Jun 23, 2021

HealthEquity, Inc.(HQY)

$82.24 (As of 06/22/21)

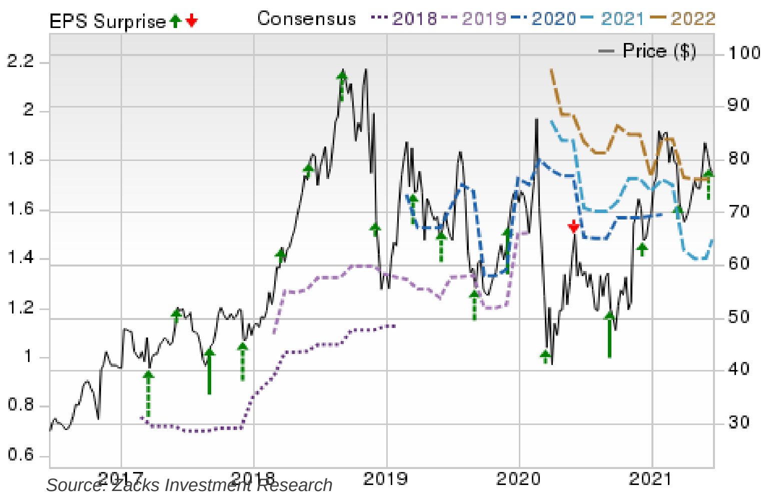
Price Target (6-12 Months): **$86.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 05/21/21) Prior Recommendation: Underperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**2-Buy**
	Zacks Style Scores:	VGM:F
	Value: F | Growth: F | Momentum: B	

Summary

HealthEquity exited first-quarter fiscal 2022 with better-than-expected results. Robust Custodial and Interchange revenues, along with Health Savings Accounts (HSA), drove the top line. A raised fiscal 2022 outlook buoys optimism. HealthEquity's unique investment platform looks encouraging. The company continues to gain from its buyouts and partnerships. A strong solvency position is an added plus. Over the past six months, HealthEquity has outperformed its industry. Yet, the year-over-year fall in both adjusted earnings and the overall top line is concerning. Weakness in Service revenues is also worrying. Contraction of both margins does not bode well either. Stiff competition in the Medical Services market also raises apprehensions. Other headwinds like data security threats persist.

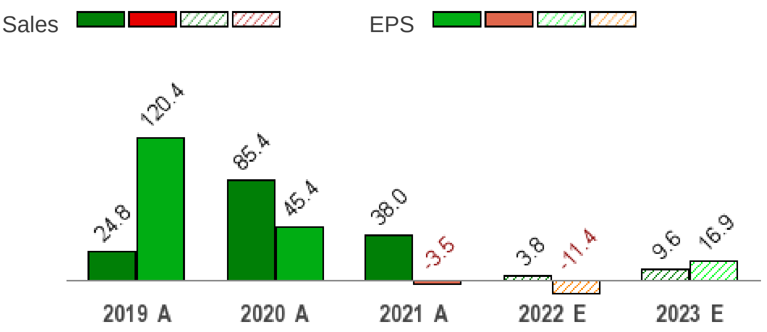
Price, Consensus & Surprise



Data Overview

52-Week High-Low	**$93.32 - $45.82**
20-Day Average Volume (Shares)	**544,314**
Market Cap	**$6.9 B**
Year-To-Date Price Change	**18.0%**
Beta	**1.36**
Dividend / Dividend Yield	**$0.00 / 0.0%**
Industry	**Medical Services**
Zacks Industry Rank	**Bottom 24% (192 out of 252)**
Last EPS Surprise	**22.6%**
Last Sales Surprise	**0.6%**
EPS F1 Estimate 4-Week Change	**10.8%**
Expected Report Date	**09/14/2021**
Earnings ESP	**3.3%**
P/E TTM	**50.5**
P/E F1	**55.6**
PEG F1	**2.4**
P/S TTM	**9.4**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2023	206 E	205 E	208 E	219 E	835 E
2022	184 A	185 E	190 E	203 E	762 E
2021	190 A	176 A	179 A	188 A	734 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2023	$0.42 E	$0.42 E	$0.44 E	$0.48 E	$1.73 E
2022	$0.38 A	$0.36 E	$0.38 E	$0.40 E	$1.48 E
2021	$0.43 A	$0.42 A	$0.41 A	$0.42 A	$1.67 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 06/22/2021. The report's text and the analyst-provided price target are as of 06/23/2021.

Overview

Headquartered in Draper, UT, HealthEquity provides integrated solutions for health-care account management, health reimbursement arrangement and flexible spending accounts for health plans, insurance companies and third-party administrators in the United States.

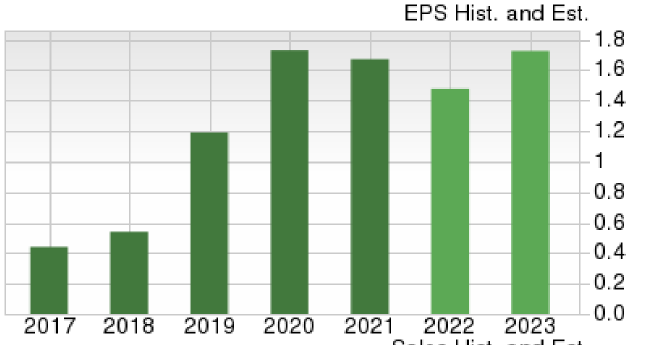
HealthEquity's flagship health savings account or HSA is a financial account through which consumers spend and save for the long term for healthcare on a tax-advantaged basis. This has provided the company with a competitive edge in the MedTech industry. Other than HSAs, the company offers Healthcare saving and spending platform, Investment platform and advisory services and Reimbursement arrangements.

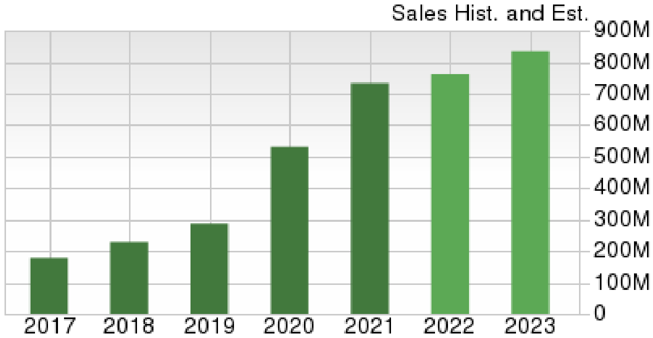
In addition, HealthEquity offers health reimbursement and flexible spending arrangements solutions; Employee Retirement Income Security Act's plan administration and investment services.

The company earns revenues through three sources: Service revenues, Custodial revenues, Interchange revenues.

FY21 at a Glance

In fiscal 2021, HealthEquity reported revenues of $733.6 million, up 37.9% year over year. The figure outpaced the Zacks Consensus Estimate by 0.4%.





For fiscal 2021, adjusted earnings per share came in at $1.67, in line with the Zacks Consensus Estimate. However, the bottom line dipped 0.6% on a year-over-year basis.

While Service revenues accounted for 58.8% of net revenues, Custodial revenues contributed 26%. Meanwhile, Interchange revenues accounted for 15.1% of net revenues.

Source: Zacks Investment Research

Reasons To Buy:

HealthEquity's unique investment platform and continued strength in HSA look encouraging. The company's buyouts and partnerships are impressive as well.

- **Share Price Performance:** Over the past six months, HealthEquity has outperformed the industry it belongs to. The stock has gained 20.4% against the industry's 15.5% fall. The company exited first-quarter fiscal 2022 with better-than-expected results. The top line benefited from robust contributions of Custodial and Interchange revenues. Solid growth in HSAs also drove the top line. In addition to HSA, the company offers health reimbursement arrangement to regional employers. HealthEquity continued to gain from the acquisition of WageWorks, which was completed in August 2019. The company raising its fiscal 2022 financial outlook despite pandemic-led business challenges buoys optimism on the stock.

  HealthEquity's unique investment platform looks encouraging as well. The company continues to gain from its buyouts and partnerships. A strong solvency position is an added plus.

- **Strength in HSA:** HealthEquity is an Internal Revenue Service approved non-bank custodian of HSA, which is a medical savings account available to taxpayers in the United States who are enrolled in a high-deductible health plan (HDHP). The funds contributed to an account are not subject to federal income tax at the time of deposit. Addition to HSA, HealthEquity now offers FSA and HRA administration to regional employers.

  As of Apr 30, 2021, the total number of HSA, for which HealthEquity served as a non-bank custodian (HSA members) were up 8.7% year over year. Additionally, total Active HSA assets were 30.5% year over year. Total Accounts as of Apr 30, 2021 were up 0.9% year over year, including 6.9 million of Consumer Direct Benefits (CDB).

- **Unique Investment Platform:** HealthEquity offers a mutual fund investment platform and an online-only automated investment advisory service, in addition to HSAs. The advisory service is delivered through a web-based tool, Advisor, which is offered and managed by HealthEquity Advisors, LLC. Its members pay huge fees, including all trading commissions and other expenses associated with transactions made through these online tools, for availing the above-mentioned services. Consequently, the company's operating profitability gets a boost.

  There are three levels of service offered to investors. However, regardless of the level of service selected, members are responsible for the expenses payable.

  In March 2021, the company acquired Luum — a thriving technology platform that helps employers manage commute benefits for its employees. The acquisition is likely to boost HealthEquity's commuter offering. The acquisition is likely to bolster HealthEquity's renown for being the nation's largest independent HSA custodian.

- **Leadership Position:** HealthEquity clinched the top position in the HSA industry through its first-mover advantage, focus on innovation and differentiated capabilities.

  The company's market share (measured by HSA Assets) has grown from 4% in December 2010 to 16% in December 2020, as noted by the 2020 Devenir HSA Research Report. As of Jan 31, 2021, HealthEquity had approximately 5.8 million HSAs and $14.3 billion in HSA assets representing growth of 8% and 24%, respectively, from Jan 31, 2020.

  According to the 2020 Midyear Devenir HSA Research Report, Devenir estimates that the HSA market will reach more than $100 billion in HSA assets held by 35 million accounts by the end of 2022.

- **Acquisitions and Partnerships:** HealthEquity has been engaged in a series of buyouts and collaborations over the past few months. The company, in April, entered into a definitive agreement with Fifth Third Bank, National Association to transition custodianship of Fifth Third's HSA portfolio to HealthEquity.

  The same month, HealthEquity entered into a definitive agreement to acquire Further, a renowned provider of HSA and consumer directed benefit administration services.

  Another notable buyout of the company is WageWorks, which was completed in August 2019.

  HealthEquity, in March, announced the acquisition of Luum, which strengthens the former's commuter offering by delivering critical toolset HR and facilities professionals to implement flexible return-to-office and hybrid-workplace strategies.

- **Strong Solvency With Slight Leverage:** HealthEquity exited the first quarter of fiscal 2022 with cash and cash equivalents of $737 million compared with $329 million at the end of fiscal 2021. Meanwhile, total debt came up to $973 million for the period, compared to $987 million in the sequentially last reported quarter. This figure is much higher than the quarter-end cash and cash equivalent level, apparently indicating weak solvency. However, if we go by the company's current-year debt level of $63 million, this comes pretty low compared to the cash in hand. This is good news in terms of solvency position of the company, at least during the year of economic downturn, implying that it is holding sufficient cash for debt repayment.

Debt comparison with the industry is favorable as industry’s total debt of $7.29 billion is much higher than the company’s debt level.

The quarter’s total debt-to-capital ratio of 0.35 stands at a slightly high level, indicating a leveraged balance sheet. However, it represents a sequential decrease from 0.42 at the end of fiscal 2021. This compares favorably with the total debt-to-capital ratio of the industry, which stands at a higher level of 0.56. The overall data concludes that in terms of solvency level of the company, the picture is encouraging.

The times interest earned for the company stands at 0.9%, representing a sequential increase from 1.1% at the end of fiscal 2021.

Reasons To Sell:

- **Margin Pressure:** In the first quarter of fiscal 2022, HealthEquity's gross profit declined 4.6% from the year-ago quarter. Gross margin also contracted 90 basis points (bps) year over year. Sales and marketing expenses rose 22.9% year over year. Technology and development expenses climbed 14.1% year over year whereas general and administrative expenses grew 8.9% year over year. These drove up adjusted operating expenses by 14.2% year over year. Adjusted operating profit in the reported quarter declined 29.4% from the prior-year quarter. Further, adjusted operating margin in the quarter contracted a huge 665 bps.

HealthEquity's dealings in high level of sensitive personal data poses a threat to its operations. Stiff competition in the Medical Services markets also ails the company.

- **Stiff Competition in the Medical Services Space:** HealthEquity faces stiff competition in the Medical Services markets, which is a rapidly evolving and fragmented one. The company's success depends to a substantial extent on the willingness of consumers to increase their use of HSAs and other CDBs, and its ability to increase engagement and demonstrate the value of its services to existing and potential clients, Network Partners and members. If HealthEquity's existing clients, Network Partners and members do not recognize or acknowledge the benefits of its services or the company does not drive engagement, then the market for its services might develop slower than expected, which could adversely affect its operating results.

  The company's direct competitors are HSA custodians that include state or federally chartered banks, such as Webster Bank and Optum Bank along with non-bank custodians approved by the U.S. Treasury, such as Payflex Systems USA, Inc. In the United States, the current top HSA custodians are Alliant Credit Union and Bank of America to name a few.

- **Data Security Issues:** HealthEquity deals with high level of sensitive personal data and information. Any form of security breaches might result in loss of sensitive information, theft or loss of actual funds, litigation, indemnity obligations to the customers. Notably, the company's online platform is hosted from two data centers that are located in Draper, UT and Austin, TX.

  The company's ability to ensure the security of its technology platforms and thus sensitive customer and partner information is critical to its operations. Any disclosure or other loss of information could result in legal claims or proceedings leading to liability, including under laws that protect the privacy of personal information. This could disrupt HealthEquity's operations and the services it provides to its clients, damage its reputation and cause a loss of confidence in the company's products and services, thus adversely affecting its business.

Last Earnings Report

HealthEquity Q1 Earnings Beat Estimates, FY22 View Up

Quarter Ending	04/2021
Report Date	Jun 07, 2021
Sales Surprise	0.62%
EPS Surprise	22.58%
Quarterly EPS	0.38
Annual EPS (TTM)	1.63

HealthEquity reported adjusted earnings per share of 38 cents for first-quarter fiscal 2022, which beat the Zacks Consensus Estimate by 22.6%. However, the bottom line fell 11.6% on a year-over-year basis.

GAAP loss per share in the fiscal first quarter was 3 cents against the year-ago period's earnings per share of 3 cents.

Revenues in Detail

For the fiscal first quarter, the company generated revenues of $184.2 million, outpacing the Zacks Consensus Estimate by 0.6%. However, the top line dipped 3.1% from the prior-year quarter.

HSA Details

As of Apr 30, 2021, the total number of HSA for which HealthEquity served as a non-bank custodian (HSA members) came in at 5.8 million, up 8.7% year over year.

Additionally, total Active HSA assets were $15 billion at the end of the reported quarter, up 30.5% year over year. Total Accounts as of Apr 30, 2021 were 12.8 million, up 0.9% year over year. This uptick included total HSAs as well as 6.9 million CDB.

Revenue Sources

HealthEquity derives revenues from three sources, namely Service revenues, Custodial revenues and Interchange revenues.

Service revenues totaled $102.5 million, down 7.9% year over year, primarily due to a significant (more than 60%) decrease in active commuter accounts. However, the segment was benefited by growth in HSAs and other CDBs.

Custodial revenues totaled $46.9 million, up by 0.2% from the year-ago period. Per management, growth in average HSA cash with yield and a significant uptick in average HSA investments with yield more than offset a 33-basis point (bps) fall in the annualized yield on HSA cash.

Interchange revenues totaled $34.7 million, up 8.9% year over year. The revenue outperformance was primarily led by a rebound in spend across HealthEquity's platforms in the reported quarter and growth in average total accounts.

Margin Details

In the quarter under review, HealthEquity's gross profit fell 4.6% to $103.1 million. Gross margin contracted 90 bps to 55.9%.

Meanwhile, sales and marketing expenses rose 22.9% to $14.1 million year over year. Technology and development expenses climbed 14.1% year over year to $35.5 million whereas general and administrative expenses grew 8.9% year over year to $20.7 million. Adjusted operating expenses of $70.2 million increased 14.2% year over year.

Adjusted operating profit totaled $32.9 million, declining 29.4% from the prior-year quarter. Further, adjusted operating margin in the quarter contracted a huge 665 bps to 17.8%.

Financial Position

The company exited first-quarter fiscal 2022 with cash and cash equivalents of $736.8 million compared with $328.8 million at the end of fiscal 2021. Total debt in the fiscal first quarter (net of issuance costs) is $972.3 million compared with $986.7 million at the end of fiscal 2021.

Net cash flow from operating activities in the quarter totaled $30.9 million, up from $15 million in the year-ago period.

FY22 Guidance

HealthEquity, on the basis of its fiscal first quarter performance, raised its earlier provided financial outlook for full fiscal.

For fiscal 2022, revenues are now projected in the range of $755 million-$765 million (up from the earlier projection in the band of $750 million-$760 million). The Zacks Consensus Estimate for the same is currently pegged at $756.2 million.

Adjusted earnings per share is expected within $1.45-$1.50, up from the previous estimate of $1.37-$1.42. The Zacks Consensus Estimate for the same currently stands at $1.40.

Recent News

HealthEquity, Fifth Third Inks Definitive Agreement: Apr 27, 2021

HealthEquity entered into a definitive agreement with Fifth Third Bank, National Association (Fifth Third), to transition custodianship of the latter's HSA portfolio to itself.

HealthEquity Inks Definitive Agreement to Acquire Further: Apr 8, 2021

HealthEquity entered into a definitive agreement to acquire Further, thereby expanding its foothold in growing HSA market.

Valuation

HealthEquity's shares are up 17.9% and up 36.9% in the year-to-date period and trailing 12-month periods, respectively. Stocks in the Zacks sub-industry are up 4.8% in the year-to-date period, while that in the Zacks Medical sector are up 1%. Over the past year, the Zacks sub-industry and sector are up 16.5% and up 5.8%, respectively.

The S&P 500 index is up 13.9% in the year-to-date period and up 41.3% the past year.

The stock is currently trading at 8.7X Forward 12-months sales, which compares to 3.5X for the Zacks sub-industry, 2.7X for the Zacks sector and 4.7X for the S&P 500 index.

Over the past five years, the stock has traded as high as 18.8X and as low as 3.4X, with a 5-year median of 10.8X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $86 price target reflects 9.1X forward 12-months sales.

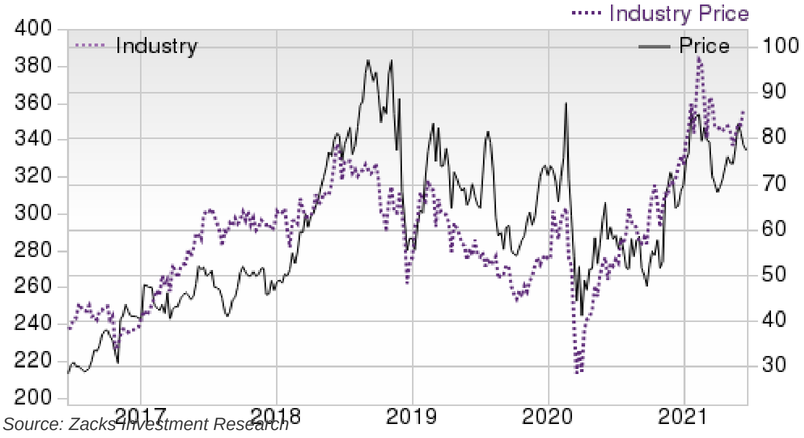
The table below shows summary valuation data for HQY.

Valuation Multiples - HQY

		Stock	Sub-Industry	Sector	S&P 500
P/S F12M	Current	8.67	3.48	2.68	4.72
	5-Year High	18.84	3.48	3.17	4.74
	5-Year Low	3.43	1.38	2.27	3.21
	5-Year Median	10.76	1.93	2.78	3.72
EV/S F12M	Current	8.46	4.76	3.01	4.43
	5-Year High	17.78	4.76	3.68	4.58
	5-Year Low	4.18	2.21	2.52	2.72
	5-Year Median	9.89	2.71	3.16	3.59

As of 06/22/2021 *Source: Zacks Investment Research*

Industry Analysis **Zacks Industry Rank:** Bottom 24% (192 out of 252)



Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
Apollo Medical Holdings, Inc. **(AMEH)**	Outperform	2
LHC Group, Inc. **(LHCG)**	Neutral	3
Natera, Inc. **(NTRA)**	Neutral	3
NovoCure Limited **(NVCR)**	Neutral	4
Progyny, Inc. **(PGNY)**	Neutral	2
Surgalign Holdings, Inc. **(SRGA)**	Neutral	3
Teladoc Health, Inc. **(TDOC)**	Neutral	3
Tivity Health, Inc. **(TVTY)**	Neutral	3

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

Industry Comparison Industry: Medical Services

	HQY	X Industry	S&P 500	AMEH	TDOC	TVTY
				Industry Peers		
Zacks Recommendation (Long Term)	Neutral	-	-	Outperform	Neutral	Neutral
Zacks Rank (Short Term)	2	-	-	2	3	3
VGM Score	F	-	-	F	F	A
Market Cap	6.86 B	474.33 M	30.14 B	3.20 B	24.36 B	1.33 B
# of Analysts	9	3	12	1	11	6
Dividend Yield	0.00%	0.00%	1.35%	0.00%	0.00%	0.00%
Value Score	F	-	-	D	F	A
Cash/Price	0.11	0.05	0.06	0.09	0.03	0.04
EV/EBITDA	43.94	-0.66	17.08	15.19	-63.73	9.23
PEG F1	2.44	2.21	2.05	9.09	NA	1.78
P/B	3.71	5.79	4.08	9.15	1.54	50.62
P/CF	31.72	24.80	17.37	54.83	1,041.15	9.66
P/E F1	55.57	31.25	20.93	45.44	NA	17.80
P/S TTM	9.42	4.44	3.37	4.58	17.82	1.83
Earnings Yield	1.80%	0.83%	4.67%	2.20%	-1.92%	5.63%
Debt/Equity	0.49	0.01	0.66	0.65	0.09	15.15
Cash Flow ($/share)	2.59	-0.01	6.83	1.06	0.15	2.79
Growth Score	F	-	-	D	F	A
Historical EPS Growth (3-5 Years)	30.90%	15.87%	9.59%	NA	NA	17.75%
Projected EPS Growth (F1/F0)	-11.51%	32.21%	21.62%	26.73%	-166.86%	3.88%
Current Cash Flow Growth	39.49%	16.50%	0.99%	57.97%	-160.28%	-11.54%
Historical Cash Flow Growth (3-5 Years)	53.21%	8.81%	7.28%	56.41%	19.30%	15.71%
Current Ratio	4.50	1.80	1.39	2.93	3.96	1.37
Debt/Capital	32.99%	15.27%	41.51%	49.45%	7.87%	93.81%
Net Margin	0.60%	0.19%	11.95%	6.73%	-47.93%	-0.88%
Return on Equity	5.95%	-3.68%	16.48%	16.81%	-0.60%	649.58%
Sales/Assets	0.26	0.57	0.51	0.84	0.13	0.77
Projected Sales Growth (F1/F0)	3.90%	16.97%	9.48%	0.00%	83.69%	-50.31%
Momentum Score	B	-	-	D	F	B
Daily Price Change	1.78%	0.00%	0.51%	3.82%	1.44%	0.97%
1-Week Price Change	-1.45%	-1.25%	0.00%	10.61%	0.96%	-3.68%
4-Week Price Change	4.09%	2.36%	1.39%	70.41%	9.12%	4.94%
12-Week Price Change	22.75%	0.76%	7.27%	117.34%	-9.79%	20.71%
52-Week Price Change	32.58%	68.71%	35.61%	238.93%	-20.42%	142.28%
20-Day Average Volume (Shares)	544,314	365,814	1,876,146	553,896	2,353,558	286,055
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	10.79%	0.00%	0.03%	0.00%	-2.16%	0.00%
EPS F1 Estimate 12-Week Change	11.19%	0.08%	3.59%	20.75%	-65.68%	0.89%

EPS Q1 Estimate Monthly Change	11.87%	0.00%	0.00%	0.00%	0.68%	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	F
Momentum Score	B
VGM Score	F

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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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.