5%**
Last Sales Surprise	**4.1%**
EPS F1 Estimate 4-Week Change	**0.0%**
Expected Report Date	**10/22/2020**
Earnings ESP	**0.0%**
P/E TTM	**21.1**
P/E F1	**23.7**
PEG F1	**2.9**
P/S TTM	**5.3**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2021	781 E	811 E	812 E	848 E	3,260 E
2020	861 A	799 A	757 E	782 E	3,192 E
2019	719 A	749 A	733 A	810 A	3,011 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2021	$1.42 E	$1.54 E	$1.56 E	$1.75 E	$6.22 E
2020	$1.73 A	$1.53 A	$1.23 E	$1.31 E	$5.79 E
2019	$1.27 A	$1.21 A	$1.52 A	$1.71 A	$5.69 A

*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 09/04/2020. The reports text is as of 09/07/2020.

Overview

Founded in 1989 and headquartered in Fort Lauderdale, FL, Citrix Systems is a leading provider of virtualization, networking and cloud computing solutions to more than 400,000 organizations worldwide.

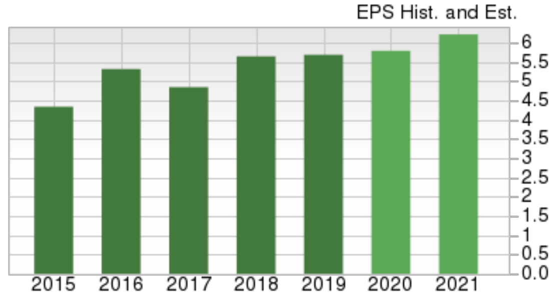
Citrix offers secure digital workspace technologies which are cloud-based and can be managed across both hybrid and multi-cloud infrastructures. The cloud-based approach enables customers to avail centralized control and SaaS-style updates in a cost-effective manner and reducing complexity.

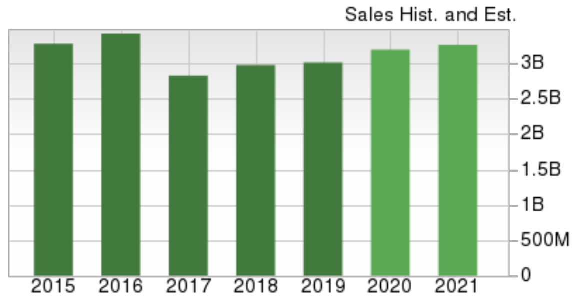
Its offerings include XenApp, XenServer, XenApp, XenDesktop, XenMobile ShareFile service and NetScaler services.

The company's vision is to offer general purpose digital workspace that empowers all users with unified, secure, and reliable access to all apps and content required to be creative - anytime, anywhere.

The company is moving towards a subscription-based business model. The company helps to simplify its solutions naming to three categories: Digital Workspace, Networking, and Analytics.

Moreover, the company's partner community comprises thousands of value added resellers, or VARs known as Citrix Solution Advisors, value-added distributors (VADs), systems integrators, (Sis), independent software vendors (ISVs), original equipment manufacturers (OEMs), and Citrix Service Providers (CSPs).





Citrix reported revenues of $3.01 billion in fiscal 2019. Citrix has three reportable groupings:

Product and License (19% of the total revenues in fiscal 2019) comprise revenues from perpetual product offerings primarily from the sale of software solutions.

Subscription (22%) account for revenues from ratable cloud services solutions, on-premise subscriptions and Citrix Service Providers (CSPs) offerings.

Support and Services (59%) comprise revenues from perpetual product and license offerings.

Citrix is facing increased competition from with VMware's Horizon, Workspace ONE, and AirWatch offerings and Amazon Web Service's ("AWS") Amazon WorkSpaces, Microsoft (particularly post the acquisition of FSLogix), among others.

Source: Zacks Investment Research

Reasons To Buy:

> Citrix is gaining from increasing demand for desktop virtualization solutions, strategic partnerships and expanding customer base.

- The desktop virtualization market is expected to accelerate in the near future. In fact, per Mordor Intelligence data, the desktop virtualization market is projected to hit $9.78 billion by 2024 from $5.51 billion in 2018 at a CAGR of 10.79% from 2019 to 2024. Centralized management of employee desktops will provide greater security, control and cost savings. This augurs well for Citrix's XenDesktop solution. Moreover, rise in remote work trends due to the ongoing pandemic has bolstered the adoption of its desktop virtualization solutions. Besides, Citrix is well poised to have gain from the COVID-19 induced digital transformation across all industries, as more companies transition from on-premise to the cloud to improve their efficiency. Notably, the company has extended its Remote PC Access solution to the cloud to capitalize on this demand. Also, the company's efforts to enhance the security capabilities of its offerings amid increasing threat of cyber-attacks hold promise.

- Citrix has expanded its business through partnerships with established sector players. Citrix, in collaboration with Microsoft, provides services enabling enterprises to deploy Windows 10 desktop systems and other apps, and tools directly on Azure cloud platform, consequently simplifying the implementation of new workspaces. The company has also extended the application of ShareFile workflows and connectors to Google Drive and G-Suite, as part of its ongoing alliance with Google. Moreover, the company has deployed its Cloud services including XenDesktop and XenApp on Oracle Cloud Marketplace. This is likely to lead to new customer additions, consequently generating incremental revenues. Markedly, Citrix partnered with Check Point Software Technologies to roll out additional next-gen firewalls within Citrix SD-WAN. The introduction of burst capacity licenses to attract more small and medium businesses is expected to boost the top line in the quarters ahead. We believe the extended collaborations augur well for the company in the long haul amid the digital transformation era, wherein enterprises seek to find a common ground between on-premise and cloud infrastructures.

- The company has been active on the acquisition front of late. Buyouts have aided growth by expanding its product portfolio and adding competence. In a customer-friendly move, the company had purchased Cedexis — a web monitoring company. Apart from widening the choices to Citrix's customers, the deal offers increased flexibility aimed at improving its operational performance and efficiencies. Citrix completed the spin-off and merger of its GoTo business with LogMeIn in 2017 aimed at improving its efficiencies. Moreover, in February 2019, the company acquired Sapho in a bid to empower the company's comprehensive Citrix Workspace suite with guided work capabilities. Reportedly, the company concluded the buyout for approximately $200 million in cash. We believe acquisition of Sapho will enable the company to fortify its competitive position in the rapidly growing desktop virtualization market.

- We believe efforts to reward shareholders through dividend payments deserve a special mention. The company paid out quarterly dividend of 35 cents worth $43 million in the second quarter. Cash flow from operations was reported at $419 million compared with $284.2 million in the prior quarter. The increasing cash flow trend reflect that the company is making investments in the right direction and is expected to help it sustain current dividend payout (0.29) level at least in the near term. Moreover, strong cash flows are expected to help Citrix to resume shareholder friendly initiatives of share repurchase. Notably, lower number of outstanding shares helps the bottom line. As a result of accelerated share repurchase program, the company has approximately $714 million remaining under share repurchase authorization.

Reasons To Sell:

Stiff competition, high costs and significant exposure to foreign markets are major headwinds.

- Citrix is facing increased competition from all product group segments. Citrix Workspace solutions compete with VMware's Horizon, Workspace ONE, and AirWatch offerings and Amazon Web Service's ("AWS") Amazon WorkSpaces, Microsoft (particularly post the acquisition of FSLogix), among others. Considering networking solutions, the company faces competition from companies including the likes of F5 Networks, Fortinet, and AWS. Citrix's content collaboration offering, ShareFile directly competes with Box, Dropbox, Alphabet's Google and Microsoft, among other companies. Intensifying competition negatively impacts pricing power, which is likely to keep margins under pressure.
- High costs have hurt the bottom line for quite some time. Moreover, Citrix results are liable to be affected by foreign exchange movements as it continues to foray into non-U.S. markets. Notably, International revenues (sales outside Americas) contributed approximately 43.4% of net revenues for fiscal 2019.
- Citrix also has a leveraged balance sheet, which adds to the risk of investing in the company. As of Jun 30, 2020, the company's net debt was $1.17 billion. Moreover, total debt to total capital of 105.1% is greater than the industry's figure of 41.7%, signifying a higher liability to pay back the debt. Further, times interest earned currently stands at 13.2X is lower than the industry's figure of 17.6X. Although the company generates significant cash flow, the high debt level can not only jeopardize its ability to sustain dividend payout and buyback shares, but also pursue accretive acquisitions.

Last Earnings Report

Citrix Q2 Earnings and Revenues Beat Estimates

Quarter Ending	06/2020
Report Date	Jul 23, 2020
Sales Surprise	4.11%
EPS Surprise	26.45%
Quarterly EPS	1.53
Annual EPS (TTM)	6.49

Citrix Systems reported second-quarter 2020 non-GAAP earnings of $1.53 per share, beating the Zacks Consensus Estimate by 26.5%. The bottom line also improved 26.4% on a year-over-year basis.

Revenues of $798.93 million surpassed the Zacks Consensus Estimate by 4.1%. The top line improved 7% on a year-over-year basis. Robust adoption of the company's offerings enabling secure remote work amid coronavirus crisis-induced work-from-home wave was a key catalyst.

Product and license revenues (16% of total revenues) declined 8% year over year to $130 million.

Support and services revenues (53%) decreased 6% on a year-over-year basis to $426 million.

Subscription revenues (31%) surged 56% from the year-ago figure to $243 million.

During the quarter under review, **SaaS** revenues were $131 million (54% of total subscription revenues), up 43% year over year. Notably, SaaS revenues account for significant part of subscription transition. Other subscription revenues in the reported quarter came in at $113 million, soaring 75% year over year.

Revenues as per Product Group

Workspace revenues (73% of total revenues) increased 9% year over year to $585 million due to higher adoption of SaaS-bases subscription solutions. Workspace subscription revenues contributed 34% to the figure. Approximately 76% of Workspace product bookings were subscription based. Management noted sharp increase in Workspace deployments as employees were compelled to work remotely in the wake of the coronavirus pandemic, which called for secure remote work infrastructure.

Networking revenues (23%) improved 4% from the year-ago period to $186 million. Networking subscription revenues soared 73% from the prior-year figure. Networking software revenues contributed 36% to the figure. Approximately 77% of Networking product bookings were subscription based. The company anticipates shift toward software-based solutions from traditional hardware to weigh on Networking revenues in the days ahead.

However, **Professional Services** revenues (4%) declined 21% on a year-over-year basis to $28 million. As the business shifts toward subscription solutions, Professional services revenues are anticipated to decline over time.

Customer Wise Revenues

Revenues from SSP customers amounted to $30 million (4% of total revenues) during the reported quarter, up 25% year over year. Revenues from non-SSP customers (96% of total revenues) improved 6% year over year to $769 million.

Geographic Revenues

Revenues in the Americas (54% of total revenues) came in at $432 million, flat on a year-over-year basis. Meanwhile, revenues in Europe, Middle East and Africa or "EMEA" (35% of total revenues) advanced 15% from the year-ago quarter to $277 million. Revenues in Asia-Pacific and Japan or "APJ" (11% of total revenues) improved 18% year over year to $90 million.

Margin Details

Total operating expenses increased 2.3% year over year to $533 million. As a percentage of revenues, the figure contracted 290 basis points (bps) to 66.7%.

Non-GAAP operating margin was reported at 31%, flat sequentially.

Balance Sheet & Cash Flow

As of Jun 30, 2020, Citrix had cash and cash equivalents of $555.1 million compared with $524.9 million as of Mar 31, 2020. As of Jun 30, 2020, long-term debt at the end of the quarter came in at $1.73 billion, flat sequentially.

Cash flow from operations was reported at $419 million, compared with $284.2 million in the prior quarter.

Deferred and unbilled revenues of $2.654 billion grew approximately 19% year over year.

The company has $714 million remaining in share repurchase authorization.

The company paid out quarterly dividends worth $43 million.

Notably, Citrix's board of directors approved a cash dividend of 35 cents per share, payable on Sep 25, to shareholders as on Sep 11.

Guidance

For third-quarter 2020, Citrix anticipates revenues between $750 million and $760 million.

Moreover, non-GAAP earnings are expected in the range of $1.20-$1.25 per share.

For full-year 2020, Citrix updated guidance on the heels of strong pipeline for secure, remote work offerings. The company now expects revenues between $3.18 billion and $3.21 billion, compared with the earlier guided range of $3.10-$3.16 billion.

Moreover, non-GAAP earnings are now expected between $5.65 and $5.85, compared with the previously guided range of $5.40-$5.60 per share.

Management continues to anticipate non-GAAP operating margin in the range of 28-29%.

Recent News

On Aug 26, Citrix announced that it has been recognized in the 2020 Constellation ShortList for Enterprise File Sharing and Cloud Content Management, an evaluation report from Constellation Research.

On Jul 28, Citrix announced that its Virtual Apps and Desktops have been deployed by Altamaha Bank & Trust. The company's remote work solutions are enabling Altamaha's employees to seamlessly deliver financial services.

On Jul 23, Citrix announced quarterly dividend of 35 cents per share payable on Sep 25, to shareholders as on Sep 11.

On Jul 21, Citrix announced that its digital workspace solutions on Google Cloud's platform are enabling Oncology Venture to transform care for patients and develop personalized treatments in a unified experience.

On Jul 14, Citrix announced the expansion of its partnership with Microsoft in a bid to address the needs of a rapidly evolving work environment amid coronavirus-induced lockdowns.

On Jun 29, Citrix announced collaboration with Upwork for the launch of the new Upwork Talent Solution with Citrix Workspace, which is designed to help companies improve productivity amid growing remote-work trends.

On Jun 25, Citrix announced a partnership with Hewlett Packard Enterprise to launch solutions that will enable customers to bring employees back to the office and ensure their safety. The solutions will help employees manage and complete vital tasks associated with re-opening offices like location mapping and completing health agreements.

Valuation

Citrix Systems' shares rallied 23.7% in the year-to-date period and 44.4% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Computer & Technology sector are up 32.2% and 15.2% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and sector are up 45.7% and 27.4%, respectively.

The S&P 500 index is up 2.1% in the year-to-date period and 10.7% in the past year.

The stock is currently trading at 22.54X forward 12-month earnings compared with 33.46X for the Zacks sub-industry, 26.75X for the Zacks sector and 22.86X for the S&P 500 index.

Over the past five years, the stock has traded as high as 40.13X and as low as 15.72X, with a five-year median of 21.6X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our $144 price target reflects 23.67X forward 12-month earnings.

The table below shows summary valuation data for CTXS

Valuation Multiples - CTXS

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	22.54	33.46	26.75	22.86
	5-Year High	40.13	35.25	26.75	22.86
	5-Year Low	15.72	18.62	16.72	15.25
	5-Year Median	21.6	25.49	19.7	17.6
P/S F12M	Current	5.23	7.8	4.33	4.19
	5-Year High	6.43	8.21	4.33	4.19
	5-Year Low	2.88	3.88	2.32	2.53
	5-Year Median	4.32	5.76	3.15	3.07
EV/Sales TTM	Current	5.6	8.68	4.51	3.19
	5-Year High	6.74	9.4	5.02	3.44
	5-Year Low	2.66	3.31	2.56	2.11
	5-Year Median	4.12	5.81	3.64	2.86

As of 09/04/2020

Industry Analysis **Zacks Industry Rank:** Top 27% (69 out of 251)

Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
Dropbox, Inc. **(DBX)**	Outperform	2
Akamai Technologies, Inc. **(AKAM)**	Neutral	3
Broadcom Inc. **(AVGO)**	Neutral	3
Box, Inc. **(BOX)**	Neutral	2
F5 Networks, Inc. **(FFIV)**	Neutral	2
Fortinet, Inc. **(FTNT)**	Neutral	3
MobileIron, Inc. **(MOBL)**	Neutral	4
VMware, Inc. **(VMW)**	Neutral	3

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

Industry Comparison Industry: Computer - Software

Industry Peers

	CTXS	X Industry	S&P 500	BOX	DBX	VMW
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Outperform	Neutral
Zacks Rank (Short Term)	3	-	-	2	2	3
VGM Score	B	-	-	C	B	B
Market Cap	16.94 B	1.59 B	23.38 B	2.80 B	8.16 B	57.61 B
# of Analysts	7	4	14	6	5	11
Dividend Yield	1.02%	0.00%	1.62%	0.00%	0.00%	0.00%
Value Score	C	-	-	D	D	C
Cash/Price	0.05	0.08	0.07	0.09	0.13	0.10
EV/EBITDA	22.26	18.05	13.13	-52.55	63.00	23.35
PEG F1	2.92	2.44	2.96	NA	0.74	1.54
P/B	NA	6.55	3.22	68.59	10.16	7.76
P/CF	22.35	22.67	12.65	NA	42.97	20.58
P/E F1	23.69	34.62	21.59	32.71	25.52	20.71
P/S TTM	5.29	4.58	2.44	3.80	4.54	5.17
Earnings Yield	4.22%	2.70%	4.42%	3.07%	3.90%	4.83%
Debt/Equity	-18.50	0.24	0.70	9.06	1.15	0.78
Cash Flow ($/share)	6.14	1.19	6.93	-0.37	0.46	6.68
Growth Score	A	-	-	A	A	B
Historical EPS Growth (3-5 Years)	3.24%	9.39%	10.41%	NA	NA	13.02%
Projected EPS Growth (F1/F0)	1.81%	10.11%	-4.75%	1,794.43%	54.80%	6.38%
Current Cash Flow Growth	-6.41%	6.56%	5.22%	-23.00%	-165.61%	0.87%
Historical Cash Flow Growth (3-5 Years)	-0.25%	9.63%	8.49%	8.89%	NA	13.69%
Current Ratio	0.85	1.51	1.35	0.84	1.25	0.87
Debt/Capital	47.00%	27.95%	42.95%	90.06%	53.47%	43.71%
Net Margin	24.11%	6.61%	10.25%	-14.19%	1.85%	15.94%
Return on Equity	201.80%	10.54%	14.59%	-358.25%	9.34%	29.11%
Sales/Assets	0.74	0.60	0.50	0.80	0.68	0.44
Projected Sales Growth (F1/F0)	6.02%	2.10%	-1.42%	10.41%	14.18%	13.45%
Momentum Score	C	-	-	D	A	A
Daily Price Change	-2.46%	-1.27%	-0.30%	-2.26%	-3.99%	-4.55%
1-Week Price Change	0.56%	0.76%	2.59%	12.61%	2.98%	5.21%
4-Week Price Change	-2.59%	-0.51%	2.00%	4.67%	-15.13%	-4.76%
12-Week Price Change	-0.54%	10.66%	10.57%	3.39%	-3.28%	0.87%
52-Week Price Change	45.35%	13.96%	1.69%	8.46%	4.72%	-7.05%
20-Day Average Volume (Shares)	1,115,838	161,075	1,827,096	2,661,234	7,131,494	1,409,268
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.00%	0.00%	3.23%
EPS F1 Estimate 4-Week Change	0.00%	0.00%	0.00%	28.62%	50.00%	16.26%
EPS F1 Estimate 12-Week Change	-1.73%	4.02%	3.89%	28.62%	129.41%	16.26%
EPS Q1 Estimate Monthly Change	0.00%	0.00%	0.00%	30.30%	NA	15.31%

Source: Zacks Investment Research

Zacks Stock Rating System

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

Zacks Recommendation

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

Zacks Rank

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

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	C
Growth Score	A
Momentum Score	C
VGM Score	B

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

Disclosures

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

Additional Disclosure

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

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

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

Glossary of Terms and Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Periods:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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