Deere & Company (DE)

$259.10 (As of 11/16/20)

Price Target (6-12 Months): **$272.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 10/23/20) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM:B
	Value: C | Growth: B | Momentum: B	

Summary

Deere projects fiscal 2020 net income to be $2.25 billion compared with its prior-year quarter projection of $3.2 billion, reflecting uncertainties related to the coronavirus pandemic. Demand for its products and services and supply chain are also likely to be impacted. Construction & Forestry segment sales will bear the brunt of market uncertainty due to the coronavirus pandemic and its efforts to reduce inventory levels. The Agriculture and Turf segment sales are also likely to decline. However, growing U.S farm income bodes well for agricultural equipment demand. Acquisitions, introduction of advanced technologies in its products and efforts to expand in precision agriculture will drive growth. Deere's cost-reductions actions will help improve margins. Its earnings estimates for fiscal 2020 have undergone upward revisions lately.

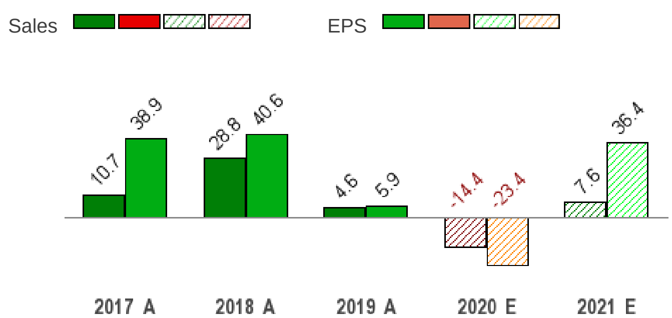
Price, Consensus & Surprise

Source: Zacks Investment Research

Data Overview

52-Week High-Low	**$265.87 - $106.14**
20-Day Average Volume (Shares)	**1,462,324**
Market Cap	**$81.2 B**
Year-To-Date Price Change	**49.5%**
Beta	**0.94**
Dividend / Dividend Yield	**$3.04 / 1.2%**
Industry	**Manufacturing - Farm Equipment**
Zacks Industry Rank	**Top 13% (32 out of 254)**
Last EPS Surprise	**97.7%**
Last Sales Surprise	**18.4%**
EPS F1 Estimate 4-Week Change	**0.3%**
Expected Report Date	**11/25/2020**
Earnings ESP	**-24.4%**
P/E TTM	**30.7**
P/E F1	**25.0**
PEG F1	**3.6**
P/S TTM	**2.3**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2021	6,511 E	9,084 E	8,443 E	7,888 E	32,102 E
2020	6,530 A	8,224 A	7,859 A	7,233 E	29,846 E
2019	6,941 A	10,273 A	8,969 A	8,703 A	34,886 A

EPS Estimates

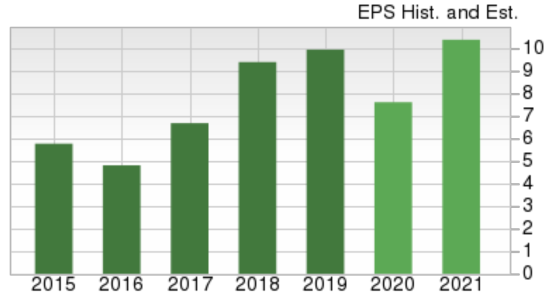
	Q1	Q2	Q3	Q4	Annual*
2021	$1.65 E	$3.25 E	$3.29 E	$1.99 E	$10.38 E
2020	$1.63 A	$2.11 A	$2.57 A	$1.23 E	$7.61 E
2019	$1.54 A	$3.52 A	$2.71 A	$2.14 A	$9.94 A

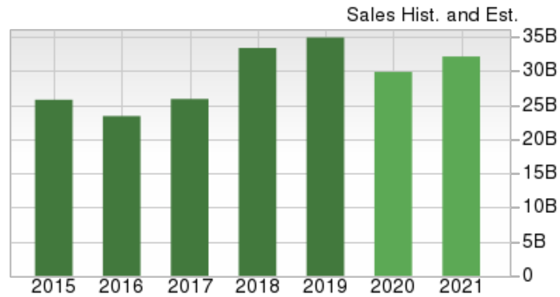
*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 11/16/2020. The reports text is as of 11/17/2020.

Overview

Deere is currently the world's largest producer of agricultural equipment, manufacturing agricultural machinery since 1837 under the iconic John Deere brand with its signature green and yellow color scheme. The company generated revenues of around $24 billion or 60% of total revenues in fiscal 2019 from the sale of agriculture and turf equipment. With a market capitalization of $78.9 billion, IL-based Deere is the only agricultural and farm machinery player in the S&P 500 Index.





The **Agriculture and Turf** segment manufactures farm equipment and related service parts, including tractors, sugarcane harvesters, sprayers, irrigation equipment, and more. It manufactures and distributes equipment, products and service parts for commercial and residential use.

In the 1950s, the company formed the construction-equipment division, which is currently the **Construction and Forestry** division. The segment generated revenues of $11 billion in fiscal 2019, contributing 28% of Deere's revenues. The division manufactures broad range of machines and service parts used in construction, earthmoving, material handling and timber harvesting. Deere also manufactures and distributes road building equipment through its wholly-owned subsidiaries of the Wirtgen Group.

The company is considered to have a product advantage in most farm machinery categories as its machines come with better features and are better constructed than its competitors. Further, Deere boasts a broad distribution network. Deere has also been growing in the field of precision agriculture through acquisitions (Blue River, NavCom Technology) and is currently the world leader in precision agriculture. It remains focused on revolutionizing agriculture with technology, in an effort to make farming automated, easier and more precise across the production process. Notably, Deere spends around 8% of sales on R&D.

Deere also finances sales and leases by John Deere dealers for new and used agricultural, commercial and consumer, and construction and forestry equipment through its Financial Services segment (10% of fiscal 2019 revenues).

Increased global demand for food, shelter and infrastructure from a burgeoning population will continue to drive Deere going forward.

Source: Zacks Investment Research

Reasons To Buy:

Recovery of the agricultural sector, acquisitions, introduction of advanced technologies in products, expansion in precision agriculture and margin improvement plan will aid Deere's results.

- The U.S. farm sector seems to be showing early signs of stabilization following the passage of The United States Mexico Canada Agreement (USMCA) and the phase 1 trade agreement with China, which instilled farmer confidence. Per the U.S. Department of Agriculture's (USDA) latest available projections, net farm income is anticipated to improve 22.7% to $102.7 billion in 2020. In inflation-adjusted terms, the projected net farm income in 2020, if realized, would be 13.8% higher than 2000-19 average ($90.2 billion). This will make farmers resume spending on agricultural equipment, which will drive the top line. Moreover, sales for small tractors have been strong as the pandemic has driven an increase in projects for home and property owners.

- In June, the company announced the new operating model. The model is designed to provide more profitable and sustainable growth to customers while revolutionizing agriculture through the rapid introduction of new technologies. To accomplish this, the company redesigned organization in three targeted primary areas - Production Systems, Technology Stack, and Lifecycle Solutions. Production systems will enable customers to do their jobs more efficiently, while making better decisions that minimize inputs and maximize outputs. Technology stack is the full set of components required to deliver solutions to customers. Lifecycle solutions will enhance the company's aftermarket and support capabilities. The new design will bring innovative and integrated solutions to the market faster than ever before.

- Deere is assessing cost structure by reviewing organization efficiency and footprint assessment, which in turn will help improve margins. The company initiated a voluntary separation program during first-quarter fiscal 2020, in sync with its efforts to create a more efficient organization structure and reduce operating costs. These programs will provide an annual run rate savings of around $260 million in the fiscal 2020. The company is focused on driving capital-allocation decisions, intensifying investments in precision agriculture, as well as enhancing capabilities in aftermarket and retrofit business. Deere has implemented actions to strengthen its financial position and preserve liquidity. Given the strength of operating results and strong cash generation, Deere might restart its share-repurchase program.

- Deere remains well poised for growth over the long term, backed by steady investments in new products and geographies. Per recent Bloomberg report, Deere stated its plans to expand in Australia and New Zealand in precision agriculture as well as in construction and forestry sectors, including road building and government infrastructure projects.This bode well for Deere's business in the near term. The company's profitability is likely to remain strong, on upward trends in population and urbanization growth, continued income growth, and dietary improvements. Deere will benefit from concerted focus on launching products with advanced technologies and features, which provides it a competitive edge. The company remains focused on revolutionizing agriculture with technology in an effort to make farming automated, easy to use and more precise across the production process. As customer's needs continue to evolve, it will trigger the need to replace old equipment. Their growing reliance on advanced technology to run their complex operations smoothly will continue to fuel Deere's revenues. Moreover, the company's efforts to expand in precision agriculture will be a game changer.

- Deere acquired the world's leading road-construction equipment maker, Wirtgen, for $5.2 billion which significantly enhanced the company's exposure to global transportation infrastructure. Before the deal, Deere did not manufacture any road building equipment such as pavers and compaction equipment. John Deere becomes the first manufacturer to have crushing and screening, and mobile equipment. The buyout is in sync with Deere's long-term strategy to expand in both agriculture and construction. The company is focused on realization of synergies. Deere also acquired PLA, which will assist the company in providing innovative, cost-effective equipment, technology, and services to customers. Recently, Deere has completed acquisition of the Unimil in a bid to expand its sugarcane business in Brazil and help customers reduce their production costs for sugarcane.

Reasons To Sell:

> Deere's sales and margins will bear the impact of the coronavirus outbreak in the near term. Construction & Forestry segment's performance will be hurt by weak construction activity.

- Deere projects fiscal 2020 net income to be $2.25 billion compared with its prior-year quarter projection of $3.2 billion. The company has stated that uncertainties regarding the impact of the COVID-19 pandemic might affect results. It expects to incur $175 million cost related to the recent employee-separation program in the fiscal fourth quarter. Deere continues to expect bleak demand for large agriculture machines in the current fiscal relative to 2019. Farmers' sentiment continues to weighed down by concerns regarding the U.S-China trade spat and a sharp decline in ethanol that have kept grain stocks elevated going into the harvest season. As the pandemic has impacted agricultural exports to China, it also remains to be seen whether China will be able to honor its terms of the Phase 1 trade agreement. This will remain an overhang on the company.

- Deere expects Agriculture and Turf equipment sales to be down 10% for fiscal 2020.Industry sales of agricultural equipment are expected to be down 5-10% from last year in the U.S. and Canada, while sales in Europe are also expected to be down 5-10% due to lower grain prices and weak yields for arable farmers and a difficult market for dairy producers.South American industry sales of tractors and combines are projected to be down 10-15% for this fiscal. Despite relatively positive fundamentals in Brazil, farmers have adopted a cautious stance due to uncertainties related to COVID-19 and possible implications stemming from the Phase 1 U.S.-China trade agreement. Asian sales are forecasted to be decline slightly as key growth markets like India are recovering after significant impact of the countrywide lockdown. Industry retail sales of turf and utility equipment in the U.S. and Canada are expected to be down about 5% for fiscal 2020.

- Activity in the overall construction sector has slowed, which in turn is weighing on the Construction & Forestry segment. The segment's sales for fiscal 2020 are expected to be down 25% compared to last year. The outlook reflects market uncertainty due to the coronavirus pandemic as well as efforts to bring down field inventory levels. Industry construction-equipment sales in the United States and Canada are likely to decline by approximately 20% for the current fiscal, reflecting sharp declines in oil and gas sector, rental capital expenditure, as well as overall moderation in general economic activity. In forestry, global industry sales are expected to be down 20-25% this fiscal, with the United States and Canada markets declining more than the rest of the world.

- Deere continues to face challenging conditions in Canada. In contrast to the United States, the company's inventories, remains elevated in Canada. This is primarily due to challenging industry conditions, namely existing trade barriers on Canadian canola and a declining exchange rate. Even though net farm income in Canada is expected to increase this year, it will still be below long-term averages. Further, in Latin American markets like Mexico and Argentina, Deere continues to face near-term challenges thanks to adverse policies impacting the agricultural sector.

- Over the last three years, Deere's total debt has gone up at a CAGR of 4%. Deere has liabilities of $9 billion due within 12 months, and liabilities of $34 billion due beyond 12 months. The company has a cash balance of $8.2 billion and $6.7 billion in receivables in the fiscal third quarter, which seems inadequate to cover its liabilities. The company's times interest earned ratio has been going down over the past few years and is currently at 3.6.

Last Earnings Report

Deere's Earnings & Revenues Beat Estimates in Q3

Quarter Ending	07/2020
Report Date	Aug 21, 2020
Sales Surprise	18.43%
EPS Surprise	97.69%
Quarterly EPS	2.57
Annual EPS (TTM)	8.45

Deere posted third-quarter fiscal 2020 earnings of $2.57 per share, beating the Zacks Consensus Estimate of $1.30. The reported figure, however, declined 8.5% from the prior-year quarter.

Net sales of equipment operations (which comprise Agriculture and Turf, Construction and Forestry) came in at $7.86 billion, declining 12.4% year over year. Revenues, however, surpassed the Zacks Consensus Estimate of $6.64 billion. Total net sales (including financial services and others) came in at $8.92 billion, down 11% year over year.

Operational Update

Cost of sales in the reported quarter was down 15% year over year to $5.8 billion. Total gross profit for the reported quarter fell 2.4%, year over year, to $3.01 billion. Selling, administrative and general expenses dipped 16% to $752 million from the prior-year quarter. Equipment operations reported an operating profit of $1,147 million in the quarter compared with the $990 million witnessed in the prior-year quarter. Total operating profit (including financial services) increased 16% year over year to $1,390 million in the fiscal third quarter.

Segment Performance

The Agriculture & Turf segment's sales was down 5% year over year to $5.67 billion, primarily due to lower shipment volumes and an unfavorable currency-translation impact, partly offset by price realization. Operating profit in the segment climbed 54% year over year to $942 million, resulting from price realization, and lower selling, administrative, and general expenses. However, this was offset by unfavorable impact of foreign-currency exchange, lower shipment volumes/sales mix as well as impairments and closure costs.

Construction & Forestry sales slid 28% to $2.19 billion from the year-earlier quarter on lower shipment volumes and unfavorable foreign-currency translation, partly negated by price realization. This segment's operating profit plummeted 46% year over year to $205 million, mainly due to a lower shipment volumes/sales mix, partly offset by price realization and lower selling, administrative, and general expenses.

Net revenues in Deere's Financial Services division came in at $892 million in the reported quarter, down 2% year on year. The segment's operating profit came in at $243 million, up 19% year over year.

Financial Update

Deere reported cash and cash equivalents of $8.2 billion at the end of the fiscal third quarter 2020 compared with the $3.4 billion recorded at the end of the prior-year quarter. Cash generated from operating activities were $4,057 million in the nine-month period ended Aug 2, 2020 compared with the $404 million witnessed in the prior-year period. At the end of the reported quarter, long-term borrowing was $34 billion, up from the $29 billion witnessed at the year-ago quarter's end.

Outlook

Net income for fiscal 2020 is projected at $2.25 billion. However, the company has stated that uncertainties regarding the impact of the COVID-19 pandemic might affect results.

Deere expects Agriculture and Turf equipment sales to be down 10% for fiscal 2020. The Construction and Forestry equipment segment's sales are expected to be down 25% for the fiscal year. The outlook reflects market uncertainty due to the pandemic as well as efforts to bring down field inventory levels.

Additionally, the company has announced broad employee-separation programs that will be completed during the fiscal fourth quarter in support of its strategy to create a leaner, more agile organization. The program is expected generate annual savings of $175 million.

Recent News

Deere Buys Unimil, Eyes Growth in Sugarcane Business in Brazil

On **Sep 1, 2020** Deere has completed the acquisition of the Brazilian company, Unimil, a provider of the aftermarket service parts business for sugarcane harvesters.

Brazil churns around one-third of the global annual sugarcane production, making it the world's number one supplier of sugarcane. In October 2019, Deere entered into an agreement to acquire Unimil in a bid to expand its sugarcane business in Brazil and help customers reduce their production costs for sugarcane.

Deere provides connected support services to maximize equipment uptime and grower productivity. Along with Unimil, Deere will expand its service parts portfolio while offering cost-effective solutions for customers. Deere will use its direct-to-customer business model for selling Unimil products. Moreover, Unimil will help Deere's customers become more profitable and sustainable across the full lifecycle of its products.

Valuation

Deere's shares are up 49.5% in the year-to-date period and 48.1% in the trailing 12-month period. Year to date, stocks in the Manufacturing - Farm Equipment industry and Industrial Products sector are up 41.3% and 11.8%, respectively. Over the past year, the Zacks sub-industry and sector are up 40.4% and 15.9%, respectively.

The S&P 500 index is up 11.7% in the year-to-date and 12.3% in the past year.

The stock is currently trading at 24.81X forward 12-month earnings, which compares to 23.22X for the Zacks sub-industry, 23.13X for the Zacks sector and 22.54X for the S&P 500 index.

Over the past five years, the stock has traded as high as 32.36X and as low as 11.13X, with a 5-year median of 18.34X.

Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $272 price target reflects 26.04X Forward 12-month earnings.

The table below shows summary valuation data for DE:

Valuation Multiples - DE

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	24.81	23.22	23.13	22.54
	5-Year High	32.36	23.45	23.13	23.47
	5-Year Low	11.13	11.9	12.59	15.27
	5-Year Median	18.34	18.7	17.72	17.72
P/S F12M	Current	2.52	1.67	3.23	4.2
	5-Year High	2.58	1.67	3.23	4.3
	5-Year Low	0.97	0.87	1.6	3.17
	5-Year Median	1.43	1.1	2.09	3.67
EV/EBITDA TTM	Current	17.27	14.33	21.51	15.98
	5-Year High	17.27	14.39	21.57	15.98
	5-Year Low	10.18	9	11.07	9.54
	5-Year Median	12.65	11.21	15.07	13.1

As of 11/16/2020 *Source: Zacks Investment Research*

Industry Analysis **Zacks Industry Rank:** Top 13% (32 out of 254)

Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
AGCO Corporation **(AGCO)**	Outperform	1
Alamo Group, Inc. **(ALG)**	Outperform	2
Terex Corporation **(TEX)**	Outperform	2
CNH Industrial N.V. **(CNHI)**	Neutral	3
Eaton Corporation, PLC **(ETN)**	Neutral	3
Lindsay Corporation **(LNN)**	Neutral	2
Toro Company The **(TTC)**	Neutral	3
Titan International, Inc. **(TWI)**	Neutral	3

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

Industry Comparison Industry: Manufacturing - Farm Equipment

	DE	X Industry	S&P 500	AGCO	ETN	TWI
				Industry Peers		
Zacks Recommendation (Long Term)	Neutral	-	-	Outperform	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	1	3	3
VGM Score	B	-	-	B	B	A
Market Cap	81.20 B	778.09 M	26.18 B	7.23 B	46.84 B	300.75 M
# of Analysts	9	2.5	13.5	7	9	1
Dividend Yield	1.17%	0.00%	1.48%	0.66%	2.49%	0.00%
Value Score	C	-	-	C	B	B
Cash/Price	0.11	0.11	0.06	0.07	0.02	0.35
EV/EBITDA	14.05	11.17	14.59	11.17	14.29	16.06
PEG F1	3.53	2.75	2.77	1.15	2.57	NA
P/B	6.30	1.76	3.62	2.54	3.23	1.76
P/CF	15.68	15.68	13.69	9.22	14.86	34.17
P/E F1	24.70	24.44	22.23	18.83	28.24	NA
P/S TTM	2.27	0.81	2.88	0.81	2.54	0.24
Earnings Yield	4.01%	4.05%	4.32%	5.31%	3.54%	-12.24%
Debt/Equity	2.64	0.39	0.70	0.50	0.48	2.55
Cash Flow ($/share)	16.53	3.29	6.92	10.47	7.91	0.14
Growth Score	B	-	-	A	C	A
Historical EPS Growth (3-5 Years)	18.49%	11.61%	9.77%	15.46%	5.92%	NA
Projected EPS Growth (F1/F0)	36.40%	-3.54%	0.37%	15.44%	-26.61%	21.05%
Current Cash Flow Growth	4.09%	5.58%	5.34%	31.75%	0.36%	-88.27%
Historical Cash Flow Growth (3-5 Years)	3.09%	1.56%	8.33%	1.73%	2.58%	-31.97%
Current Ratio	2.26	2.03	1.38	1.38	1.49	2.03
Debt/Capital	72.53%	27.93%	41.97%	33.40%	32.37%	72.97%
Net Margin	7.61%	2.27%	10.40%	2.27%	7.53%	-5.51%
Return on Equity	22.24%	8.15%	15.07%	13.58%	11.94%	-27.12%
Sales/Assets	0.48	0.97	0.50	1.15	0.59	1.17
Projected Sales Growth (F1/F0)	7.56%	-0.18%	0.23%	-1.38%	-17.08%	-15.27%
Momentum Score	B	-	-	C	B	F
Daily Price Change	2.90%	1.28%	1.84%	4.55%	2.66%	5.38%
1-Week Price Change	1.68%	2.52%	4.29%	1.81%	4.08%	40.06%
4-Week Price Change	8.79%	10.28%	7.73%	18.66%	8.91%	65.54%
12-Week Price Change	26.14%	19.89%	10.59%	33.98%	14.21%	103.32%
52-Week Price Change	48.13%	21.56%	6.85%	21.56%	29.50%	63.33%
20-Day Average Volume (Shares)	1,462,324	445,720	2,197,472	817,396	1,658,360	588,362
EPS F1 Estimate 1-Week Change	0.24%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	0.34%	5.13%	1.77%	29.95%	6.03%	0.00%
EPS F1 Estimate 12-Week Change	20.43%	9.77%	3.73%	48.14%	5.79%	0.00%
EPS Q1 Estimate Monthly Change	1.37%	1.37%	0.63%	14.54%	10.65%	-94.12%

Source: Zacks Investment Research

Zacks Stock Rating System

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

Zacks Recommendation

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

Zacks Rank

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

Zacks Style Scores

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

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

Value Score	C
Growth Score	B
Momentum Score	B
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.