HP Inc. (HPQ)

$29.20 (As of 06/23/21)

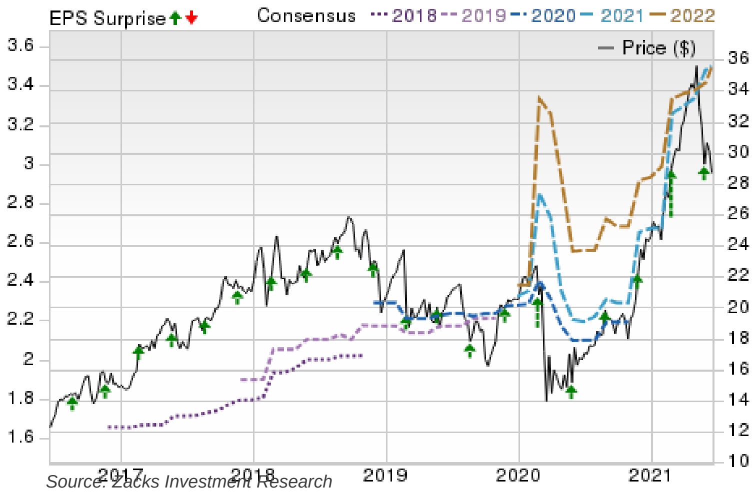
Price Target (6-12 Months): **$31.00**

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

Summary

HP is benefiting from solid demand for Personal Computers (PCs) amid the pandemic-led remote-working and online-learning wave. Recently reported Q2 results reflect strong rebound in the Printing business, which is a positive. Furthermore, stringent cost control measures are expected to drive margin over the long run. Moreover, HP's expectation of returning at least $1 billion to shareholders every quarter is encouraging. Nonetheless, industry-wide components supply constraint might impact its PC sales in the near-term. Moreover, elevated expenses and increased commodities and logistics costs is likely to keep gross margin under pressure in the second-half of fiscal 2021. Additionally, market and pricing environment are likely to normalize in the second half, which may negatively impact HP's top-line performance in the quarters ahead.

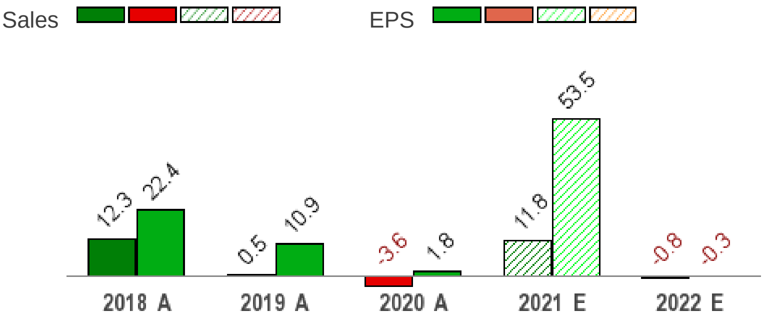
Price, Consensus & Surprise



Data Overview

52-Week High-Low	**$36.00 - $15.99**
20-Day Average Volume (Shares)	**12,802,787**
Market Cap	**$35.1 B**
Year-To-Date Price Change	**18.8%**
Beta	**1.02**
Dividend / Dividend Yield	**$0.77 / 2.7%**
Industry	**Computer - Mini computers**
Zacks Industry Rank	**Top 11% (27 out of 252)**
Last EPS Surprise	**4.5%**
Last Sales Surprise	**5.2%**
EPS F1 Estimate 4-Week Change	**4.9%**
Expected Report Date	**08/26/2021**
Earnings ESP	**0.0%**
P/E TTM	**9.9**
P/E F1	**8.3**
PEG F1	**3.7**
P/S TTM	**0.6**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2022	15,919 E	15,138 E	16,271 E	17,368 E	62,841 E
2021	15,646 A	15,877 A	15,672 E	15,527 E	63,319 E
2020	14,618 A	12,469 A	14,294 A	15,258 A	56,639 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	$0.83 E	$0.82 E	$0.88 E	$0.99 E	$3.49 E
2021	$0.92 A	$0.93 A	$0.83 E	$0.82 E	$3.50 E
2020	$0.65 A	$0.51 A	$0.49 A	$0.62 A	$2.28 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 06/23/2021. The report's text and the analyst-provided price target are as of 06/24/2021.

Overview

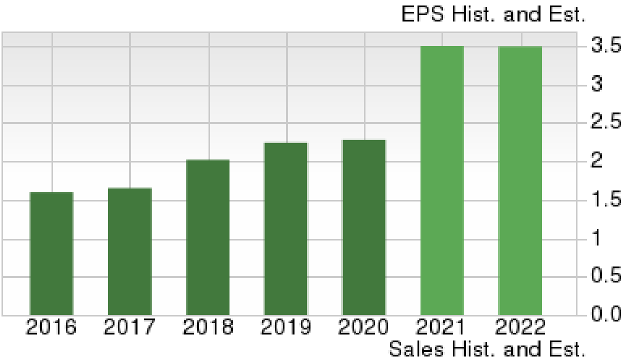
HP Inc. is the surviving entity following the November 2015 split of Hewlett-Packard Company into publicly traded entities - Hewlett Packard Enterprise Company and HP Inc.

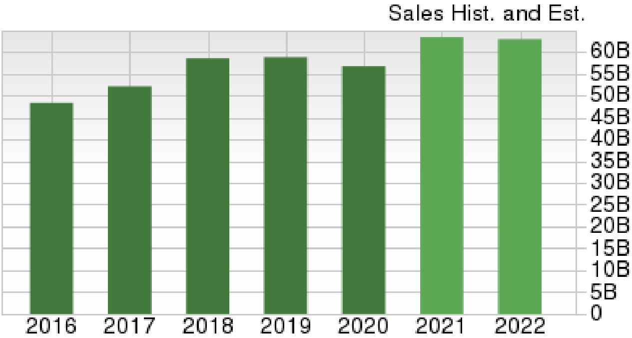
The company is a leading global provider of personal computing and other access devices, imaging and printing products, and related technologies, solutions and services to individual consumers, SMBs and large enterprises, including customers in the government, health and education sectors.

Headquartered in Palo Alto, CA, HP Inc. was founded in 1939. In Europe, Middle East, Africa (EMEA), the company is headquartered in Geneva, Switzerland. In Asia Pacific, the company's headquarter is in Singapore.

HP reported net revenue of $56.6 billion in fiscal 2020. HP has three reportable segments: Personal Systems, Printing and Corporate Investments.

The Personal Systems segment (69% of FY20 Revenues) offers Commercial and Consumer desktop and notebook personal computers (PCs), Workstations, thin clients, Commercial mobility devices, retail point-of-sale (POS) systems, displays and other related accessories, software, support and services.





The Printing segment (31%) provides Consumer and Commercial printer hardware, Supplies, solutions and services, as well as scanning devices. Corporate Investments includes HP Labs and certain business incubation projects.

The Personal Systems Group competes with Lenovo, Dell, Acer, Apple, Toshiba and Samsung Electronics while the Printing segment shares space with the likes of Canon, Lexmark International, Xerox, Seiko Epson, The Ricoh Company and Brother Industries.

The company recognized 43% of its fiscal 2020 revenues from the United States while "Other countries" contributed to the rest of the revenues.

In the past three fiscal years, notebook PCs, printing supplies and the desktop PCs, each accounted for more than 10% of the company's consolidated net revenue stream.

As of Oct 31, 2020, the company's worldwide patent portfolio included more than 28,000 patents comprising the ones acquired from Samsung.

The company had approximately 53,000 employees worldwide as of Oct 31, 2020.

Source: Zacks Investment Research

Reasons To Buy:

Product innovation and differentiations are the key drivers that are helping HP maintain its leading position in the PC market.

- HP is likely to continue benefiting from rising demand for PCs amid the COVID-19 pandemic-led remote-working and online learning wave. Notably, during second-quarter fiscal 2021, the company's total PC shipment increased 44% year-over-year. Notebooks registered a 63% jump, while desktop units dropped 5%, year on year. As the work-and-learn from home trend is likely to continue for longer time, people and organizations will continue to spend more on improving at-home technology products, thereby driving demand for HP's products.

- The near-term prospects for HP's PC division look bright. According to the latest data compiled by Gartner, global PC shipments registered fastest year-over-year growth in the first quarter of 2021 mainly due to surge in demand amid the COVID-19 pandemic-led work-and-learn from home trend. The pandemic has necessitated the use of PC systems, be it for remote work, web-based learning, video conferencing, video gaming, social media, consumer entertainment and streaming or online shopping. Moreover, as vaccine distribution and democratization takes its own time, apprehensions regarding contracting the new COVID-19 mutant strain are expected to keep people confined to the safety of their homes, for quite some time. This, in turn, boosts the prospects of PC market in the days ahead. On the heels of strong consumer demand and supply shortages-led carry-forward of backlog into the remaining quarters of 2021, the momentum in PC market is poised to sustain.

- Product innovation and differentiations are the key drivers that have helped HP in maintaining its leading position in PC market. The company is also one of the largest sellers of printers. HP has been launching several new innovative models in the PC segment as well as in the Printing segment. We believe that the continuous product launches will help HP stay afloat in the current uncertain macroeconomic environment.

- The acquisition of Samsung Electronics' printer business (S-Print) has proven to be a strategic fit for HP to turn around its printer business. The S-Print business has more than 6,500 printing patents, which is helping HP expand in the domain. All these have been supporting the development and manufacturing of HP printers. Moreover, it is helping HP gain market share from its Japanese rivals – Canon Inc. and Espon, and control prices. Apart from this, the acquisition also gave HP access to Samsung's partners and strengthened position across various geographies.

- To give a further boost to its Printing business, HP is increasing investments on its A3 multifunction printers (MFPs). These printers are designed to disrupt the traditional $55 billion A3 copier category. HP's highly scalable and cost-optimized printers will meet the increasing demand of customers' printing needs. We believe that the successful deployment of the new A3 MFPs printers will boost revenue growth for the company, going forward. Additionally, HP expects its acquisition of Europe's largest independent provider of print and document services, Apogee Corporation, to drive growth in contractual office print market.

- Apart from fortifying its traditional printing product portfolio, HP is focusing on enhancing its 3D printing business capabilities. Notably, the 3D printing market presents significant long-term investment opportunities as a large number of engineers, designers, architects and entrepreneurs are now turning to 3D solutions for primary designing and product modeling. Thus, in order to establish its base in this space, HP unveiled its Jet Fusion 3D printing solution last year. The company believes that its expanded product portfolio, materials and industrial partnerships will help it cater to the needs of a growing range of customers with a diverse range of manufacturing needs. We believe, growth in the 3D printing portfolio will help it establish a stronger footprint in this intensely competitive market, dominated by well-established players, namely Stratasys, 3D Systems and Voxeljet.

Reasons To Sell:

> Global trade environment, change in customer purchasing behavior and the industry component availability persistently pose key challenges to HP.

- Despite strong demand for PCs amid coronavirus-led remote-working and online learning wave, HP might not be able to fully capitalize on opportunity due to supply constraint of CPU panels and semiconductors. During its second-quarter fiscal 2021 results, the company had stated that the industry-wide component supply constraints might dampen its ability to meet demand.

- Rising macro uncertainties and the price sensitivity among customers are undermining the company's high-margin Printing business. Change in customer purchasing behavior with more commercial customers buying items online, is negatively impacting HP's Supplies share. Management had earlier stated that the company has a lower market share in that space as compared to its share of traditional commercial resellers and in-store retailers. Further, given the high inventory and pricing issues, the company expects sales for the Printing segment to be weighed on.

- The company faces stiff competition for its PC and printer businesses. The PC segment competes with Lenovo, Dell, Acer, Apple, Toshiba Corporation and Samsung Electronics, while in the printing segment compete with the likes of Xerox Corporation and Seiko Epson Corporation. Moreover, even though HP has been operating in 3D printing for almost five years now, the company lags behind 3D Systems Corporation and Stratasys.

- Around 57% of the company's revenues come from businesses outside the United States. Thus, an economic condition which impacts the foreign currency exchange rates does result in transaction exposure, which leads to profit fluctuation.

- HP is an above-average leveraged company as its current total debt to total capital ratio of 1.71 is significantly higher than the industry average of 0.55. The company's outstanding debt (including current maturities) decreased to $4.92 billion as of Apr 30, 2021 from $5.54 billion as of Oct 31, 2020. However, its cash and equivalent balance of $3.42 billion is lower than the outstanding debt.

Last Earnings Report

HP Q2 Earnings & Revenues Beat Estimates, Up Y/Y

Quarter Ending	04/2021
Report Date	May 27, 2021
Sales Surprise	5.17%
EPS Surprise	4.49%
Quarterly EPS	0.93
Annual EPS (TTM)	2.96

HP reported better-than-anticipated second-quarter fiscal 2021 results on solid PC demand amid the COVID-19 pandemic-induced remote-working and online-learning wave. Strong rebound in the company's Printing business, which was affected by office closures during the pandemic, also contributed significantly to overall growth of the top and bottom lines.

HP delivered fiscal second-quarter non-GAAP earnings from continuing operations of 93 cents per share, up from the year-ago quarter's 51 cents. Moreover, quarterly earnings surpassed the Zacks Consensus Estimate of 89 cents per share as well as management's guided range of 84-90 cents.

HP's net revenues jumped 27.3% year over year to $15.9 billion and beat the Zacks Consensus Estimate of $15.1 billion. In constant currency (cc), revenues increased 25.4%.

Quarter in Detail

Personal Systems revenues (67% of net revenues) came in at $10.6 billion, up 27% year on year (up 25% in cc). Further, consumer and commercial revenues jumped 72% and 10%, respectively.

HP's total units sold climbed 44% from the year-ago quarter. Notebooks registered a whopping 63% jump, while desktop units dropped 5%, year on year. While notebook revenues increased 47% year over year, desktop and workstation sales were down 8% and 7%, respectively.

Printing business revenues (33% of net revenues) went up 28% year over year (up 27% in CC) to $5.3 billion. HP's total hardware units sold increased 42%. Consumer Hardware units and revenues grew 45% and 77%, respectively. Supplies revenues rose 17%. Further, Commercial Hardware units and revenues increased 22% and 34%, respectively.

Region wise, at cc, revenues from Americas (43% of net revenues) and Europe, Middle East and Africa (EMEA) (36%), and Asia-Pacific and Japan (APJ) (21%) increased 32%, 19% and 23%, respectively.

Operating Results

Segment wise, Personal Systems operating margin expanded 10 basis points (bps) to 6.7%. In addition, printing operating margin expanded 470 bps to 17.9% on higher revenues.

Meanwhile, the company's overall non-GAAP operating margin from continuing operations of 10.2% advanced 150 bps, year on year.

Balance Sheet and Cash Flow

HP ended the fiscal second quarter with cash and cash equivalents of $3.4 billion compared with the $4.16 billion recorded in the prior quarter.

During the reported quarter, the company generated operating cash flows of $1.4 billion and $1.3 billion in free cash flow. HP returned $1.84 billion to its shareholders in the form of stock repurchases ($1.6billion) and cash dividends ($239 million) during the fiscal second quarter. In the second quarter, HP returned 137% of its free cash flows.

During the first half of fiscal 2021, the company generated operating cash flow of $2.47 billion. It bought back $2.99 billion worth of its common stocks and paid $489 million in cash dividends.

Guidance

Buoyed by a stellar fiscal second-quarter performance, management raised the non-GAAP earnings forecast for fiscal 2021 to $3.40-$3.50 per share from the $3.15-$3.25 projected earlier. Also, the company estimates to generate at least $4 billion of free cash flow during the fiscal year.

Notably, during the first-quarter fiscal 2021 earnings conference call, HP had said that it estimates to return approximately $1 billion per quarter at minimum to shareholders in the near term.

For third-quarter fiscal 2021, HP estimates non-GAAP earnings between 81 cents and 85 cents. For the printing segment, HP projects robust demand for consumer printers, and continued improvement in commercial segment as offices reopen.

HP anticipates solid demand for personal systems during the rest of the fiscal 2021 on the rising working-and-learning-from-home wave. Nevertheless, the company expects that the industry-wide component supply constraints might impact its ability to meet demand.

Furthermore, management predicts gross margin pressure in the second-half of fiscal 2021 due to elevated costs and commodities and logistics across both its business units, Personal Systems and Printing. Additionally, it sees more normalization in the market and pricing environment during the second half of fiscal 2021.

Recent News

Jun 23, HP declared a cash dividend of $0.1938 per share, payable on Oct 6, to stockholders of record as of Sep 8. This leaves HP with approximately 1.2 billion outstanding shares of common stock.

On Jun 21, at RF's Retail Converge 2021, HP introduced the new HP Engage Go 10 and HP Engage Flex Mini, in a bid to expand its Engage portfolio.

On Jun 1, HP revealed that it has acquired the gaming division of Kingston Technology Company —HyperX— strengthening HP's plan to boost its Personal Systems business.

On Apr 13, HP showcased independently verified performance leadership, partners and customers driving entirely new packaging designs, and significant technology advancements for its recently introduced HP Advanced Molded Fiber Tooling Solution.

On Feb 24, HP announced a definitive agreement to acquire HyperX, the gaming division of Kingston Technology Company.

On Feb 17, HP announced the appointment of Marie Myers as Chief Financial Officer.

On Jan 19, HP announced five new Chromebooks to help teachers and students stay connected, productive, focused, and secure whether at home, in the classroom, or a blend of both.

On Jan 13, HP announced that its board of directors has declared a cash dividend of $0.1938 per share on the company's common stock.

Valuation

HP shares have increased 18.8% in the YTD period while gained 93.2% over the trailing 12-month period. While stocks in the Zacks sub-industry have declined 5.2% YTD, the Zacks Computer & Technology sector grew 12.1%. Over the past year, the Zacks sub-industry and the sector have gained 56.4% and 49%, respectively.

The S&P 500 Index has increased 12.6% in the YTD period and 39.6% in the past year.

The stock is currently trading at 8.47X forward 12-month earnings, compared with 22.98X for the Zacks sub-industry, 27.74X for the Zacks sector and 21.69X for the S&P 500 index.

Over the past five years, the stock has traded as high as 13.10X and as low as 5.10X with a 5-year median of 9.48X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $31 price target reflects 8.89X forward 12-month earnings.

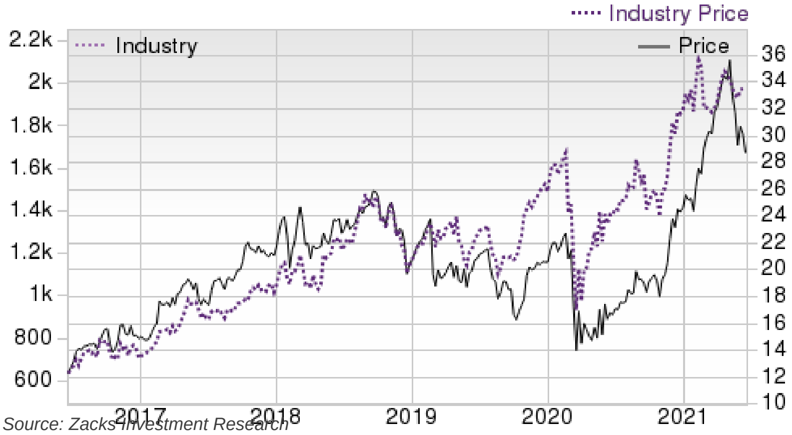
The table below shows summary valuation data for HPQ

Valuation Multiples - HPQ

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	8.47	22.98	27.74	21.69
	5-Year High	13.10	32.32	28.33	23.83
	5-Year Low	5.10	10.66	16.98	15.31
	5-Year Median	9.48	15.43	20.23	18.05
EV/Sales TTM	Current	0.62	6.11	5.71	4.87
	5-Year High	0.77	7.86	5.79	4.88
	5-Year Low	0.30	2.16	3.09	2.65
	5-Year Median	0.57	3.58	4.00	3.64
EV/EBITDA TTM	Current	7.00	20.26	16.64	17.44
	5-Year High	16.98	28.40	17.15	17.74
	5-Year Low	3.22	6.48	9.07	9.63
	5-Year Median	7.60	12.06	12.46	13.47

As of 06/23/2021 *Source: Zacks Investment Research*

Industry Analysis **Zacks Industry Rank:** Top 11% (27 out of 252)



Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
Apple Inc. **(AAPL)**	Outperform	2
Fair Isaac Corporation **(FICO)**	Outperform	1
CDW Corporation **(CDW)**	Neutral	2
3D Systems Corporation **(DDD)**	Neutral	2
Dell Technologies Inc. **(DELL)**	Neutral	3
Dynatrace, Inc. **(DT)**	Neutral	3
Lenovo Group Ltd. **(LNVGY)**	Neutral	2
Stratasys, Ltd. **(SSYS)**	Neutral	4

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

Industry Comparison Industry: Computer - Mini Computers

	HPQ	X Industry	S&P 500	AAPL	DDD	LNVGY
				Industry Peers		
Zacks Recommendation (Long Term)	Neutral	-	-	Outperform	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	2	2	2
VGM Score	A	-	-	C	D	A
Market Cap	35.08 B	24.53 B	29.87 B	2,231.14 B	4.76 B	13.99 B
# of Analysts	6	5	12	11	5	2
Dividend Yield	2.65%	0.98%	1.35%	0.66%	0.00%	1.29%
Value Score	A	-	-	D	F	A
Cash/Price	0.10	0.07	0.06	0.03	0.04	0.23
EV/EBITDA	8.60	6.78	17.12	29.05	-62.18	4.96
PEG F1	3.75	1.28	2.05	2.07	NA	1.28
P/B	NA	10.28	4.07	32.25	10.28	3.88
P/CF	9.97	9.97	17.35	33.20	NA	6.25
P/E F1	8.37	17.68	20.98	25.84	103.93	9.51
P/S TTM	0.57	3.72	3.36	6.86	8.40	0.23
Earnings Yield	11.99%	7.18%	4.69%	3.87%	0.97%	10.50%
Debt/Equity	-1.46	0.46	0.66	1.57	0.00	0.91
Cash Flow ($/share)	2.93	3.32	6.83	4.03	-0.02	3.72
Growth Score	C	-	-	B	A	A
Historical EPS Growth (3-5 Years)	10.52%	14.59%	9.59%	14.59%	NA	18.01%
Projected EPS Growth (F1/F0)	53.51%	59.72%	21.62%	57.73%	432.73%	37.36%
Current Cash Flow Growth	-3.13%	-1.08%	0.99%	0.98%	-147.51%	36.92%
Historical Cash Flow Growth (3-5 Years)	-17.70%	1.15%	7.28%	1.15%	NA	29.58%
Current Ratio	0.72	1.00	1.39	1.14	2.43	0.85
Debt/Capital	NA%	47.75%	41.51%	61.10%	0.00%	47.75%
Net Margin	6.05%	4.00%	11.95%	23.45%	-15.10%	1.94%
Return on Equity	-143.70%	12.29%	16.48%	111.80%	-4.51%	29.08%
Sales/Assets	1.77	1.33	0.51	0.98	0.78	1.67
Projected Sales Growth (F1/F0)	11.79%	9.16%	9.54%	29.52%	5.83%	6.53%
Momentum Score	B	-	-	D	D	F
Daily Price Change	0.21%	0.28%	-0.11%	-0.21%	3.17%	0.35%
1-Week Price Change	-4.69%	-3.22%	0.43%	2.44%	-6.30%	-1.75%
4-Week Price Change	-9.23%	-0.95%	1.09%	5.40%	29.52%	-7.30%
12-Week Price Change	-8.03%	0.71%	6.77%	9.46%	38.63%	-18.68%
52-Week Price Change	80.25%	94.62%	39.06%	48.53%	472.03%	108.99%
20-Day Average Volume (Shares)	12,802,787	9,415,377	1,889,295	72,155,160	6,027,967	26,305
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.00%	0.00%	-2.59%
EPS F1 Estimate 4-Week Change	4.95%	3.15%	0.01%	1.36%	0.00%	5.39%
EPS F1 Estimate 12-Week Change	6.22%	13.06%	3.54%	15.48%	170.00%	10.63%

EPS Q1 Estimate Monthly Change	9.21%	1.97%	0.00%	1.97%	0.00%	NA

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

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

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.

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

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

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

Glossary of Terms and Definitions

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

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

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

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

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

4-Week Price Change: This is the percentage change in a stock's closing price over the last 20 trading days or past 4 weeks. This is a 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.