Medtronic plc (MDT)

$125.09 (As of 06/24/21)

Price Target (6-12 Months): **$132.00**

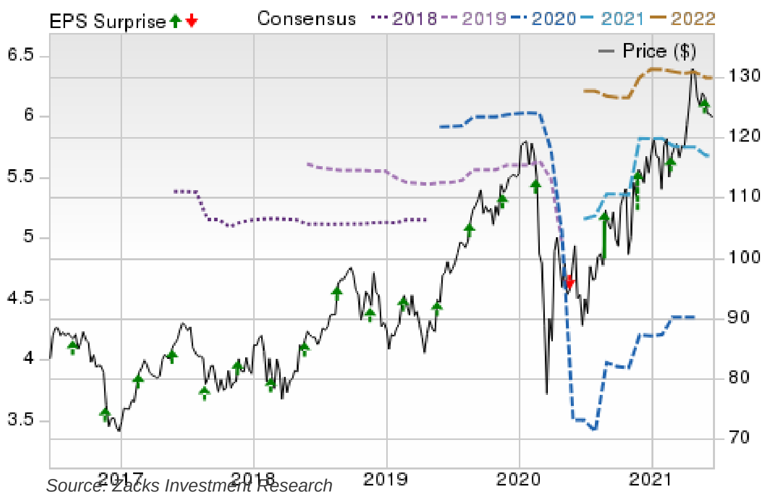
Long Term: 6-12 Months | **Zacks Recommendation:** **Neutral**
(Since: 08/26/20)
Prior Recommendation: Underperform

Short Term: 1-3 Months | **Zacks Rank:** (1-5) **3-Hold**
Zacks Style Scores: VGM:C
Value: B | Growth: B | Momentum: F

Summary

Medtronic has outperformed the industry over the past three months. In fourth-quarter fiscal 2021 each of Medtronic's operating segments and geographies registered strong organic growth. The results reflected a strong recovery from the impact of the pandemic on elective procedures that the company experienced in April 2020. Overall, the company is winning shares in an increasing number of its businesses. The quarter's gross and operating margins showed stupendous improvement. Fiscal 2022 EPS and revenue guidance indicating strong growth buoys optimism. Notably, Medtronic's fiscal fourth-quarter earnings and revenues both were ahead of the respective Zacks Consensus Estimate. On the flip side, the company's performance continued to get dented by deferred procedures due to the pandemic, especially in the emerging markets.

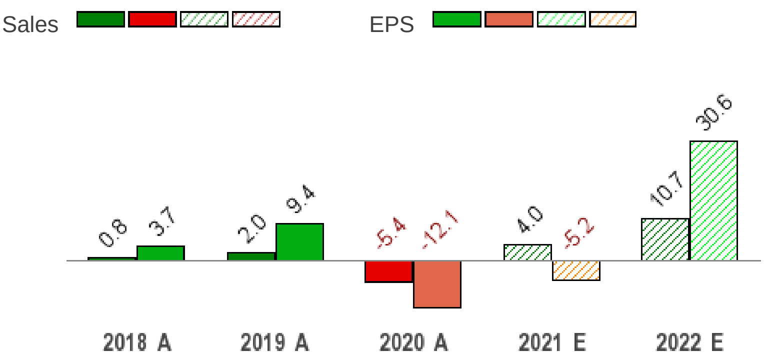
Price, Consensus & Surprise



Data Overview

52-Week High-Low	**$132.30 - $87.68**
20-Day Average Volume (Shares)	**4,486,874**
Market Cap	**$168.6 B**
Year-To-Date Price Change	**6.8%**
Beta	**0.79**
Dividend / Dividend Yield	**$2.52 / 2.0%**
Industry	**Medical - Products**
Zacks Industry Rank	**Bottom 25% (190 out of 252)**
Last EPS Surprise	**5.6%**
Last Sales Surprise	**0.6%**
EPS F1 Estimate 4-Week Change	**-1.2%**
Expected Report Date	**08/24/2021**
Earnings ESP	**-0.0%**
P/E TTM	**28.2**
P/E F1	**22.0**
PEG F1	**3.1**
P/S TTM	**5.6**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2022	7,856 E	8,169 E	8,349 E	8,901 E	33,291 E
2021	6,507 A	7,647 A	7,775 A	8,188 A	30,066 E
2020	7,493 A	7,706 A	7,717 A	5,998 A	28,913 A

EPS Estimates

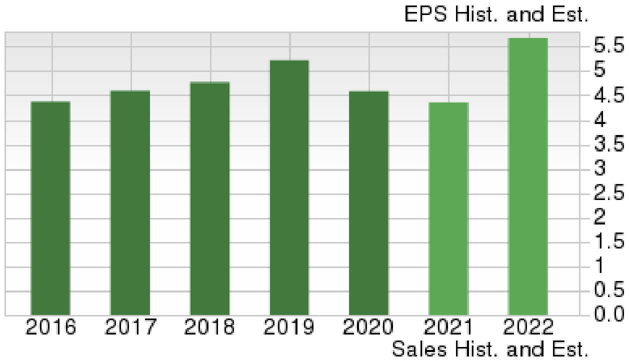
	Q1	Q2	Q3	Q4	Annual*
2022	$1.31 E	$1.35 E	$1.40 E	$1.62 E	$5.68 E
2021	$0.62 A	$1.02 A	$1.29 A	$1.50 A	$4.35 E
2020	$1.26 A	$1.31 A	$1.44 A	$0.58 A	$4.59 A

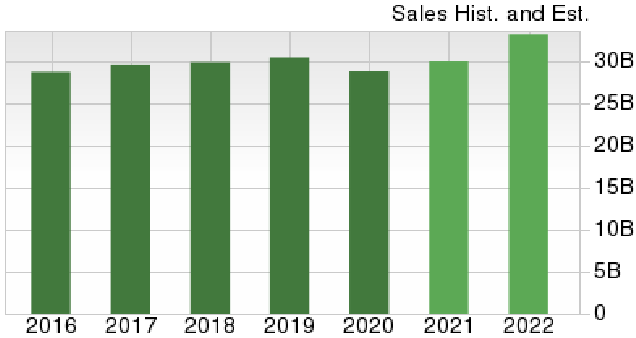
*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 06/24/2021. The report's text and the analyst-provided price target are as of 06/25/2021.

Overview

In 2015, Medtronic, Inc. (the legacy NYSE-listed parent company, incorporated in Minnesota) acquired Ireland-based Covidien plc for cash-and-stock of $49.9 billion. The acquisition resulted in the formation of a new holding company incorporated in Ireland – Medtronic plc (the new Irish tax resident, NYSE-listed parent company holding both the legacy Medtronic and Covidien).





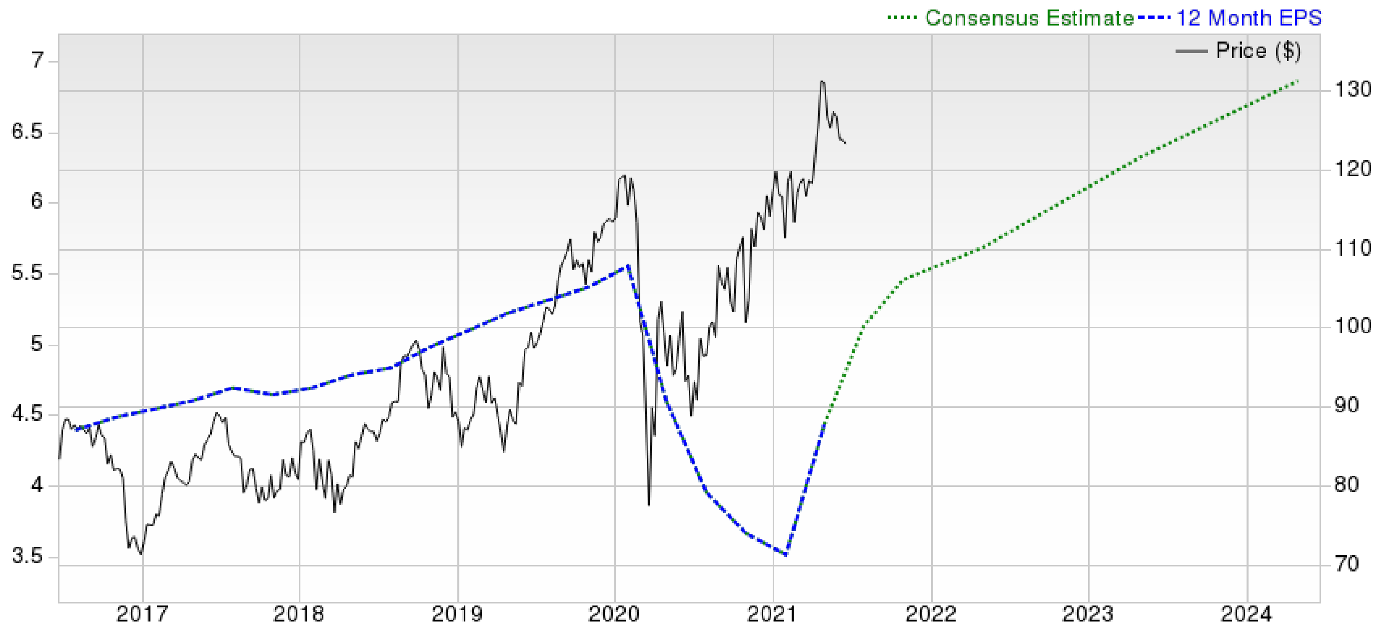
The company currently generates revenues from four major segments, namely Cardiovascular Portfolio, Medical Surgical Portfolio, Neuroscience Portfolio and Diabetes.

The Cardiovascular Portfolio, formerly reported as the Cardiac and Vascular Group (CVG), includes the Cardiac Rhythm & Heart Failure (CRHF), Structural Heart & Aortic (SHA), and Coronary & Peripheral Vascular (CPV) divisions. Cardiovascular fiscal 2021 revenues were approximately flat organically.

The Medical Surgical Portfolio, formerly reported as the Minimally Invasive Therapies Group (MITG), includes the Surgical Innovations (SI) and the Respiratory, Gastrointestinal & Renal (RGR) divisions. Medical Surgical fiscal 2021 revenues increased in the low-single digits organically.

Neuroscience consists of Cranial & Spinal Technologies (CST), Specialty The Neuroscience Portfolio, formerly reported as the Restorative Therapies Group (RTG), includes the Cranial & Spinal Technologies (CST), Specialty Therapies, and Neuromodulation divisions. Neuroscience fiscal 2021 revenues increased in the mid-single digits organically.

Diabetes fiscal 2021 revenues were approximately flat organically.



Source: Zacks Investment Research

Reasons To Buy:

▲ **Share Price Performance**: Over the past three months, Medtronic has outperformed the industry. As per the last share price movement, the stock has gained 5.5% against the industry's 1.5% drop. Medtronic's fourth-quarter fiscal 2021 earnings and revenues both were ahead of the respective Zacks Consensus Estimate. According to the company, most of the end markets are returning to near-normal pre-COVID growth. While some geographies are still lagging due to COVID's persistence, momentum built strongly throughout the fourth quarter.

Medtronic's fourth-quarter results reflect a strong recovery from the impact of the COVID-19 pandemic on elective procedures that the company experienced in April 2020. Medtronic continued to gain share in an increasing number of businesses, driven by differentiated product offerings. And we've put in place operating mechanisms to ensure that we continue to drive this competitive culture across the organization.The gross and operating margins showed stupendous improvement on a year-over-year basis. Fiscal 2022 EPS and revenue guidance indicating strong growth buoys optimism.

All major business groups are contributing to consistent revenue growth at CER, which highlightes sustainability across groups and regions,

▲ **Strong Recovery in the Cards**: As Medtronic has entered into the first quarter of 2022, the company sees its recovery and ability to return to growth is outpacing its competitors. This recovery is just not driven by recovery from the pandemic, but by the strong new product flow that Medtronic is bringing to the market over this period. Further, increasing cadence of tuck-in M&As and implementation of new operating model should add to the recovery momentum. The company in this regard noted that, recovery from the COVID-19 resurgence in December and January improved throughout the quarter, as expected. March was stronger than February, and April was stronger than March.

▲ **Strong Market Share Gain**: Of late, Medtronic is winning share in an increasing number of its businesses. In fiscal fourth quarter, the company gained share in an increasing number of businesses, driven by differentiated product offerings. While the impact of COVID-19 on procedures, along with unfavorable timing of the quarter, mitigated some of the underlying market dynamics, the company still observes a growing trend of share gains.

The first in the list is CRM, which has gained share over the past several quarters. Medtronic estimates that CRM business has gained 2 to 3 points year over year in the fiscal fourth quarter. According to the company, CRM is now at the highest share level in more than a decade with strong gains from around the globe. These gains have been driven by Micra, Medtronic's leadless pacemaker, which grew 74% in the fourth quarter. Further, Cobalt and Crome High Power devices also contributed to the CRM share gains.

In TAVR, shares were up over 1 point year over year and stable sequentially in the reported quarter. Medtronic reached an all-time record of U.S. TAVR implants in the quarter. Favorable outcome of Optimized Pro study contributed to this gain. In gastrointestinal business, the company gained share both year-over-year and sequentially. The GI diagnostic product lines grew in the low 50s, driven by high 60s growth of PillCam. The latest FDA clearance for I Genius module contributed to the gain.

In Cranial & Spinal Technologies business, the company gained share in both Spine and neurosurgery, both year over year and sequentially. It had record sales of StealthStation navigation systems, O-arm imaging systems, Midas Rex capital and Advanced Energy products. Medtronic also estimated that its Mazor robotics system continues to outpace its closest competitor. In ENT, fiscal-fourth-quarter shares were up over 1 point year over year. The ongoing launches of NIM Vital neuromonitoring system and StealthStation FlexENT navigation system, coupled with share gains in disposable sinus blades, are contributing to the share gains.

Pelvic Health, share gain continued with the momentum created by the launch of InterStim Micro and the SureScan leads. In neuromodulation, Medtronic has gained about 1 point of Pain Stim share year over year and more on a sequential basis.

▲ **Ventilator Production Gets a Boost Amid Coronavirus**: On inflating worldwide demand to meet the COVID-19 related patient needs, Medtronic has significantly ramped up its ventilator production. The company is currently working to supply 1,000 ventilators to India. Medtronic and the Medtronic Foundation also just announced an additional $3 million for COVID relief efforts in underserved areas of India, Brazil and the United States and other regions, which brings combined support of COVID-19 efforts to $56 million.

▲ **Diabetes Arm Prospects Bright**: Medtronic in the fiscal-fourth-quarter reported 9% growth based on strong execution of its turnaround strategy. This business is particularly gaining momentum with the successful launches of 770G system in the United States and the 780G, which is available in 26 countries across four continents. The company's new Minimed 770G and 780G insulin pumps gained momentum, resulting in strong double-digit global insulin pump growth.

In the fiscal fourth quarter, the company received CE Mark for ZEUS CGM sensor, which the company is marketing as the Guardian 4 sensor. In May, the company secured two back-to-back European regulatory approvals in the diabetes management space. Its InPen smart insulin pen as well as Guardian 4 sensor both received CE Mark for expanded use.

▲ **Enterprise Excellence Plan Looks Promising**: Medtronic has recently launched a restructuring initiative called Enterprise Excellence plan aimed at $3 billion of annual growth run rate savings by the end of fiscal 2022. According to the company, this new program has been designed to increase its effectiveness and enabled reinvestment for growth along with driving continued margin expansion and EPS leverage.

▲ **Signs of Stability in Cardiac Rhythm & Heart Failure (CRHF) market**: Over more than a year, Medtronic is observing a consistently and gradually stabilizing trend in the global CRHF market. Despite the first-quarter debacle due to the pandemic outbreak, we are hopeful about the long-term potential of this business banking on Arrhythmia Management on consistent adoption of the company's Micra transcatheter pacing system as well as strong base of AF Solutions.

▲ **Foray into TMVR market**: The transcatheter mitral valve replacement (TMVR) technology has bright prospects all over the world. Mitral valve regurgitation, a heart valve disorder characterized by backflow of blood, affects approximately 7 million people in the U.S. and they represent almost 2% of the nation's population. Alarmingly, most of the U.S. citizens suffering from heart valve-related disorders are afflicted by this. According to Grand View Research, the CAGR for transcatheter aortic valve replacement (TAVR) market will surge 22.6% from 2017 to more than $6 billion in 2025. Since the TMVR patient population is almost four times that of TAVR, the TMVR market is undoubtedly more lucrative.

▲ **Focus on Emerging Markets to Add Value**: Medtronic is currently executing well its strategy of emerging market diversification leading to consistent delivery of double-digit growth every quarter, overcoming economic cycles over the years in the different countries. Despite the coronavirus outbreak that have significantly dented worldwide revenues in the fiscal fourth quarter, this geography reported 41% growth driven by China growth in the low 90s. Overall, Medtronic remains confident and enthusiastic about its long-term outlook for emerging markets. According to the company, its differentiated strategies of public and private partnerships and optimizing the distribution channel are paying-off and making a real difference in emerging markets around the world.

▲ **Strong Solvency with Payout Load**: Medtronic exited the fiscal 2021 with cash and cash equivalents, and investments of $10.82 billion compared with $10.98 billion at the end of fiscal 2020. Meanwhile, total debt came up to $26.38 billion for the period, compared to $24.79 billion at the end of fiscal 2020.

This figure is much higher than the quarter-end cash and cash equivalent, and investments level, apparently indicating weak solvency. However, if we go by the company's near-term payable debt level of $11 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 the company is holding sufficient cash for debt repayment.

Debt comparison with the industry is, however, unfavorable as industry's total debt of $10.45 billion is much lower than the company's debt level.

The quarter's total debt-to-capital ratio stands at a moderately high level of 0.34, indicating a moderately leveraged balance sheet. It is marginally higher than fiscal 2020's debt-to-capital of 0.33. The total debt-to-capital ratio of the industry is 0.37.

The quarter's times interest earned for the company stands at 5.2%, representing a sequential rise from 3.7% at the end of the fiscal third quarter. This, however, compares unfavorably with the times interest earned for the industry which stands at a higher level of 6.5%.

The current payout ratio stands at a moderately high level of 52.4%. Amid the pandemic-led economic crisis, if production and supply halt continue through the next few months, the company might find paying its regular quarterly dividends to be over-burdened. However, this compares unfavorably with the payout rate of the industry which stands at a lower level of 37.9%.

Reasons To Sell:

Headwinds like unfavorable currency movement and global economic uncertainties continue to adversely affect Medtronic. Also, several legal and regulatory issues are intimidating in the short term.

- **Severuity of Pandemic Hampers Emerging Market Growth**: Medtronic noted that, while it expects the impact from the COVID resurgence to diminish, the effect from the ongoing pandemic to the businesses in emerging markets still remains challenging to predict. This is because, in countries like India, Brazil and some parts of Southeast Asia, the virus is still ranging.

- **Factors Hampering Sales**: Amid the pandemic, Medtronic's business has been adversely affected by three main factors. The first is the mix of urgent procedures versus those that are more deferrable. Almost all of Medtronic's businesses are affected by the decline in procedure volumes. Medtronic's businesses that had a larger mix of products using urgent procedures saw an impact. However, the company noted that, in the first quarter, procedural volume has started to rebound.

  The second factor that hampered growth is the loss of large bulk purchases due to depressed demand related to the pandemic. The third factor is centered around capital equipment. While capital equipment represents a small amount of Medtronic's overall revenue, there are certain businesses that have a higher mix and felt the impact of hospitals and surgery centers delaying their capital evaluation and purchases.

- **Exposure to Currency Movement**: With Medtronic recording a significant portion of its sales from the international market, it remains highly exposed to currency fluctuations. Unfavorable currency movements have been a major dampener over the last few quarters, as in the case of other important MedTech players too.

- **Regulatory Issues Hampering Growth**: In May 2015, the U.S. Food and Drug Administration (FDA) filed a consent decree against Medtronic, the company's CEO Omar Ishrak and neuromodulation divisional head, Thomas M. Tefft. The consent decree was based on Medtronic repeatedly failing to correct certain violations related to the manufacture of Synchromed II Implantable Infusion Pump Systems – a device used to treat primary or metastatic cancer, chronic pain and severe spasticity. These violations determined on grounds of quality control and manufacturing were arrived at during 2006–2013, in the course of five FDA inspections at Medtronic's Minnesota plant. Subsequently, three warning letters were issued in this regard. The consent decree now requires Medtronic to halt the manufacturing, designing and distribution of new Synchromed II Implantable Infusion Pump Systems barring certain cases (when a physician decides that the Synchromed II Implantable Infusion Pump System is medically necessary for treatment). Although Medtronic is currently working on improving the quality, the consent decree will remain in effect till the FDA is convinced that Medtronic has met all the provisions listed therein.

- **Competitive Landscape**: The presence of a large number of players has made the medical devices market highly competitive. Medtronic earns the majority of revenues from CRDM, Spinal and Cardio Vascular segments. The company faces intense competition in the CRDM segment from players such as Boston Scientific Corporation, and St. Jude Medical. Players such as Johnson & Johnson, Stryker Corporation, Zimmer and NuVasive have intensified competition particularly in the Spinal segment.

- **Economic Uncertainty:** Macroeconomic conditions in many of the developed countries have led to reduction in healthcare budgets and increased pressure on utilization. This leads to fewer procedures, a trend that is expected to continue in the near future and affect revenue growth at the company.

Last Earnings Report

Medtronic Q4 Earnings, Revenues Top Estimates

Quarter Ending	04/2021
Report Date	May 27, 2021
Sales Surprise	0.55%
EPS Surprise	5.63%
Quarterly EPS	1.50
Annual EPS (TTM)	4.43

Medtronic reported fourth-quarter fiscal 2021 adjusted earnings per share (EPS) of $1.50, beating the Zacks Consensus Estimate by 5.6%. Adjusted earnings also showed a stupendous improvement from the year-ago figure of 58 cents per share. Currency-adjusted EPS came in at $1.54 for the quarter.

Without certain one-time adjustments — including restructuring, acquisition, amortization expenses and certain litigation charges — GAAP EPS was $1, reflecting a 108% surge from the year-ago reported figure.

For the full year, adjusted earnings came in at $4.44, a 3.3% drop from the year-ago period.

Total Revenues

Worldwide revenues in the reported quarter grossed $8.19 billion, up 32% on an organic basis (excluding the impacts of currency) and 36.5% on a reported basis. The top line exceeded the Zacks Consensus Estimate by 0.6%.

Fiscal 2021 revenues were $30.1 billion, up 2% on an organic basis (adjusting for the impact of foreign currency translation, the inorganic benefit of Titan Spine, and the estimated benefit of an extra week)and marked a 4.2% reported improvement from the year-ago figure. It also edged past the Zacks Consensus Estimate by 0.1%.

Q4 in Details

In the quarter under review, U.S. sales (51% of total revenues) rose 47% year over year on a reported basis (same on an organic basis) to $4.18 billion. Non-U.S. developed market revenues totaled $2.67 billion (33% of total revenues), depicting a 20% improvement on a reported basis (up 11% on an organic basis).

Emerging market revenues (16% of total revenues) amounted to $1.33 billion, up 44% on a reported basis (up 41% organically).

Segment Details

The company currently generates revenues from four major segments, namely Cardiovascular Portfolio, Medical Surgical Portfolio, Neuroscience Portfolio and Diabetes.

Cardiovascular Portfolio comprises Cardiac Rhythm & Heart Failure (CRHF), Structural Heart & Aortic (SHA), and Coronary & Peripheral Vascular (CPV). Medical Surgical includes Surgical Innovations (SI), and Respiratory, Gastrointestinal & Renal (RGR) divisions. Neuroscience consists of Cranial & Spinal Technologies (CST), Specialty Therapies and Neuromodulation divisions.

In the fiscal fourth quarter, Cardiovascular revenues surged 41% at CER to $2.91 billion, reflecting high-fifties organic growth in CRHF and mid-twenties organic growth in both SHA and CPV. CRHF sales totaled $1.54 billion, up 58.5% year over year at CER. Revenues from SHA were up 25.1% at CER to $744 million. CPV revenues were up 24.1% at CER to $624 million.

In Medical Surgical, worldwide sales totaled $2.34 billion, marking a 17% year-over-year improvement at CERwith high-twenties organic growth in SI and low-single digit organic growth in RGR. SI rose 27.4% while RGR registered an improvement of 0.9% both at CER.

In Neuroscience, worldwide revenues of $2.29 billion were up 51% year over year at CER, driven by high-forties growth in CST, low-fifties growth in Specialty Therapies, and low-sixties growth in Neuromodulation. Cranial and Spinal Technologies reported 46.7% rise at CER. Sales in Specialty Therapies improved 51.7% while Neuromodulation sales were up 61.4% year over year at CER.

Revenues at the Diabetes group increased 9% at CER to $647 million. The quarter registered low-sixties growth in durable pumps on the continued launches of the MiniMed 780G system in international markets and the MiniMed 770G system in the United States. This growth was however offset by high-single digit declines in consumables. Continuous glucose monitoring (CGM) sales increased in mid-single digits.

Margins

Gross margin in the reported quarter expanded 536 basis points (bps) to 67.6% on a 48.3% rise in gross profit to $5.54 billion. Adjusted operating margin expanded 1476 bps year over year to 28.2%. Selling, general and administrative expenses rose 9.9% to $2.59 billion. Research and development expenses increased 11.5% to $632 million.

Guidance

Medtronic has initiated its fiscal 2022 financial guidance.

The company expects to report organic revenue growth of approximate 9% from fiscal 2021. Considering current foreign exchange rate, fiscal 2022 revenues are expected to be positively impacted by $400 to $500 million.The Zacks Consensus Estimate for the company's fiscal 2022 worldwide revenues is pegged at $32.64 billion.

Full-year adjusted EPS is projected in the range of $5.60 to $5.75, including an estimated 10 to 15 cents positive impact from foreign exchange. The Zacks Consensus Estimate for the year’s adjusted earnings is $5.75.

Recent News

Medtronic to Begin Patient Registry for Hugo RAS: June 22, 2021

Medtronic's first successful patient procedure with the Hugo robotic-assisted surgery (RAS) system at Clínica Santa María in Santiago, Chile has initiated the beginning of Hugo RAS system patient registry, intended to collect clinical data in support of regulatory submissions.

Expanded FDA Approval for Arctic Front Family: June 21, 2021

Medtronic received expanded FDA approval for the Arctic Front Family of Cardiac Cryoablation Catheters based on results from STOP AF First study. The Arctic line of catheter ablation devices enables physicians to treat recurrent symptomatic paroxysmal atrial fibrillation as an efficient replacement to antiarrhythmic drug therapy.

Medtronic's Vanta Gets FDA Nod: Jun 10, 2021

Medtronic received FDA approval for Vanta implantable neurostimulator. The new neurostimulator is a high performance recharge-free device which utilizes Medtronic's proprietary AdaptiveStim technology.

STROKE AF Trial Reveals Diagnostic Superiority of Reveal LINQ: Jun 7, 2021

Medtronic's STROKE AF trial outcomes demonstrated diagnostic superiority of the Reveal LINQ Insertable Cardiac Monitor over standard cardiac monitoring routines, for the detection of atrial fibrillation in large and small vessel stroke patients. The outcome of the trial has been published in the Journal of the American Medical Association (JAMA).

Medtronic Receives FDA Go-Ahead for SenSight: Jun 7, 2021

Medtronic received FDA approval and first implants of the SenSight Directional Lead System in the United States. The SenSight is a distinct Deep Brain Stimulation therapy that integrates the benefits of directionality with the power of sensing enabling physicians to treat some symptoms associated with movement disorders.

Medtronic Gets FDA Nod For Combined of UNiD Rods With Its Spinal Systems: Jun 3, 2021

Medtronic received FDA go-ahead for the use of patient-specific UNiD Rods with Medtronic CD Horizon Solera Voyager and Infinity OCT spinal systems. This authorization is expected to accelerate the utility of Medtronic's UNiD Adaptative Spine Intelligence technology. UNiD Rods are customized according to an artificial intelligence driven pre-operative surgical plan, to reduce the risk of malalignment and associated revision surgeries.

Medtronic Receives CE Mark for InPen an Guardian 4 sensor : May 26, 2021

Medtronic received two CE Mark authorizations for expanded functionality of the company's InPen MDI (multiple daily injections) smart insulin pen and Guardian 4 sensor. The CE Mark enables the integration of InPen or MiniMed 780G System with the next-genration Guardian 4 sensor, providing users with real-time glucose readings and alerts alongside insulin dose to help manage their insulin doses.

Medtronic's Evolut Trial Exhibits Non-Inferiority of TAVR System: May 14, 2021

Medtronic revealed promising results from its Evolut Low Risk Trial. The complete two year outcome of the trial demonstrated Medtronic's Evolut transcatheter aortic valve replacement (TAVR) system's strong performance compared to open-heart surgery in younger and healthier patients with low-risk aortic stenosis.

Medtronic Launches SonarMed Airway Monitoring System: May 10, 2021

Medtronic announced the U.S. commercial launch of the SonarMed airway monitoring system that alerts clinicians for any potential airway obstructions during ventilation.

Medtronic Gets CE Mark for Evolut PRO+ TAVI System: May 3, 2021

Medtronic announced the receipt of CE Mark for the Evolut PRO+ TAVI System for the treatment of symptomatic severe aortic stenosis patients in Europe.

Medtronic's Pipeline Device with Shield Technology Now Approved by FDA: Apr 21, 2021

Medtronic has received the FDA's approval for its Pipeline Flex Embolization Device with Shield Technology. Further, NYU Langone Health in New York City performed the first patient procedure in the nation with the new device.

Medtronic's IN.PACT AV DCB Favored by Latest Trial Results: Apr 20, 2021

Medtronic announced the positive trial results through 24 months for the IN.PACT AV Access clinical study. The data, demonstrated that the IN.PACT AV drug-coated balloon (DCB) is the first and only DCB to show sustained and superior effectiveness through two years unlike standard percutaneous transluminal angioplasty in end-stage renal disease patients with de Novo or non-stented restenotic native arteriovenous fistulae in the upper extremity.

Medtronic Boosts Diabetes Management via New Infusion Set: Apr 14, 2021

Medtronic commercially launched the Medtronic Extended infusion set in select European countries, starting with Finland and Belgium. This set, developed in partnership with ConvaTec's Unomedical subsidiary, is the first and only infusion set that can be worn for a period of up to seven days.

Medtronic’s GI Genius Module Gets FDA Clearance: Apr 12, 2021

Medtronic announced the receipt of the FDA’s de novo clearance for GI Genius intelligent endoscopy module in the United States.

Valuation

Medtronic shares are up 6.8% and up 40.9% in the year-to-date and the trailing 12-month periods, respectively. Stocks in the Zacks sub industry are up 3.1% while the Zacks Medical sector is up 1.4% in the year-to-date period. Over the past year, the sub industry is up 20.3% and sector is up 6.7%.

The S&P 500 index is up 14.4% in the year-to-date period and up 44.1% in the past year.

The stock is currently trading at 21.7X Forward 12-months earnings, which compares to 27.3X for the Zacks sub-industry, 23.6X for the Zacks sector and 21.8X for the S&P 500 index.

Over the past five years, the stock has traded as high as 30.1X and as low as 12.2X, with a 5-year median 17.6X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $132 price target reflects 22.8X forward 12-months earnings.

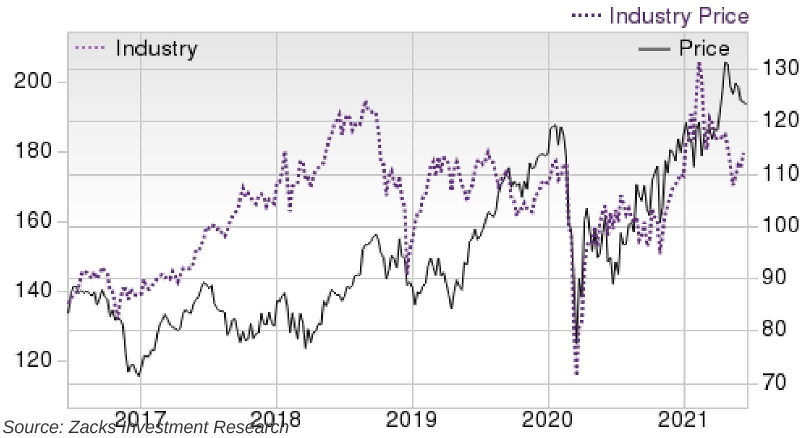
The table below shows summary valuation data for MDT.

Valuation Multiples - MDT

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	21.65	27.27	23.56	21.78
	5-Year High	30.08	30.08	23.56	23.83
	5-Year Low	12.18	16.75	15.82	15.31
	5-Year Median	17.59	22.05	19.33	18.05
P/S F12M	Current	5.03	3.77	2.70	4.73
	5-Year High	5.88	3.89	3.17	4.74
	5-Year Low	3.00	2.59	2.27	3.21
	5-Year Median	3.95	3.39	2.78	3.72
P/B TTM	Current	3.27	3.46	4.49	7.10
	5-Year High	3.48	3.95	5.05	7.10
	5-Year Low	1.88	2.23	3.03	3.84
	5-Year Median	2.42	3.04	4.35	5.02

As of 06/24/2021 *Source: Zacks Investment Research*

Industry Analysis **Zacks Industry Rank:** Bottom 25% (190 out of 252)



Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
Intuitive Surgical, Inc. **(ISRG)**	Outperform	2
Baxter International Inc. **(BAX)**	Neutral	3
Boston Scientific Corporation **(BSX)**	Neutral	3
The Cooper Companies, Inc. **(COO)**	Neutral	3
DaVita Inc. **(DVA)**	Neutral	2
Stryker Corporation **(SYK)**	Neutral	3
ABIOMED, Inc. **(ABMD)**	Underperform	5
Abbott Laboratories **(ABT)**	Underperform	5

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

Industry Comparison Industry: Medical - Products

Industry Peers

	MDT	X Industry	S&P 500	ABT	BSX	COO
Zacks Recommendation (Long Term)	Neutral	-	-	Underperform	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	5	3	3
VGM Score	C	-	-	B	C	D
Market Cap	168.63 B	662.00 M	29.99 B	198.47 B	62.11 B	19.24 B
# of Analysts	14	3	12	10	13	9
Dividend Yield	2.01%	0.00%	1.35%	1.61%	0.00%	0.02%
Value Score	B	-	-	C	C	C
Cash/Price	0.07	0.10	0.06	0.04	0.03	0.01
EV/EBITDA	24.49	1.88	17.12	23.48	35.69	34.62
PEG F1	3.09	2.31	2.06	2.16	2.96	2.95
P/B	3.27	3.75	4.11	5.87	3.95	3.12
P/CF	26.63	24.56	17.50	20.04	20.42	27.22
P/E F1	22.02	28.49	21.14	25.27	27.67	29.46
P/S TTM	5.60	6.14	3.40	5.32	6.14	7.23
Earnings Yield	4.54%	1.67%	4.66%	3.96%	3.61%	3.39%
Debt/Equity	0.51	0.02	0.66	0.52	0.58	0.21
Cash Flow ($/share)	4.70	0.00	6.86	5.57	2.14	14.35
Growth Score	B	-	-	A	C	D
Historical EPS Growth (3-5 Years)	-1.80%	7.40%	9.59%	12.85%	2.19%	5.66%
Projected EPS Growth (F1/F0)	30.41%	26.76%	21.79%	21.10%	64.58%	37.53%
Current Cash Flow Growth	-28.61%	-2.29%	1.02%	11.96%	-9.43%	-14.79%
Historical Cash Flow Growth (3-5 Years)	-6.95%	9.11%	7.28%	15.87%	8.10%	6.56%
Current Ratio	2.65	3.38	1.39	1.75	1.80	1.33
Debt/Capital	33.83%	9.37%	41.51%	34.11%	36.62%	17.69%
Net Margin	11.98%	-9.67%	12.06%	15.33%	1.69%	88.54%
Return on Equity	11.82%	-3.00%	16.59%	24.02%	9.80%	12.02%
Sales/Assets	0.32	0.52	0.51	0.53	0.33	0.34
Projected Sales Growth (F1/F0)	10.54%	10.86%	9.56%	14.47%	18.36%	17.90%
Momentum Score	F	-	-	D	D	B
Daily Price Change	-0.32%	0.53%	0.58%	0.78%	-0.18%	0.75%
1-Week Price Change	-0.44%	-1.67%	1.06%	0.38%	0.26%	2.34%
4-Week Price Change	-0.05%	0.96%	1.56%	-3.45%	4.17%	-1.13%
12-Week Price Change	5.84%	0.00%	6.14%	-6.09%	13.30%	1.33%
52-Week Price Change	40.77%	27.83%	38.35%	24.64%	28.98%	41.21%
20-Day Average Volume (Shares)	4,486,874	233,707	1,811,241	8,518,100	5,798,023	289,169
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.16%	0.00%	-0.03%
EPS F1 Estimate 4-Week Change	-1.16%	0.00%	0.01%	-13.68%	0.00%	2.36%
EPS F1 Estimate 12-Week Change	-1.22%	0.00%	3.54%	-14.06%	3.11%	2.36%

EPS Q1 Estimate Monthly Change	0.26%	0.00%	0.00%	-17.89%	0.00%	1.90%

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	B
Growth Score	B
Momentum Score	F
VGM Score	C

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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Additional Disclosure

This material represents an assessment of the market and economic environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. Forward-looking statements are subject to certain risks and uncertainties. Any statements that refer to expectations, projections or characterizations of future events or circumstances, including any underlying assumptions, are forwardlooking statements. Actual results, performance, or achievements may differ materially from those expressed or implied.

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

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

Glossary of Terms and Definitions

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

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

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

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

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

4-Week Price Change: This is the percentage change in a stock's closing price over the last 20 trading days or past 4 weeks. This is a mediumterm price change metric and an indication of the stock gaining momentum.

12-Week Price Change: This is the percentage change of a stock's closing price over the last 60 trading days or past 12 weeks. Similar to 4-week price change, this is a medium-term price change metric. It shows whether a stock has been enjoying strong investor demand, or if it has been in consolidation, or distress over this period.

52-Week Price Change: This is the percentage change in a stock’s closing price over the last 260 trading days or past 52 weeks. This long-term price change metric is a good reference point for investors. Some investors seek stocks with the best percentage price change over the last 52 weeks, expecting the momentum to continue.

Market Cap: The number of outstanding common shares of a company times its latest price per share. This figure represents a company's size, which indicates various characteristics, including price stability and risk, in which investors could be interested.

Year-To-Date Price Change: Change in a stock's daily closing price in the period of time beginning the first day of the current calendar year through to the previous trading day.

# of Analysts: Number of EPS estimates used in calculating the current-quarter consensus. These estimates come from the brokerage analysts tracking this stock. However, the number of such analysts tracking this stock may not match the number of estimates, as all brokerage analysts may not come up with an estimate or provide it to us.

Beta: A measure of risk commonly used to compare the volatility of a stock to the overall market. The S&P 500 Index is the base for calculating beta and carries a value of 1. A stock with beta below 1 is less risky than the market as a whole. And a stock with beta above 1 is riskier.

Dividend: The portion of earnings a company is expected to distribute to its common shareholders in the next 12 months for each share they own. Dividends are usually paid quarterly. Dividend payments reflect positively on a company and help maintain investors' trust. Investors typically find dividend-paying stocks appealing because the dividend adds to any market price appreciation to result in higher return on investment (ROI). Moreover, a steady or increasing dividend payment provides investors a cushion in a down market.

Dividend Yield: The ratio of a company's annual dividend to its share price. The annual dividend used in the ratio is calculated based on the mostrecent dividend paid by the company. Dividend yield is an estimate of the dividend-only return from a stock in the next 12 months. Since dividend itself doesn’t change frequently, dividend yield usually changes with a stock’s price movement. As a result, often an unusually high dividend yield is a result of weak stock price.

S&P 500 Index: The Standard & Poor's 500 (S&P 500) Index is an unmanaged group of securities considered to be representative of the stock market in general. It is a market-capitalization-weighted index of stocks of the 500 largest U.S. companies. Each stock’s weight in the index is proportionate to its market value.

Industry: One of the 250+ groups that Zacks classifies all stocks into based on the nature of business. These groups are termed as expanded (aka "X") industries and map to their respective (economic) sectors; Zacks has 16 sectors.

Zacks Industry Rank: The Zacks Industry Rank is determined by calculating the average Zacks Rank for all stocks in the industry and then assigning an ordinal rank to it. For example, an industry with an average Zacks Rank of 1.6 is better than an industry with an average Zacks Rank of 2.3. So, the industry with the better average Zacks Rank would get a better Zacks Industry Rank. If an industry has the best average Zacks Rank, it would be considered the top industry (1 out of 250+), which would place it at the top 1% of Zacks-ranked industries. Studies have shown that roughly half of a stock's price movement can be attributed to the industry group it belongs to. In fact, the top 50% of Zacks-ranked industries outperforms the bottom 50% by a factor of more than 2 to 1.

Last EPS Surprise: The percentage deviation of a company's last reported earnings per share from the Zacks Consensus Estimate. Companies with a positive earnings surprise are more likely to surprise again in the future (or miss again if they recently missed).

Last Sales Surprise: The percentage deviation of a company's last reported sales from the Zacks Consensus Estimate.

Expected Report Date: This is an estimated date of a company's next earnings release. The information originated or gathered by Zacks Investment Research from its information providers or publicly available sources is the basis of this estimate.

Earnings ESP: The Zacks Earnings ESP compares the Most Accurate Estimate to the Zacks Consensus Estimate for the yet-to-be reported quarter. The Most Accurate Estimate is the most recent version of the Zacks Consensus EPS Estimate. The idea here is that analysts revising their estimates closer to an earnings release have the latest information, which could potentially be more accurate than what they and others contributing to the consensus had predicted earlier. Thus, a positive or negative Earnings ESP reading theoretically indicates the likely deviation of the actual earnings from the consensus estimate. However, the model's predictive power is significant for positive ESP readings only. A positive Earnings ESP is a strong predictor of an earnings beat, particularly when combined with a Zacks Rank #1 (Strong Buy), #2 (Buy) or #3 (Hold). Our research shows that stocks with this combination produce a positive surprise nearly 70% of the time.

Periods:

TTM: Trailing 12 months. Using TTM figures is an effective way of analyzing the most-recent financial data in an annualized format that helps neutralize the effects of seasonality and other quarter-to-quarter variation.

F1: Current fiscal year. This period is used to analyze the estimates for the ongoing full fiscal year.

F2: Next fiscal year. This period is used to analyze the estimates for the next full fiscal year.

F12M: Forward 12 months. Using F12M figures is an effective way of analyzing the near-term (the following four unreported quarters) estimates in an annualized manner. Instead of typically representing estimates for the full fiscal year, which may not represent the nitty-gritty of each quarter, F12M figures suggest an all-inclusive annualized estimate for the following four quarters. The annualization helps neutralize the potential effects of seasonality and other quarter-to-quarter variations.

P/E Ratio: The price-to-earnings ratio measures a company's current market price per share relative to its earnings per share (EPS). Usually, the trailing-12-month (TTM) EPS, current-fiscal-year (F1) EPS estimate, or forward-12-month (F12M) EPS estimate is used as the denominator. In essence, this ratio shows what the market is willing to pay today for each dollar of EPS. In other words, this ratio gives a sense of what the relative value of the company is at the already reported level of earnings or at a future level of earnings.

It is one of the most widely-used multiples for determining the value of a company and helps comparing its valuation with that of a competitor, the industry group or a benchmark.

PEG Ratio: The price/earnings to growth ratio is a stock's P/E ratio using current fiscal year (F1) EPS estimate divided by its expected EPS growth rate over the coming 3 to 5 years. This ratio essentially determines a stock's value by factoring in the company's expected earnings growth and is thus believed to provide a more complete picture than just the P/E ratio, particularly for faster-growing companies.

P/S Ratio: The price-to-sales ratio is calculated as a company's current price per share divided by trailing 12 months (TTM) sales or revenues per share. This ratio shows what the market is willing to pay today for each dollar of TTM sales per share. The P/S ratio is at times the only valuation metric when the company has yet to become profitable.

Cash/Price Ratio: The cash-to-price ratio or Cash Yield is calculated as cash and marketable securities per share divided by the company's current share price. Like the earnings yield, which shows the anticipated yield (or return) on a stock from earnings for each dollar invested, the cash yield does the same, with cash being the source of return instead of earnings. For example, a cash/price ratio of 0.08 suggests a return of 8% or 8 cents for every $1 investment.

EV/EBITDA Ratio: The EV/EBITDA ratio, also known as Enterprise Multiple, is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by EBITDA (earnings before interest, taxes, depreciation and amortization). Usually, trailing-12-month (TTM) or forward-12-month (F12M) EBITDA is used as the denominator.

EV/Sales Ratio: The enterprise value-to-sales ratio is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by annual sales. It is an expansion of the P/S valuation, which uses market value instead of enterprise value. The EV/Sales ratio is perceived as more accurate than P/S, in part, because the market capitalization does not take a company's debt into account when valuing it.

EV/CF Ratio: The enterprise value-to-cash flow ratio is calculated as a company's enterprise value (market capitalization + value of total long-term debt + book value of preferred shares - cash and marketable securities) divided by the trailing-12-month (TTM) operating cash flow. It's a measure of how long it would take to buy the entire business if you were able to use all the company's operating cash flow.

The EV/CF ratio is perceived as more accurate than the P/CF ratio, in part, because the market price does not take a company's debt into account when valuing it.

EV/FCF Ratio: The enterprise value-to-free cash flow metric compares a company's enterprise value to its trailing-12-month (TTM) free cash flow (FCF). This metric is very similar to the EV/CF ratio, but is considered a more exact measure owing to the fact that it uses free cash flow, which subtracts capital expenditures (CAPEX) from a company's total operating cash flow, thereby reflecting the actual cash flow available for funding growth activities and payments to shareholders.

P/EBITDA Ratio: The P/EBITDA ratio is calculated as a company's per share market value divided by EBITDA (earnings before interest, taxes, depreciation, and amortization). This metric is very similar to the EV/EBITDA ratio, but is considered a little less exact measure as it uses market price, which does not take a company's debt into account. However, since EBITDA is often considered a proxy for cash income, the metric is used as a measure of what the market is willing to pay today for each dollar of the company's cash profitability in the trailing 12 months (TTM) or forward 12 months (F12M).

P/B Ratio: The price-to-book ratio is calculated as a company's current price per share divided by its book value (total assets – liabilities – preferred stocks) per share. In short, the book value is how much a company is worth. In other words, it reflects the total value of a company's assets that its common shareholders would receive if it were to be liquidated. So, the P/B ratio indicates whether you're paying higher or lower than what would remain if the company went bankrupt immediately. Investors typically use this metric to determine how a company's stock price stacks up to its intrinsic value.

P/TB Ratio: The price-to-tangible-book value ratio is calculated as a the per share market value of a company divided by the value of its tangible assets (total assets – liabilities – preferred stocks – intangible assets) per share. Tangible book value is the same thing as book value except it excludes the value of intangible assets to get a step closer to the baseline value of the company.

P/CF Ratio: The price-to-cash flow ratio measures a company's per share market price relative to its trailing-12-month (TTM) operating cash flow per share. This metric is used to determine whether a company is undervalued or overvalued relative to another stock, industry or sector. And like the P/E ratio, a lower number is typically considered better from the value perspective.

One of the reasons why P/CF ratio is often preferred over P/E ratio is the fact that operating cash flow adds back non-cash expenses such as depreciation and amortization to net income. This feature helps valuing stocks that have positive cash flow but are not profitable because of large noncash charges.

P/FCF Ratio: The price-to-free cash flow ratio is an extension of P/CF ratio, which uses trailing-12-month (TTM) free cash flow per share instead of operating cash flow per share. This metric is considered a more exact measure than P/CF ratio, as free cash flow subtracts capital expenditures (CAPEX) from a company's total operating cash flow, thereby reflecting the actual cash flow available for funding activities that generate additional revenues.

Earnings Yield: The earnings yield is calculated as current fiscal year (F1) EPS estimate divided by the company's current share price. The ratio, which is the inverse of the P/E ratio, measures the anticipated yield (or return) from earnings for each dollar invested in a stock today.

For example, earnings yield for a stock, which is trading at $35 and expected to earn $3 per share in the current fiscal year (F1), would be 0.0857 (3/35 = 0.0857) or 8.57%. In other words, for $1 invested in the stock today, the yield from earnings is anticipated to be 8.57 cents.

Investors most commonly compare the earnings yield of a stock to that of a broad market index (such as the S&P 500) and prevailing interest rates, such as the current 10-year Treasury yield. Since bonds and stocks compete for investors' dollars, stock investors typically demand a higher yield for the extra risk they assume compared to investors of U.S. Treasury-backed securities that offer virtually risk-free returns. This additional return is referred to as the risk premium.

Debt/Equity Ratio: The debt-to-equity ratio is calculated as a company's total liabilities divided by its shareholder equity. This metric is used to gauge a company's financial leverage. In other words, it is a measure of the degree to which a company is financing its operations through debt versus its own funds. The higher the ratio, the higher the risk for shareholders.

However, this ratio is difficult to compare across industry groups where ideal amounts of debt vary. Some businesses are more capital intensive than others and typically require higher debt to finance their operations. So, a company's debt-to-equity ratio should be compared with other companies in the same industry.

Cash Flow ($/share): Cash flow per share is calculated as operating cash flow (after-tax earnings + depreciation + other non-cash charges) divided by common shares outstanding. It is used by many investors as a measure of a company's financial strength. Since cash flow per share takes into consideration a company's ability to generate cash by adding back non-cash expenses, it is regarded by some as a more accurate measure of a company's financial situation than earnings per share, which could be artificially deflated.

Current Ratio: The current ratio or liquidity ratio is a company's current assets divided by its current liabilities. It measures a company's ability to pay short-term obligations. A current ratio that is in line with the industry average or slightly higher is generally considered acceptable. A current ratio that is lower than the industry average would indicate a higher risk of distress or default. A higher number is usually better. However, a very high current ratio compared to the industry average could be an indication of inefficient use of assets by management.

Debt/Capital Ratio: Debt-to-capital ratio is a company's total debt (interest-bearing debt + both short- and long-term liabilities) divided its total capital (interest-bearing debt + shareholders' equity). It is a measure of a company's financial leverage. All else being equal, the higher the debt-to-capital ratio, the riskier the stock.

However, this ratio can vary widely from industry to industry, the ideal amount of required debt being different. Some businesses are more capital intensive than others and typically require higher debt to finance their operations. So, a company's debt-to-capital ratio should be compared with the same for its industry.

Net Margin: Net margin is calculated as net income divided by sales. It shows how much of each dollar in sales generated by a company translates into profit. For example, if a company's net margin is 15%, its net income is 15 cents for every $1 of sales it makes.

A change in margin can reflect either a change in business conditions, or a company's cost controls, or both. If a company's expenses are growing faster than sales, its net margin will decline. However, different net margin rates are considered good for different industries, so it's better to compare net margin rates of companies in the same industry group.

Return on Equity: Return on equity (ROE) is calculated as trailing-12-month net income divided by trailing-12-month average shareholder equity (including reinvested earnings). This metric is considered a measure of how effectively management is using a company's assets to generate profits. For example, if a company's ROE is 10%, it creates 10 cents profits for every $1 shareholder equity, which is basically the company's assets minus debt. A company's ROE deemed good or bad depends on what's normal for its peers or industry group.

Sales/Assets Ratio: The sales-to-assets ratio or asset utilization ratio or asset turnover ratio is calculated as a company's annual sales divided by average assets (average of assets at the beginning of the year and at the year's end). This metric helps investors understand how effectively a company is using its assets to generate sales. For example, a sales-to-assets ratio of 2.5 indicates that the company generated $2.50 in sales for every $1 of assets on its books.

The higher the sales-to-assets ratio, the better the company is performing. However, similar to many other ratios, the asset turnover ratio tends to be higher for companies in certain industries/sectors than in others. So, a company's sales-to-assets ratio should be compared with the same for its industry/sector.

Historical EPS Growth (3-5 Years): This is the average annual (trailing-12-month) EPS growth rate over the last 3-5 years. This metric helps investors see how a company's EPS has grown from a long-term perspective.

Note: There are many factors that can influence short-term numbers — a recession will reduce this number, while a recovery will inflate it. The longterm perspective helps smooth out short-term events.

Projected EPS Growth (F1/F0): This is the estimated EPS growth rate for the current financial year. It is calculated as the consensus estimate for the current fiscal year (F1) divided by the reported EPS for the last completed fiscal year (F0).

Current Cash Flow Growth: It measures the latest year-over-year change in operating cash flow. Cash flow growth tells an investor how quickly a company is generating inflows of cash from operations. A positive change in the cash flow is desired and shows that more 'cash' is coming in than going out.

Historical Cash Flow Growth (3-5 Years): This is the annualized change in cash flow over the last 3-5 years. The change in a longer period helps put the current reading into proper perspective. By looking at the rate, rather than the actual dollar value, the comparison across the industry and peers becomes easier.

Projected Sales Growth (F1/F0): This metric looks at the estimated sales growth for the current year. It is calculated as sales estimate for the current fiscal year (F1) divided by the reported sales for the last completed fiscal year (F0).

Like EPS growth, a higher rate is better for sales growth. A look at a company's projected sales growth instantly tells you what the outlook is for their products and services. However, different sales growth rates are considered good for different industries, so it's better to compare sales growth rates of companies in the same industry group.

EPS F1 Estimate 1-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past week. The change in a company's consensus EPS estimate (or earnings estimate revision) has proven to be strongly correlated with the near-term price movement of its shares. It is an integral part of the Zacks Rank.

If a stock's consensus EPS estimate is $1.10 now versus $1.00 a week ago, that will be reflected as a 10% upward revision. If, on the other hand, it went from $1.00 to 90 cents, that would be a 10% downward revision.

EPS F1 Estimate 4-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past four weeks.

A stock's earnings estimate revision in a 1-week period is important. But it's more meaningful to look at the longer-term revision. And, of course, the 4-week change helps put the 1-week change into proper perspective.

EPS F1 Estimate 12-Week Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal year over the past 12 weeks.

This metric essentially shows how the consensus EPS estimate has changed over a period longer than 1 week or 4 weeks.

EPS Q1 Estimate Monthly Change: The percentage change in the Zacks Consensus EPS estimate for the current fiscal quarter over the past four weeks.

While the revision in consensus EPS estimate for the current fiscal year is strongly correlated with the near-term price movement of its shares, the estimate revision for the current fiscal quarter is an important metric as well, especially over the short term, and particularly as a stock approaches its earnings date. If a stock's Q1 EPS estimate decreases ahead of its earnings release, it's usually a negative sign, whereas an increase is a positive sign.