Jun 08, 2021

Alphabet Inc. (GOOGL)

$2,402.30 (As of 06/07/21)

Price Target (6-12 Months): **$2,764.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 04/29/21) Prior Recommendation: Neutral	**Outperform**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**1-Strong Buy**
	Zacks Style Scores:	VGM:C
	Value: F | Growth: B	Momentum: B

Summary

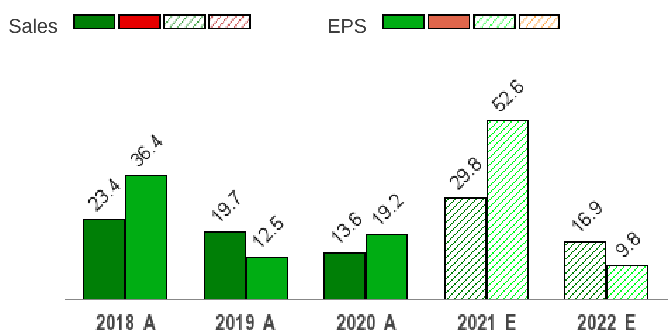
Alphabet's strengthening cloud unit is aiding substantial revenue growth. Moreover, expanding data centers will continue to bolster its presence in the cloud space as reflected by the first-quarter results. Further, major updates in its search segment are enhancing the search results. Moreover, Google's robust mobile search is gaining solid momentum. Additionally, strong focus on innovation of AI techniques and the home automation space should aid business growth in the long term. Further, its deepening focus on wearables category remains a tailwind. Notably, Alphabet has outperformed its industry year to date. However, its growing litigation issues and increasing expenses might hurt profitability. Further, the company faces persistent pressure from advertisers to tighten controls on YouTube video service. This remains a concern.

Price, Consensus & Surprise

Data Overview

52-Week High-Low	**$2,431.38 - $1,351.65**
20-Day Average Volume (Shares)	**1,326,498**
Market Cap	**$1,609.9 B**
Year-To-Date Price Change	**37.1%**
Beta	**1.01**
Dividend / Dividend Yield	**$0.00 / 0.0%**
Industry	**Internet - Services**
Zacks Industry Rank	**Bottom 29% (177 out of 251)**
Last EPS Surprise	**67.9%**
Last Sales Surprise	**7.4%**
EPS F1 Estimate 4-Week Change	**1.8%**
Expected Report Date	**07/29/2021**
Earnings ESP	**0.0%**
P/E TTM	**32.0**
P/E F1	**26.9**
PEG F1	**1.5**
P/S TTM	**8.2**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates **(millions of $)**

	Q1	Q2	Q3	Q4	Annual*
2022	51,254 E	51,945 E	55,486 E	64,232 E	227,230 E
2021	45,602 A	46,166 E	48,187 E	54,943 E	194,392 E
2020	33,707 A	31,603 A	38,007 A	46,432 A	149,749 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	$25.28 E	$25.08 E	$25.62 E	$30.56 E	$98.27 E
2021	$26.29 A	$19.63 E	$19.94 E	$23.14 E	$89.46 E
2020	$9.87 A	$10.13 A	$16.40 A	$22.30 A	$58.61 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 06/07/2021. The report's text and the analyst-provided price target are as of 06/08/2021.

Overview

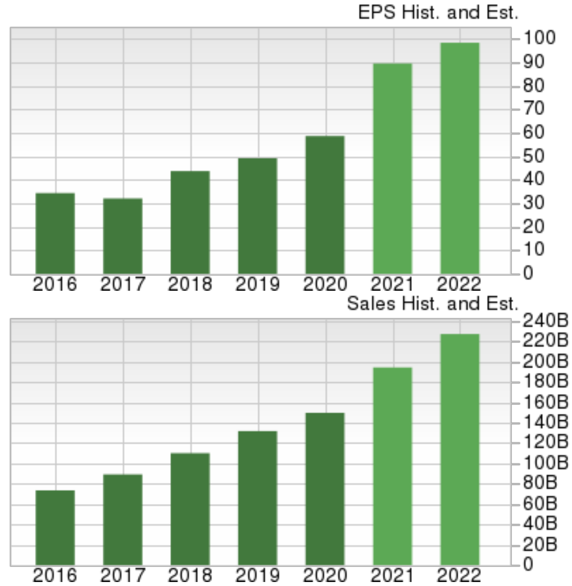
Alphabet is one of the most innovative companies in the modern technological age. Over the last few years, the company has evolved from primarily being a search-engine provider to cloud computing, ad-based video and music streaming, autonomous vehicles, healthcare providers and others.

In the online search arena, Google is a monopoly with more than 94% of the online search volume and market. Over the years, the company has witnessed increase in search queries, resulting from ongoing growth in user adoption and usage, primarily on mobile devices, continued growth in advertiser activity, and improvements in ad formats.

The company is gaining market share in the cloud-computing, driven by continued strength in Google Cloud Platform and G Suite offerings.

Alphabet also enjoys a dominant position in the autonomous vehicles market, thanks to Waymo's relentless efforts. Also, it has bolstered its footprint in the healthcare industry with its life science divison, Verily.

The company has also become a renowned name in the world of entertainment. YouTube came up with $20 billion advertising revenues in 2020.



Total revenues were $182.5 billion in 2020. The company reports revenues under three broad heads, Google Services, Google Coud and Other Bets, which generated 92%, 7% and 3% of total revenues, respectively.

The Google Services includes products and services such as ads, Android, Chrome, hardware, Google Maps, Google Play, Search, and YouTube.

Google Cloud includes Google's infrastructure and data analytics platforms, collaboration tools, and other services for enterprise customers.

Other Bets is a combination of multiple operating segments that are not individually material.

Alphabet has many competitors in the form of internet pioneers, streaming platforms, technology giants, cloud computing and customer relationship companies.

Source: Zacks Investment Research

Reasons To Buy:

> Google has shown good execution to date. Its dominant search market share is a positive. Its focus on innovation, strategic acquisitions and Android OS should continue to generate strong cash flow.

- Alphabet has been showing **increased appetite in the Home Assistant space**. The company made its foray into this market in 2016 with the launch of Google Home. Google Home performs an array of tasks such as playing music, reading books, managing calendars, answering queries, searching places, calling over cabs, controlling smart home devices and so on. It runs on Google's new voice assistant. As voice is being seen as the next big thing in computer interaction, these products could help Google expand its revenue going forward. As per Gartner, 3.3% of global households are expected to adopt a VPA-enabled wireless speaker by 2020. The strong growth projection for the personal assistant market is a key growth catalyst for Google. As a booming future is being predicted for the home assistant market, Google's home assistant devices could quite well add to their top and bottom-line figures going forward.

- Google has entered into a definitive agreement to acquire wearable fitness company Fitbit for roughly $2.1 billion. The move ramps up competition in the wearables space. Google has substantially invested in artificial intelligence. Fitbit, with 28 million users worldwide, is likely to be a very good fit for Google. Also, the Fitbit acquisition gives Google a bridge to the $3 trillion health care market. The buyout expands Google's presence in the lucrative health care market, as it can provide valuable insights to medical professionals about broader health trends.

- Alphabet focuses on **innovation**, launching products and services for multiple industries. The development and enhancements of its search technology over time has created win-win situations wherein buyers, sellers and the public at large were benefited. The success of this strategy led to very strong growth since inception. But Google has continued to adapt and change on the strength of its technological prowess. Not only did it take the mobile market transition in its stride, but it also started developing machine learning and artificial intelligence for a time in the future when the intricacies of human behavior would require even more accurate patterns. As a result, it was able to turn over some search functions to its AI systems. Because Alphabet generates significant cash from operations and also holds a huge cash balance, management has the flexibility to pursue growth in any area that exhibits true potential. This flexibility, along with its technological prowess allowed it to pursue opportunities in different markets until it became necessary to restructure itself into a conglomerate. Some of the innovations outside the core search business include technology for high-speed Internet (its Fiber and Balloon initiatives), healthcare, genomics, self-driving cars, drones, glass and others. We believe that the company has the financial muscle to overcome any short-term adverse conditions to continue pursuing these initiatives.

- Google has been growing rapidly in this **fast-growing highly-competitive cloud market**. The company has signed many partnerships and has been opening data centers to extend its cloud footprint worldwide. Alphabet and Cisco announced a partnership per which the duo will deliver an open hybrid cloud solution. The solution will enable usage and management of applications and services across on-premises setups and the Google Cloud Platform. These partnerships will help Google to keep its position in the computing race

- The **Google search** engine is advanced, simple and adaptable, all at once. This is the main reason for its leading search market share. A January 2020 global desktop search market share report from netmarketshare.com stated that Google had 74.1% of market share, followed by 12.7% for Baidu, 7.9% for Bing and 3.6% for Yahoo. In mobile, Google was even more dominant than Baidu and Bingwith a 94.9% share of the search market globally. Market leader Alphabet has held its own despite concerted efforts by competitors to grab share. Google is the dominant search engine in Canada, Latin America and most Asia/Pacific countries. It is also the dominant search engine in Europe, with leading market shares in the U.K., France, Germany and Spain. Alphabet's increasing push into wearables and Google Now are positives for search revenue growth.

- Although the desktop was the most popular computing device in the past, **mobile search** is now equally if not more popular. That is because there is a growing tendency among users to look for information at the exact time the need arises, whether it's about a cup of coffee or a new home. The plethora of mobile Internet devices that are making their way to the market is making it easier on the device front. And Alphabet is helping the process with initiatives like its Mobile Friendly algorithm change, product listings, flight search, Google Now and the Chrome browser. Alphabet's opportunity lies in consumers and enterprises choosing mobile over desktops and the billions of new users entering the market, especially in the emerging regions. While it's blocking by the Chinese government pushed search market share to local player Baidu, it's also true that the growing number of local players is resulting in stiff competition in China, eating into their individual profits.

- Online and mobile video consumption is soaring and Alphabet remains strongly positioned here with the **YouTube platform**. In its race to target TV ad dollars, Alphabet allowed third-party (Nielsen and comScore) tagging of YouTube videos to determine the effectiveness of ads on YouTube versus ads shown on TV. The Google Preferred program pulls out the top 5% of the most engaging content on YouTube for advertisers. Alphabet has also promised to advertise this content itself in order to boost traffic. So Google Preferred is attracting spending on the platform. Mobile revenue on YouTube continues to grow and TrueView (where advertisers pay only when consumers see the ad) also continues to do well.

Risks

- Alphabet faces significant **litigation** all over the world as a result of its dominant position in search. Regulatory scrutiny continues to worsen with the competition commission issuing several statements of objections (which precedes judicial proceedings unless settled). Google's alleged wrong doing constitutes the leveraging of Android to unfairly promote its own search service with the compulsory pre-installation of its app bundle.

- Alphabet is likely to see an **escalation in costs.** The company is targeting new technologies and markets, which generally require increased spending. Google has focused on sales and marketing (S&M expenses were around 9.5% of sales in 2017, going up to around 12% in each of the next five years). This greatly increased its brand value, indicating that it has captured mind share. Whether this will convert to revenue will be seen from the growth in its new device and digital sales .R&D has also increased steadily over the same time period as Google invests in future growth. Management has said however that the Other Bets segment, particularly Alphabet'sFiber initiative would require additional capex investments this year. If fixed costs increase without a corresponding increase in revenue, margins could continue to trend down, particularly since revenue growth has moderated in the last three years.

- There are also **some other margin pressures**. The most significant at the moment is related to currency, which continued to impact Alphabet's results in the last quarter despite the fact that it has a hedging program in place. Other pressures include fast-paced international growth, a growing volume of lower-priced YouTube clicks and the strength on the mobile platform.

- Alphabet has made numerous attempts to build a position in the **social segment**. This is because social networking through websites, such as Facebook and Twitter are places where people are sharing a lot of personal information and preferences that may be used to develop more customized results and thereby enable better targeting of advertisements. The fact that people are spending more time on social networks means that they are spending less time on the browser. This tends to reduce traffic to Alphabet search services although Alphabet is still unparalleled in search. So far, Alphabet's attempts have all been flops, so social networks, particularly Facebook has really grown. Alphabet doesn't have a good social platform to boost the amount of location-based commerce it generates through mobile devices.

Last Earnings Report

Alphabet Earnings Crush Q1 Estimates, Revenues Rise Y/Y

Quarter Ending	03/2021
Report Date	Apr 27, 2021
Sales Surprise	7.41%
EPS Surprise	67.88%
Quarterly EPS	26.29
Annual EPS (TTM)	75.12

Alphabet's first-quarter 2021 non-GAAP earnings of $26.29 per share crushed the Zacks Consensus Estimate by 68% and surged 166.4% year over year.

Revenues increased 34.4% year over year (32% at constant currency) to $55.31 billion.

Net revenues — excluding total traffic acquisition cost or TAC (TAC is the portion of revenues shared with Google's partners, and amounts paid to distribution partners and others who direct traffic to the Google website) — came in at $45.60 billion that outpaced the consensus mark by 7.4%. TAC was up 30.3% year over year to $9.71 billion.

The solid top line was driven by strength in the company's search, cloud and YouTube businesses.

Top-Line Details

Alphabet reports under three segments - Google Services, Google Cloud and Other Bets.

Revenues from the Google Services business increased 34% year over year to $51.18 billion, accounting for 92.5% of quarterly revenues.

The year-over-year growth benefited from elevated consumer online activity and broad-based strength in advertiser spending.

Under the services business, search revenues from Google-owned sites increased 30.1% year over year to $31.88 billion. Top-line growth was led by growth across most categories, including retail, technology and CPG.

Google Services is expected to benefit from easy year-over-year comparisons in the second quarter of 2021.

YouTube advertising revenues grew 48.7% year over year to $6 billion, while Network advertising revenues increased 30.2% to $6.80 billion.

Network advertising's top line was driven by AdMob and Ad Manager, with particular strength in app campaigns.

Google Other revenues — which consist of Google Play and YouTube non-advertising revenues — were $6.49 billion for the first quarter, up 46.4% year over year.

Google advertising revenues grew 32.3% year over year to $44.68 billion and accounted for 80.8% of total revenues.

Google Cloud revenues surged 45.7% year over year to $4.05 billion, accounting for 7.3% of the quarterly revenues. The top-line growth was driven by robust performances from GCP and Google Workspace revenues. Google Workspace revenues were driven by growth in both seats and average revenue per seat.

Other Bets revenues were $198 million, up 46.7% year over year, accounting for 0.4% of total first-quarter revenues.

Operating Details

Cost and operating expenses were $38.88 billion, up 17.2% year over year.

Operating margin was 29.7% compared with 19.4% in the year-ago quarter. Segment wise, Google Services operating margin contracted 800 bps year over year to 38.2%.

Google Cloud and Other Bets reported losses of $974 million and $1.15 billion, respectively.

Balance Sheet

As of Mar 31, 2021, cash & cash equivalents and marketable securities were $135.10 billion, down from $136.69 billion as of Dec 31, 2020.

The company generated $19.29 billion cash from operations for the first quarter and spent $5.95 billion on capex, netting a free cash flow of $13.35 billion.

Recent News

On **Jun 3, 2021**, Reportedly, Alphabet's Waymo teamed up with Google's Maps, to ensure a seamless booking experience for its autonomous ride-hailing service called Waymo One via Maps app.

On **Mar 31, 2021**, Alphabet's division Google is adding useful and smart updates to its Maps app in a bid to capitalize on the uptake of digital maps throughout the world. New updates include navigating indoors with Live View, more information on weather and air quality and eco-friendly routes.

On **Mar 22, 2021**, Google announced its intention to invest $7 billion in offices and data centers in Atlanta, DC, Washington, Chicago and New York in 2021.

On **Jan 5, 2021**, Reportedly, Google plans to invest in an India-based social network, ShareChat. ShareChat is a regional-language social media platform that owns the short-video app Moj. The company is reportedly looking to raise capital from the market.

Valuation

Alphabet shares are up 37.2% in the year-to-date period and 65.5% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Computer & Technology sector are up 28% and 13.4% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry and the sector are up 51.6% and 45.1%, respectively.

The S&P 500 index is up 13.2% in the year-to-date period and 34% in the past year.

The stock is currently trading at 25.87X forward 12-month earnings, which compares to 26.69X for the Zacks sub-industry, 27.16X for the Zacks sector and 21.82X for the S&P 500 index.

Over the past five years, the stock has traded as high as 33.78X and as low as 19.09X, with a 5-year median of 25.5X. Our Outperform recommendation indicates that the stock will perform better than the market. Our $2,764 price target reflects 29.77X forward 12-month earnings.

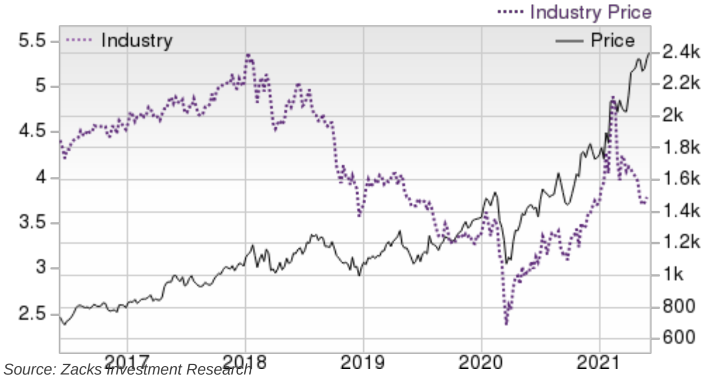
The table below shows summary valuation data for GOOGL

Valuation Multiples - GOOGL

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	25.87	26.69	27.16	21.82
	5-Year High	33.78	37.89	28.35	23.83
	5-Year Low	19.09	22.08	16.99	15.31
	5-Year Median	25.5	31.13	20.24	18.05
P/S F12M	Current	7.71	7.56	4.83	4.72
	5-Year High	8.54	15.12	4.86	4.74
	5-Year Low	4.57	5.28	2.81	3.21
	5-Year Median	6.58	7.44	3.53	3.72
EV/EBITDA TTM	Current	23.62	24.57	16.13	17.35
	5-Year High	23.77	32.52	17.18	17.74
	5-Year Low	12.14	10.62	9.07	9.63
	5-Year Median	17.1	21.17	12.46	13.46

As of 06/07/2021 *Source: Zacks Investment Research*

Industry Analysis **Zacks Industry Rank:** Bottom 29% (177 out of 251)



Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
Facebook, Inc. **(FB)**	Outperform	2
Amazon.com, Inc. **(AMZN)**	Neutral	3
Baidu, Inc. **(BIDU)**	Neutral	3
Pinterest, Inc. **(PINS)**	Neutral	2
Snap Inc. **(SNAP)**	Neutral	3
Uber Technologies, Inc. **(UBER)**	Neutral	3
Tencent Holding Ltd. **(TCEHY)**	Underperform	5
Twitter, Inc. **(TWTR)**	Underperform	4

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

Industry Comparison Industry: Internet - Services

	GOOGL	X Industry	S&P 500	FB	SNAP	TWTR
				Industry Peers		
Zacks Recommendation (Long Term)	Outperform	-	-	Outperform	Neutral	Underperform
Zacks Rank (Short Term)	1	-	-	2	3	4
VGM Score	C	-	-	B	C	C
Market Cap	1,609.93 B	978.48 M	30.32 B	954.36 B	93.50 B	47.59 B
# of Analysts	15	3	12	15	9	12
Dividend Yield	0.00%	0.00%	1.29%	0.00%	0.00%	0.00%
Value Score	F	-	-	D	F	C
Cash/Price	0.08	0.16	0.06	0.07	0.03	0.19
EV/EBITDA	24.10	0.80	17.33	22.23	-141.02	61.58
PEG F1	1.53	1.93	2.13	1.27	NA	NA
P/B	7.00	3.80	4.17	7.14	54.80	6.15
P/CF	30.01	16.06	17.93	26.62	NA	NA
P/E F1	26.84	28.32	21.52	25.53	278.95	76.86
P/S TTM	8.19	3.83	3.52	10.11	33.23	12.06
Earnings Yield	3.72%	0.24%	4.55%	3.92%	0.36%	1.31%
Debt/Equity	0.06	0.09	0.66	0.00	1.32	0.55
Cash Flow ($/share)	80.05	0.04	6.83	12.65	-0.49	-0.55
Growth Score	B	-	-	A	A	A
Historical EPS Growth (3-5 Years)	21.69%	21.67%	9.44%	28.35%	NA	NA
Projected EPS Growth (F1/F0)	52.64%	24.85%	21.30%	30.65%	466.67%	189.18%
Current Cash Flow Growth	12.89%	0.18%	0.98%	48.63%	-19.96%	-120.57%
Historical Cash Flow Growth (3-5 Years)	20.90%	17.06%	7.28%	42.26%	NA	NA
Current Ratio	3.10	1.96	1.39	6.08	4.31	4.84
Debt/Capital	5.69%	16.60%	41.53%	0.00%	56.82%	35.44%
Net Margin	26.11%	-4.50%	11.95%	35.74%	-32.90%	-23.05%
Return on Equity	23.54%	-0.58%	16.36%	27.54%	-43.12%	-11.06%
Sales/Assets	0.64	0.48	0.51	0.62	0.57	0.29
Projected Sales Growth (F1/F0)	29.81%	10.99%	9.30%	34.70%	55.52%	28.69%
Momentum Score	B	-	-	D	D	F
Daily Price Change	0.36%	0.00%	-0.33%	1.89%	0.61%	1.07%
1-Week Price Change	1.56%	0.00%	0.58%	0.49%	-1.80%	1.72%
4-Week Price Change	4.82%	2.42%	0.12%	10.00%	17.70%	15.09%
12-Week Price Change	16.93%	-8.58%	6.91%	22.95%	-3.72%	-15.15%
52-Week Price Change	65.90%	45.45%	29.97%	45.45%	197.19%	62.75%
20-Day Average Volume (Shares)	1,326,498	203,398	1,799,698	15,268,930	14,419,243	14,509,872
EPS F1 Estimate 1-Week Change	1.77%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	1.77%	0.00%	0.01%	0.99%	0.00%	0.00%
EPS F1 Estimate 12-Week Change	29.57%	0.00%	3.36%	16.92%	2.40%	-31.80%
EPS Q1 Estimate Monthly Change	1.50%	0.00%	0.00%	1.25%	0.00%	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	F
Growth Score	B
Momentum Score	B
VGM Score	C

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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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.