Dominion Energy, Inc. (D)

$81.02 (As of 10/07/20)

Price Target (6-12 Months): **$85.00**

Long Term: 6-12 Months	**Zacks Recommendation:**	**Neutral**
	(Since: 09/08/20)	
	Prior Recommendation: Underperform	
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM:D
	Value: D | Growth: C | Momentum: D	

Summary

Dominion Energy is gaining from steady investments, contribution from organic and inorganic assets, cost management, revenue decoupling, along with additions to the existing customer base. Dominion's decision to sell Gas Transmission & Storage operations to Berkshire for $9.7 billion will help it in the transition toward regulated operations and buying back shares. The company has ample liquidity to meet near-term debt obligations. Shares of the company have outperformed the industry in the past year. However, its decision to discontinue the Atlantic Coast Pipeline after investing billions of dollars in the same over the last six years will adversely impact prospects. The inherent risks of operating nuclear power plants and any failure by third-party producers to supply natural gas to Dominion could adversely impact profitability.

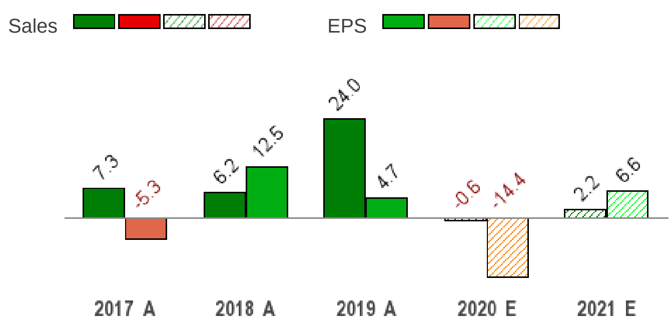
Price, Consensus & Surprise

Source: Zacks Investment Research

Data Overview

52-Week High-Low	**$90.89 - $57.79**
20-Day Average Volume (Shares)	**3,997,152**
Market Cap	**$68.1 B**
Year-To-Date Price Change	**-2.2%**
Beta	**0.36**
Dividend / Dividend Yield	**$3.76 / 4.6%**
Industry	**Utility - Electric Power**
Zacks Industry Rank	**Bottom 28% (181 out of 252)**
Last EPS Surprise	**1.2%**
Last Sales Surprise	**-10.3%**
EPS F1 Estimate 4-Week Change	**-1.9%**
Expected Report Date	**11/05/2020**
Earnings ESP	**3.8%**
P/E TTM	**19.0**
P/E F1	**22.3**
PEG F1	**4.6**
P/S TTM	**4.1**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2021					16,843 E
2020	4,496 A	3,585 A	3,621 E	3,921 E	16,479 E
2019	3,858 A	3,970 A	4,269 A	4,475 A	16,572 A

EPS Estimates

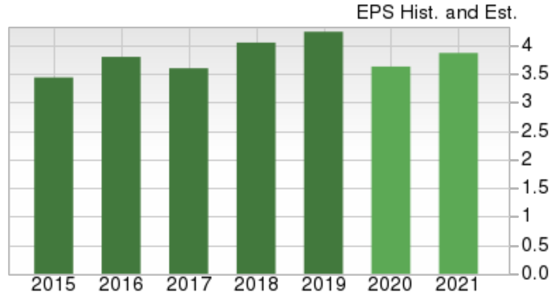
	Q1	Q2	Q3	Q4	Annual*
2021	$0.92 E	$0.67 E	$1.12 E	$1.18 E	$3.87 E
2020	$1.09 A	$0.82 A	$1.06 E	$0.85 E	$3.63 E
2019	$1.10 A	$0.77 A	$1.18 A	$1.18 A	$4.24 A

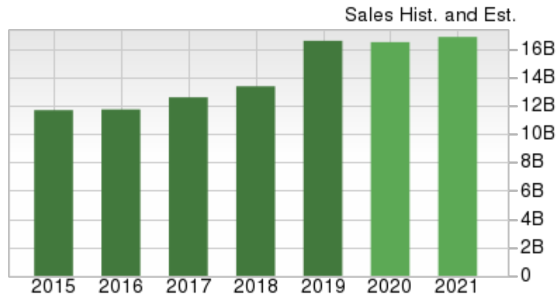
*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 10/07/2020. The reports text is as of 10/08/2020.

Overview

Richmond, VA-based Dominion Energy Inc. (earlier known as Dominion Resources Inc.) was founded in 1909. The company together with its subsidiaries produces and transports energy in the United States. It is a major energy company engaged in regulated and non-regulated electricity distribution, generation and transmission businesses. In addition, it sells electricity at wholesale prices to rural electric cooperatives, municipalities and through wholesale electricity markets.





Dominion has a portfolio of nearly 27,100 MW of generating capacity, 14,800 miles of natural gas transmission, gathering, storage and distribution pipeline, as well as 6,600 miles of electric transmission and distribution lines. The company operates the nation's largest underground natural gas storage systems, with an approximate capacity of 1 trillion cubic feet (Tcf). It serves nearly 7.5 million electric or natural gas customers across 18 states.

Dominion Energy started to report under five new operating segments from Dec 1, 2019. The new segments are **Dominion Energy Virginia** - the vertically integrated electric utility in Virginia and North Carolina; **Contracted Generation**, which includes Millstone Power Station and more than 50 long-term contracted solar facilities; **Gas Transmission & Storage**, consisting of 14,800 miles of natural gas transmission, gathering and storage pipelines, gas storage operations and the Cove Point LNG facility; **Gas Distribution**, which has four gas local distribution companies in Idaho, North Carolina, Ohio, Utah, West Virginia and Wyoming; and **Dominion Energy South Carolina**, a natural gas and electric utility in the Palmetto State.

Dominion Energy Virginia, Contracted Generation, Gas Transmission & Storage, Gas Distribution, and Dominion Energy South Carolina recorded revenues of $1,935 million, $290 million, $701 million, $890 million and $714 million, respectively, in first-quarter 2020.
The company is committed to achieve net zero emission by 2050, while continuing to deliver reliable and affordable energy. Dominion decided to sell Gas Transmission & Storage operations to Berkshire. These assets will be treated as discontinued operations and will be excluded from operating earnings for full-year 2020.

Source: Zacks Investment Research

Reasons To Buy:

Investments to expand its existing infrastructure, revenue decoupling, contributions from organic and inorganic assets, along with the expanding customer base will act as tailwinds.

- Dominion Energy's portfolio realignment strategy focusing on regulated assets is evident from its investments in regulated infrastructure and other fields whose outputs are sold under long-term purchase agreements (PPAs). In the last two years, the company disposed of some of its merchant generation facilities and electric retail energy marketing business. Dominion Energy plans to invest $23.9 billion in the 2020-2022 time period to strengthen its existing infrastructure. The company plans to invest $8.2 billion in 2020, out of which 70% will be invested in growth projects and the rest for the maintenance of the existing assets.

  Novel coronavirus has taken a heavy toll on the economy, with millions of people being unemployed and in financial distress. To assist customers who are in financial hardship, the company has decided to continue providing services even in the event of non-payment of dues.Its decision to sell gas transmission and storage assets to an affiliate of Berkshire will support Dominion's transition toward regulated and sustainable operations. Post this transaction, the company expects up to 90% of operating earnings to come from the portfolio of regulated electric and natural gas utility companies. The planned share buyback with proceeds of the above transaction is likely to have a positive impact on earnings over the long term.In the past 12 months, shares of Dominion Energy have gained 5.1%, against the industry's 4.5% decline.

- Dominion started operation of its 1,588-MW Greensville County project, which will assist the company to lower emission and will be accretive to its earnings. The company is in the process of adding 3,000 MW of solar or wind generation in the state of Virginia by 2022. Its long-term objective is to add 28.3 GW of battery storage, solar, hydro and wind (offshore as well as onshore) projects by 2035, along with increase the renewable energy capacity by more than 15% per year, on average, over the next 15 years.

  Dominion Energy aims at cutting down carbon emissions in power generation by 55% in 2030 and further by 100% in 2050 from 2005 levels. The company is working on offshore wind projects, battery storage projects and hydropower projects to lower emission. The company also announced plans to develop the 2,640-MW offshore wind project to further expand renewable footprint in Virginia. It plans to invest $3.5 billion in this project within the 2020-2024 time frame.

- Dominion Energy, taking into consideration the expected rise in demand for natural gas, has started to build up natural gas distribution infrastructure. The company is working to replace the aging infrastructure and expand the capacity of its existing pipelines. The company expects natural gas usage to increase in the range of 18-40% by 2050 from 2015 levels. Hence, the expansion of natural gas infrastructure will allow it to reap the benefits of rising natural gas demand. The company entered into a 50/50 partnership with Smithfield Foods to become a prominent renewable natural gas supplier of the United States. Gas operations are expected to contribute more than 40% to the company's earnings in 2020.

  Apart from organic ventures, the company has also taken the inorganic route to expand existing operations. Dominion completed the merger with SCANA Corporation on Jan 1, 2019, which added several high-quality businesses.

- Dominion Energy continues to replace aging equipment to improve system reliability and serve the customer base more efficiently. The company is also working on a project of strategic undergrounding of 4,000 miles of distribution lines. Notably, it has already completed undergrounding 1,300 miles of distribution lines. These initiatives will increase resilience of its operation and enable it to serve the expanding customer base more efficiently.

  The company is working on grid transformation and has planned to invest $500 million through 2021 for grid transformation. Dominion will install smart meters and smart grid devices, and provide customer information platform to enhance services to customers. The company also started deployment of electric school buses on the roads of Virginia. This initiative of Dominion is aimed at gradually replacing the fossil fuel-based school bus fleet with electric buses. Initially, 50 buses will be operational in 16 localities in 2020. Post successful implementation of this first phase, Dominion will place more electric buses in service with the state approval by 2025.

- Dominion Energy's total liquidity as of Jun 30, 2020 was $6.8 billion, which is enough to meet near-term debt obligations. Debt to capital at the end of second-quarter 2020 was 56.8%, higher than the 2019-end level of 52.7%, as the company repurchased shares during first-half 2020.

  As of Jun 30, 2020, its long-term debt was $37.1 billion, up from $33.8 billion on Dec 31, 2019. The decision to sell gas transmission and storage assets will aid Dominion to lower the long-term debt level by $5.7 billion and further strengthen the balance sheet. Dominion Energy's times interest earned ratio at second quarter-end was 1.1. The ratio of more than 1 indicates that the company will be able to meet debt obligations in the near future without any trouble. At a time when every entity is looking forward to preserve liquidity amid uncertainty as a result of the COVID-19 outbreak, its improving current ratio is reassuring for investors.

Reasons To Sell:

Third-party dependence on natural gas supply, decision to discontinue the Atlantic Coast Pipeline , risks involved in operating nuclear facilities and share dilution are headwinds.

- Currently, several expansion projects, including pipelines, electric transmission lines, and conversion and other infrastructure projects are under various stages of development. If the company fails to obtain necessary approvals or allocate and coordinate sufficient resources or if projects get delayed for completion, it may have a material impact on the company's financials.

  After investing billions of dollars and working for almost six years to complete the Atlantic Coast Pipeline project, the company and its partner Duke Energy decided to discontinue the project. Legal challenges surrounding the project have created uncertainty and increased the project's cost. This project was scheduled to be begin commercial services in early 2022, nearly a three-and-a-half-year delay. Total project cost increased to $8 billion from the original budget of $4.5-$5 billion, impacting the project's economic viability. This is a major setback for the company and will hurt its goal of expanding natural gas infrastructure.

- Dominion Energy's 2020 operating earnings are expected to be impacted by share dilution, Millstone power station double outages and Cove point minority interest. The issuance of 22 million shares for the acquisition of Dominion Energy Midstream Partners' common units, which resulted in dilution of Dominion Energy's shares, will adversely impact earnings till the company starts buying back shares.

- Dominion Energy and its gas unit depend on third-party producers for the supply of natural gas. If a producer refuses to deliver a specific quantity of natural gas or NGL to Dominion, it would consequently reduce the volume of natural gas and NGL available for the company's pipelines and other assets. This will certainly affect revenues in case Dominion fails to replace the lost volumes.

  Dominion's financial performance depends on its ability to manage the operations of its transmission and distribution businesses. The operations of the company face several operational risks including breakdown or damage of equipment or processes due to aging infrastructure, accidents and labor disputes.

- In addition, risks associated with the operation of nuclear facilities and unplanned outages at power stations in which Dominion has an ownership interest might derail management's planned production goal and adversely impact its earnings. A planned double outage at the Millstone nuclear power station in 2020 will adversely impact earnings of the company.

  Even though the company is ready to counter the challenges posed by the outbreak of COVID-19, the ongoing social distancing norms and reduction in commercial activities could have an adverse impact on demand from commercial and industrial customer groups.

Last Earnings Report

Dominion Energy Q2 Earnings Beat Estimates, Sales Miss

Quarter Ending	06/2020
Report Date	Jul 31, 2020
Sales Surprise	-10.26%
EPS Surprise	1.23%
Quarterly EPS	0.82
Annual EPS (TTM)	4.27

Dominion Energy Inc. reported second-quarter 2020 operating earnings of 82 cents per share, which beat the Zacks Consensus Estimate by a penny. Operating earnings were 6.5% higher than the year-ago figure of 77 cents. The quarterly earnings were near the upper end of the guidance range of 75-85 cents per share.

GAAP loss was $1.41 per share versus earnings of 5 cents in the year-ago quarter. The difference between GAAP and operating earnings was primarily attributable to impairment-related charges associated with the Atlantic Coast Pipeline and Supply Header projects, along with net gains on its nuclear decommissioning trust funds.

Total Revenues

Dominion Energy's total revenues came in at $3,585 million, which lagged the Zacks Consensus Estimate of $3,995 million by 10.3% and declined 9.7% from $3,970 million in the year-ago quarter.

Highlights of the Release

Total operating expenses decreased 13.2% year over year to $3,045 million due to lower electric fuel and energy-related purchases, as well as decrease in operating and maintenance costs.

Interest and related charges for the reported quarter were $449 million, down 0.7% from the year-ago period.

Segment Details

Dominion Energy Virginia: Net income from this segment was $437 million, up 11.2% year over year.

Gas Transmission & Storage: The segment's net income was $184 million, increasing 4% year over year.

Gas Distribution: Net income from this segment was $87 million, down 31.2% on a year-over-year basis.

Dominion Energy South Carolina: Net income from this segment was $75 million, down 21% year over year.

Contracted Generation: The segment's net income was $21 million, up 61.5% year over year.

Corporate and Other: The segment's net loss was $98 million, narrower than a loss of $125 million in the year-ago quarter.

Financial Highlights

As of Jun 30, 2020, Dominion Energy had cash and cash equivalents of $675 million, up from $166 million on Dec 31, 2019.

Total long-term debt as of Jun 30, 2020 was $33,848 million, up from $30,313 million on Dec 31, 2019.

In first-half 2020, cash provided from operating activities was $3,136 million, up 35.6% from $2,313 million in the comparable year-ago period.

Guidance

For third-quarter 2020, Dominion Energy expects operating earnings within 85 cents to $1.05 per share. The company reported earnings of $1.18 per share in the year-ago period. The midpoint of the above guided range is 95 cents, lower than the current Zacks Consensus Estimate for the period of $1.01.

Dominion Energy reaffirmed its 2020 earnings guidance in the range of $3.37-$3.63 per share. The company recorded earnings of $4.24 per share in 2019. The current Zacks Consensus Estimate for 2020 is pegged at $3.63.

Recent News

Dominion Buys 62.5-MW Madison Solar, Expands Clean Assets - Aug 17, 2020

Dominion Energy announced that it has acquired Madison Solar from Cypress Creek Renewables. Madison Solar is a 62.5-megawatt (MW) generating facility in Orange County, VA and is expected to come start commercial operation from the second quarter of 2022.

Northrop Grumman Corporation will purchase the entire electricity generated at Madison Solar and the renewable energy credits, under long-term agreements. This project will contribute to Dominion's revenues when it starts operation in 2022.

Valuation

Dominion Energy shares are up 1.2% in the year to date period, and up 5.1% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Utility sector was down 7.2% and 9.4% respectively in the year to date period. Over the past year, the Zacks sub-industry is down 4.5% and the sector was down 7.4%.

The S&P 500 index is up 6% in the year to date period but up 17.6% in the past year.

The stock is currently trading at 21.25X of forward 12 months earnings, which compares to 14.16X for the Zacks sub-industry, 12.91X for the Zacks sector and 21.96X for the S&P 500 index.

Over the past five years, the stock has traded as high as 22.5X and as low as 13.52X, with a 5-year median of 18.68X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $85 price target reflects 22.29X of forward 12 months earnings.

The table below shows summary valuation data for D

Valuation Multiples - D

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	21.25	14.16	12.91	21.96
	5-Year High	22.5	15.36	15.27	23.47
	5-Year Low	13.52	11.07	11.35	15.27
	5-Year Median	18.68	13.24	13.74	17.7
P/S F12M	Current	4.06	2.4	2.75	4.04
	5-Year High	4.16	2.46	3.3	4.3
	5-Year Low	2.79	1.55	1.76	3.18
	5-Year Median	3.58	1.94	2.12	3.67
P/B TTM	Current	2.39	2.04	3.94	5.84
	5-Year High	3.34	2.06	4.19	6.2
	5-Year Low	1.55	1.29	2.19	3.75
	5-Year Median	2.42	1.61	2.66	4.88

As of 10/7/2020 *Source: Zacks Investment Research*

Industry Analysis **Zacks Industry Rank:** Bottom 28% (181 out of 252)

Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
American Electric Power Company, Inc. **(AEP)**	Neutral	3
Duke Energy Corporation **(DUK)**	Neutral	3
Exelon Corporation **(EXC)**	Neutral	3
FirstEnergy Corporation **(FE)**	Neutral	3
NextEra Energy, Inc. **(NEE)**	Neutral	3
PPL Corporation **(PPL)**	Neutral	4
Southern Company The **(SO)**	Neutral	3
Xcel Energy Inc. **(XEL)**	Neutral	3

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

Industry Comparison Industry: Utility - Electric Power

	D	X Industry	S&P 500	DUK	NEE	SO
				Industry Peers		
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	D	-	-	D	D	D
Market Cap	68.07 B	8.45 B	23.47 B	67.14 B	145.48 B	61.04 B
# of Analysts	4	3	14	6	5	5
Dividend Yield	4.64%	3.27%	1.62%	4.23%	1.88%	4.43%
Value Score	D	-	-	C	D	C
Cash/Price	0.01	0.06	0.07	0.01	0.01	0.03
EV/EBITDA	16.51	9.97	13.46	10.88	17.72	9.15
PEG F1	4.57	3.74	2.90	5.79	4.09	4.58
P/B	2.39	1.64	3.49	1.50	3.50	1.91
P/CF	10.38	7.60	13.28	7.46	17.00	9.21
P/E F1	22.32	17.63	21.75	17.96	32.45	18.30
P/S TTM	4.05	1.84	2.62	2.75	7.67	2.97
Earnings Yield	4.48%	5.61%	4.41%	5.56%	3.08%	5.47%
Debt/Equity	1.30	1.05	0.70	1.26	1.03	1.46
Cash Flow ($/share)	7.80	4.27	6.92	12.24	17.47	6.28
Growth Score	C	-	-	D	C	C
Historical EPS Growth (3-5 Years)	4.46%	5.29%	10.45%	2.20%	10.42%	2.11%
Projected EPS Growth (F1/F0)	-14.39%	1.43%	-2.99%	0.46%	9.39%	1.54%
Current Cash Flow Growth	30.28%	5.82%	5.47%	11.06%	9.21%	-1.44%
Historical Cash Flow Growth (3-5 Years)	12.51%	6.02%	8.50%	5.82%	10.30%	6.18%
Current Ratio	0.64	0.86	1.35	0.55	0.61	0.97
Debt/Capital	54.60%	51.14%	42.90%	54.64%	50.82%	59.17%
Net Margin	3.77%	9.90%	10.28%	8.76%	18.71%	15.83%
Return on Equity	12.09%	9.48%	14.79%	8.10%	10.55%	10.47%
Sales/Assets	0.16	0.22	0.51	0.15	0.16	0.17
Projected Sales Growth (F1/F0)	-0.56%	0.00%	-0.62%	-1.66%	4.57%	-2.12%
Momentum Score	D	-	-	D	C	F
Daily Price Change	-0.11%	0.38%	1.74%	0.58%	2.36%	-0.05%
1-Week Price Change	3.57%	2.82%	2.13%	11.05%	-0.23%	4.55%
4-Week Price Change	1.73%	2.06%	1.57%	10.55%	5.22%	9.37%
12-Week Price Change	7.38%	2.25%	5.89%	13.52%	14.72%	9.02%
52-Week Price Change	-0.39%	-8.87%	6.10%	-4.93%	27.32%	-6.62%
20-Day Average Volume (Shares)	3,997,152	357,542	2,147,698	4,133,433	2,243,340	4,283,192
EPS F1 Estimate 1-Week Change	0.57%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	-1.89%	0.00%	0.00%	0.18%	0.26%	0.00%
EPS F1 Estimate 12-Week Change	0.83%	0.43%	3.55%	-0.16%	0.59%	0.19%
EPS Q1 Estimate Monthly Change	0.00%	0.00%	0.00%	-1.58%	1.15%	0.00%

Source: Zacks Investment Research

Zacks Stock Rating System

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

Zacks Recommendation

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

Zacks Rank

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

Zacks Style Scores

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

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

Value Score	D
Growth Score	C
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.

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.