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Jun 11, 2021

NIKE, Inc. (NKE)

$130.98 (As of 06/10/21)

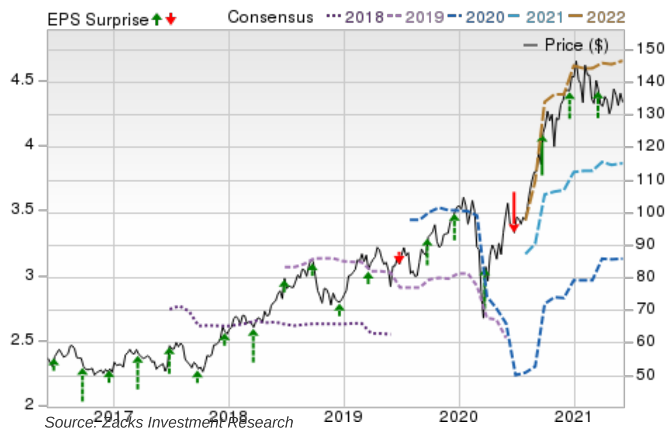
Price Target (6-12 Months): **$139.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 11/23/20) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM:B
	Value: D | Growth: A | Momentum: C	

Summary

NIKE's top and bottom line improved year over year in third-quarter fiscal 2021, while earnings beat estimates for the third time. Digital sales for the NIKE brand improved double digits across North America, Greater China, and APLA along with triple-digit growth in EMEA. Despite the uncertainty regarding the impacts of the pandemic, management is confident of its earlier-stated fiscal 2021 view. It continues to anticipate low to mid-teens revenue growth for fiscal 2021. However, shares of NIKE have underperformed the industry in the past three months. The company has been witnessing lower revenues at the wholesale business and NIKE-owned stores due to the pandemic-led disruptions. Apparently, revenues lagged the Zacks Consensus Estimate in third-quarter fiscal 2021. In fact, revenues declined across all the regions, except for the Greater China.</

Price, Consensus & Surprise



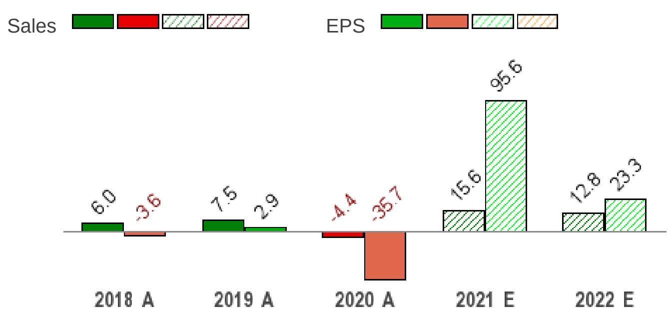
Data Overview

52-Week High-Low	**$147.95 - $93.44**
20-Day Average Volume (Shares)	**5,279,655**
Market Cap	**$206.9 B**
Year-To-Date Price Change	**-7.4%**
Beta	**0.85**
Dividend / Dividend Yield	**$1.10 / 0.8%**
Industry	**Shoes and Retail Apparel**
Zacks Industry Rank	**Top 26% (66 out of 250)**

Last EPS Surprise	**20.0%**
Last Sales Surprise	**-5.4%**
EPS F1 Estimate 4-Week Change	**0.0%**
Expected Report Date	**06/24/2021**
Earnings ESP	**-8.7%**

P/E TTM	**61.8**
P/E F1	**33.9**
PEG F1	**2.6**
P/S TTM	**5.4**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2022	12,581 E	12,563 E	11,685 E	11,854 E	48,796 E
2021	10,594 A	11,243 A	10,357 A	11,090 E	43,251 E
2020	10,660 A	10,326 A	10,104 A	6,313 A	37,403 A

EPS Estimates

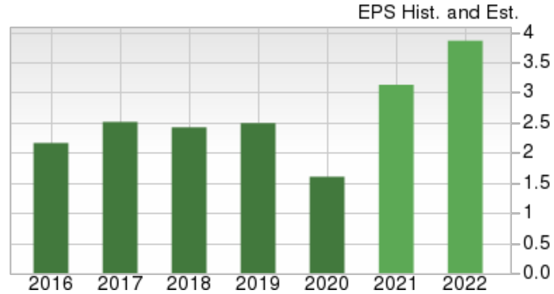
	Q1	Q2	Q3	Q4	Annual*
2022	$1.09 E	$0.96 E	$1.00 E	$0.78 E	$3.86 E
2021	$0.95 A	$0.78 A	$0.90 A	$0.50 E	$3.13 E
2020	$0.86 A	$0.70 A	$0.78 A	-$0.51 A	$1.60 A

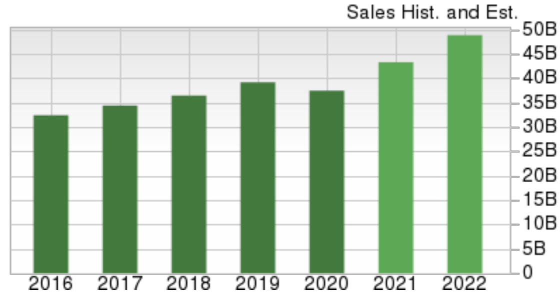
*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 06/10/2021. The report's text and the analyst-provided price target are as of 06/11/2021.

Overview

Headquartered in Beaverton, OR, NIKE Inc. was incorporated in 1967. The company is engaged in the business of designing, developing and marketing of athletic footwear, apparel, equipment and accessories, and services for men, women and children worldwide. With the help of a strong brand portfolio, including Nike Pro, Nike Golf, Nike+ and Air Jordan, it offers premium, well-designed and high-quality products, in line with the latest customer trends. NIKE is the global leader in athletic footwear, apparel, equipment and sports-related accessories, with operations in over 160 countries.





Nike's "swoosh" logo and "just do it" tagline are widely recognized across the world, while its association with celebrity sportspersons, such as Michael Jordon and Roger Federer as well as top professional and college teams ensures a strong brand recall in the key U.S., U.K., Japanese and Chinese markets.

The company's products include six key categories: running, NIKE basketball, the Jordan brand, football, training and sportswear (sports-inspired lifestyle products). It also offers products designed for kids, as well as for other athletic and recreational uses such as American football, baseball, cricket, lacrosse, skateboarding, tennis, volleyball, wrestling, walking and outdoor activities.

The company sells its products to footwear stores; sporting goods stores; athletic specialty stores; department stores; skate, tennis, and golf shops; and other retail accounts through NIKE owned retail stores, digital platforms (known as "NIKE Direct"), independent distributors, licensees, and sales representatives. With the help of its retail stores in the U.S. and abroad, Nike sells its products to more than 23,000 retail accounts in the U.S. and over 24,000 retail accounts outside the U.S. to reach a wide array of customers.

Nike currently reports its operating results under 2 segments, namely NIKE Brand segment and Converse. NIKE Brand is now divided into four divisions, primarily on a geographical basis: North America, Europe, Middle East and Africa (EMEA), Greater China, and Asia Pacific and Latin America (APLA).

Source: Zacks Investment Research

Reasons To Buy:

▲ **Q3 Highlights:** NIKE delivered the third straight earnings beat in third-quarter fiscal 2021. Despite the effects of the pandemic-led disruptions, the company's top and bottom line improved year over year. Earnings mainly benefited from robust growth in the digital and direct businesses, lower operating expenses and improved margins. Further, revenues of the Swoosh brand owner grew 2.5% year over year. Also, gross margin expanded 130 basis points (bps) on higher full-price product margins owing to the geographic mix and favorable digital mix. In addition, the Jordan brand was strong and increased double digits in the reported quarter, backed by broad-based growth led by digital, international, apparel, and women's businesses. Management is optimistic about the company's first product drop via live streaming, SNKRS Live. In the reported quarter, it doubled the number of countries with live streaming, thus expanding in Japan, Germany, and Italy. During the fiscal third quarter, management acquired Datalogue, which is a data-integration platform aiding the company to process, analyze and act on the data and enable greater speed.

Even as stores reopen, NIKE witnesses strong digital trends, which demonstrates the strength of its brands and investments made over the past several years to improve digital consumer experiences.

▲ **Digital Business Plays Key Role:** Amid the coronavirus crisis, digital portals quickly gained prominence, becoming the primary channel to engage and serve customers. NIKE benefited from this shift as it was well-positioned to respond, thanks to its efficient digital ecosystem that comprises of its online site as well as commercial and activity apps. In the fiscal third quarter, NIKE Direct sales increased 20% on a reported basis and 16% on a currency-neutral basis. Meanwhile, digital sales of the NIKE Brand rose 59% on a reported basis and 54% on a currency-neutral basis. Digital sales of the brand were mainly aided by double-digit growth across North America, Greater China and APLA along with triple-digit growth in EMEA. In fact, North America segment registered $1 billion in digital revenue. Notably, the company's own digital business has increased above 70% year to date through Mar 18, and hence the company's mix of owned and partner digital accounted for more than 35% of the total business. The company believes the digital acceleration reflects a strategic shift towards a new future marketplace, rather than being a temporary solution to the coronavirus-related challenges in physical markets. Even as stores reopen, the company continues to witness strong digital trends, which demonstrates the strength of its brands and investments made over the past several years to improve digital consumer experiences.

▲ **Decline in SG&A Expenses:** NIKE's SG&A expenses contracted 7% in third-quarter fiscal 2021, driven by tight operating expense management. As a percentage of sales, SG&A expenses contracted 310 bps to 29.4%. Moreover, demand-creation expenses fell 18% due to lower advertising and marketing spend for events and retail operations. Additionally, demand-creation expenses were aided by a shift in demand-creation initiatives to better align its investments with product delivery timelines and market conditions. Operating overhead expenses were down 3% to $2,330 million owing to lower wage costs, disciplined expense management and reduced debt expenses. This was partly offset by investments in digital capabilities for the Consumer Direct Acceleration strategy.

▲ **Outlook:** Despite the uncertainty regarding the impacts of the coronavirus outbreak, the company is confident of its earlier-stated fiscal 2021 guidance. It continues to anticipate low to mid-teens year-over-year revenue growth for fiscal 2021. Additionally, the company issued its fourth-quarter fiscal 2021 expectations. It expects year-over-year revenue growth of 75% for the fiscal fourth quarter. This growth is likely to be driven by expectations of the easing of government-directed restrictions in Europe by mid-April and as inventory transit times gradually improve in North America. The company anticipates gross margin expansion of up to 75 bps year over year, backed by continued shifts to the NIKE Direct business, which is more profitable.

▲ **Financials Look Strong:** NIKE ended third-quarter fiscal 2021 with strong liquidity, which included cash and short-term investments of $12.5 billion, up $9.3 billion from the last year. These included proceeds from the corporate bonds issued in fourth-quarter fiscal 2020 and strong free cash flow. Cash balance also reflected an increase of 6.1% on a quarter-over-quarter basis.

▲ **Sustained Shareholder Returns:** NIKE has time and again testified its commitment to enhancing its shareholder value, aided by its strong financial position. Over the past 14 years, the company has distributed regular dividends and made share repurchases to improve shareholder returns. NIKE temporarily suspended share-repurchase activity in March 2020 to preserve liquidity amid the pandemic. Prior to the suspension, it repurchased 45.2 million shares for nearly $4 billion. Consequently, it had a share repurchasing capacity of $11 billion remaining under the current program. It expects to resume its existing share-repurchase program in fourth-quarter fiscal 2021. Moreover, the company paid out dividends worth $434 million in the fiscal third quarter, marking an increase of 14% from the prior year. Notably, NIKE has a dividend payout ratio of 63.4%, annualized dividend yield of 1% and free cash flow yield of 1.6%. The company's annual free cash flow return on investment of 21.1%, ahead of that of the industry's 20.8%, indicates that the dividend payment is sustainable.

Reasons To Sell:

NIKE's is reeling under soft retail traffic and wholesale revenues stemming from the pandemic. Also, it is likely to witness elevated expenses and unfavorable currency impact in fiscal 2021.

- **Stock Appears Overvalued:** Considering the price-to-earnings (P/E) ratio, NIKE looks overvalued compared with the industry and the S&P 500. The stock has a trailing 12-month P/E of 61.78x, which is below the median level of 64.36x and the high level of 73.53x, scaled in the past year. On the contrary, the trailing 12-month P/E is 55.35x for the industry and 27.86x for the S&P 500. Given these factors, we believe that the stock is quite stretched from the P/E aspect.

- **Revenues Lag in Q3, Stock Underperforms:** NIKE's sales growth slowed down in third-quarter fiscal 2021 on pandemic-led disruptions, particularly in North America and EMEA regions. The lower-than-expected top line primarily resulted from shortages in the supply chain and port congestions in the United States, thanks to the pandemic-led disruptions. Additionally, the forced closure of brick-and-mortar stores across EMEA due to the resurgence of the pandemic hurt the top line. On a currency-neutral basis, revenues were down 1% year over year. Although the top line partly benefited from robust digital sales and growth in Greater China, lower revenues at the wholesale business and NIKE-owned stores due to the pandemic-led disruptions hurt the top line. Revenues declined across all segments except for Greater China in the reported quarter. Shares of the company have declined 6.7% in the past three months, compared with the industry's 4.7% fall.

- **Near-Term Headwinds:** Despite sales growth year over year, adverse impacts of FX headwinds continued to mar top-line growth in third-quarter fiscal 2021. Further, gross margin was impacted by unfavorable currency rates in the reported quarter. Moving ahead, gross margin is expected to reflect the impacts of 35 bps from currency headwinds in fiscal 2021. Also, fourth-quarter gross margin is expected to be partly offset by increased logistics and freight expenses, and higher markdowns to clear excess inventory levels in Europe. SG&A expenses are envisioned to increase slightly year over year, driven by increased investments and demand-creation expenses toward pre-pandemic levels. Further, SG&A expenses will likely reflect higher investments to accelerate the pace of its digital transformation.

- **Competitive Risks:** The sporting goods market (shoes and garments) is very competitive. The footwear market contributes to the lion's share of NIKE's revenues. An erosion of market share due to competitors developing alternative brands remains a threat. Consequently, NIKE has been stringently focused on innovation to stay ahead of market trends and competitors. While NIKE has been unbeatable in the U.S. footwear segment for long due to the popularity of its namesake and Jordan brands, it is at risk of losing market share to Adidas and Under Armour, given their schedule of new product launches and efforts to redefine brands.

Last Earnings Report

NIKE Q3 Earnings Beat, Revenues Lag on Supply-Chain Woes

Quarter Ending	02/2021
Report Date	Mar 18, 2021
Sales Surprise	-5.38%
EPS Surprise	20.00%
Quarterly EPS	0.90
Annual EPS (TTM)	2.12

NIKE posted mixed third-quarter fiscal 2021 results, wherein earnings beat the Zacks Consensus Estimate, while sales lagged. Despite the effects of the pandemic-led disruptions, the company's top and bottom lines improved year over year. The earnings gain can be mainly attributed to robust growth in the digital and direct businesses, lower operating expenses, and improved margins. However, sales growth slowed down in the reported quarter on the pandemic-led disruptions, particularly in North America and EMEA regions.

Q3 Highlights

In the reported quarter, the company's earnings per share of 90 cents rose 15.4% from 78 cents reported the year-ago quarter and beat the Zacks Consensus Estimate of 75 cents.

Revenues of the Swoosh brand owner grew 2.5% to $10,357 million but missed the Zacks Consensus Estimate of $10,945.7 million. On a currency-neutral basis, revenues were down 1% year over year. Although the top line benefited from robust digital sales and growth in Greater China, lower revenues at the wholesale business and NIKE-owned stores due to the aforementioned pandemic-led disruptions hurt the top line.

Notably, the top line benefited from double-digit digital sales growth across all regions. In the fiscal third quarter, digital sales for the NIKE Brand improved 59% on a reported basis and 54% on a currency-neutral basis. Moreover, NIKE Direct sales increased 20% on a reported basis and 16% on a currency-neutral basis.

Operating Segments

Revenues for the **NIKE** Brand were $9,773 million, up 9% on a reported basis. However, revenues for the brand declined 2% on a constant-dollar basis primarily due to declines in the wholesale business, driven by shipping disruptions in North America as well as compulsory store closures in Europe, both caused by the escalating COVID-19 cases. However, this was partly negated by double-digit growth in its digital business and the Jordan Brand.

Within the NIKE Brand, revenues in **North America** declined 10% on a reported basis and 11% on a currency-neutral basis. As already mentioned, North America revenues were impacted by wholesale shipment delays caused by global container shortages and port congestions in the West Coast of the United States. This increased the transit time and pushed back wholesale shipments by more than three weeks in the quarter, which resulted in the lack of available inventory at partner stores. This was, however, partly offset by 15% growth in NIKE Direct in the region, with more than 50% digital growth. Moreover, the company expects to capture revenues from the delayed inventory in the fiscal fourth quarter. Also, it notes that the digital momentum has continued into March.

In **EMEA**, the company's revenues dropped 4% on a reported basis and 9% on a currency-neutral basis. Revenues were largely impacted by the mandated closure of about 45% of NIKE-owned retail stores in January and February due to the resurgence of COVID-19 cases. However, NIKE Direct witnessed a 60% sales increase on a constant-dollar basis, driven by triple-digit growth at the NIKE App. However, the company highlighted that about 65% of the stores in EMEA were open or operating at reduced hours as of Mar 18, 2021. Moreover, it notes that the NIKE digital demand has continued to increase in triple-digits in March.

In **Greater China**, revenues increased 51% year over year on a reported basis and 42% on a currency-neutral basis in the fiscal third quarter. The company's currency-neutral sales in the quarter benefited from strong double-digit growth as it lapped the impact of COVID-19 in the prior-year quarter. The top line also benefited from strong digital sales growth of 44% in the region. Notably, the company witnessed about 60% growth in NIKE-owned retail stores in Greater China as the market returned to normal. This included double-digit growth in partner retail stores.

In **APLA**, NIKE revenues declined 7% on a reported basis and 8% on a currency-neutral basis. Revenues were partly impacted by the transition of its business model in Brazil to a strategic distributor model through its collaboration with Grupo SBF. This was offset by gains in South Korea and Pacific businesses. Digital sales in the region improved 70%, led by increased member engagement and the scaling of consumer services like member days.

Revenues at the **Converse** brand improved 13% to $570 million. On a currency-neutral basis, revenues of the segment were up 8%, backed by strong digital growth in North America and Europe.

Costs & Margins

Gross profit advanced 5% year over year to $4,719 million, while gross margin expanded 130 basis points (bps) to 45.6%. The improvement was mainly attributed to higher full-price product margins, owing to the geographic mix and favorable digital mix. This was partly negated by lower margin rates in NIKE Direct, driven by efforts to manage inventory levels, owing to the pandemic-led disruptions. Further, gross margin was impacted by unfavorable currency rates.

Selling and administrative expenses declined 7% to $3,041 million, driven by tight operating expense management as well as lower demand-creating expenses. As a percentage of sales, SG&A expenses contracted 310 bps to 29.4%.

Notably, demand-creation expenses declined 18% year over year to $711 million on lower advertising and marketing spend for events and retail operations. Additionally, demand-creation expenses were aided by a shift in demand-creation initiatives to better align its investments with product delivery timelines and market conditions. Operating overhead expenses were down 3% to $2,330 million, owing to lower wage costs, disciplined expense management and reduced debt expenses. This was partly offset by investments in digital capabilities for the Consumer Direct Acceleration strategy.

Balance Sheet & Shareholder-Friendly Moves

NIKE ended third-quarter fiscal 2021 with cash and short-term investments of $12.5 billion, up $9.3 billion from the last year. These included proceeds from the corporate bonds issued in fourth-quarter fiscal 2020 and strong free cash flow.

Moreover, it had long-term debt (excluding current maturities) of $9,412 million and shareholders' equity of $11,931 million as of the end of the fiscal third quarter. As of Feb 28, 2021, inventories increased 15% year over year to $6,693 million.

NIKE temporarily suspended share-repurchase activities in March 2020 to preserve liquidity amid the pandemic. Prior to the suspension, it repurchased 45.2 million shares for nearly $4 billion. Consequently, it had a share-repurchasing capacity of $11 billion remaining under the current program. It expects to resume its existing share-repurchase program in fourth-quarter fiscal 2021.

The company paid out dividends worth $434 million in the fiscal third quarter, marking an increase of 14% from the prior year.

Outlook

Despite the uncertainty regarding the impacts of the coronavirus outbreak, the company remains confident of its earlier-stated fiscal 2021 guidance. It continues to anticipate low to mid-teens year-over-year revenue growth for fiscal 2021. Moreover, gross margin is expected to reflect the impacts of 35 bps from currency headwinds in fiscal 2021. Effective tax rate is estimated to be in the low to mid-teens range.

Additionally, the company issued its fourth-quarter fiscal 2021 expectations. It expects year-over-year revenue growth of 75% for the fiscal fourth quarter. This growth is likely to be driven by expectations of the easing of government-directed restrictions in Europe by mid-April and as inventory transit times gradually improve in North America.

The company anticipates gross margin expansion of up to 75 bps year over year, backed by continued shifts to the NIKE Direct business, which is more profitable. This is expected to be partly offset by increased logistics and freight expenses, and higher markdowns to clear excess inventory levels in Europe. SG&A expenses are envisioned to increase slightly year over year, driven by increased investments and demand-creation expenses toward pre-pandemic levels. Further, SG&A expenses will likely reflect higher investments to accelerate the pace of its digital transformation.

Recent News

NIKE Declares Quarterly Dividend – May 7, 2021

NIKE declared quarterly cash dividend of 27.5 cents per share on Class A and Class B shares. The dividend is payable on Jul 1 to shareholders with record as on Jun 1.

Valuation

NIKE shares are down 7.5% in the year-to-date period but nearly up 35.9% for the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Consumer Discretionary sector are down 4.3% and 0.3% in the year-to-date period. Over the past year, the Zacks sub-industry and the sector are up 39.1% and 32.8%, respectively.

The S&P 500 index is up 13% in the year-to-date period and 41% in the past year.

The stock is currently trading at 33.75X forward 12-month earnings, which compares to 30.63X for the Zacks sub-industry, 29.77X for the Zacks sector and 21.74X for the S&P 500 index.

Over the past five years, the stock has traded as high as 48.27X and as low as 19.92X, with a 5-year median of 27.53X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our $139 price target reflects 35.82X forward 12-month earnings.

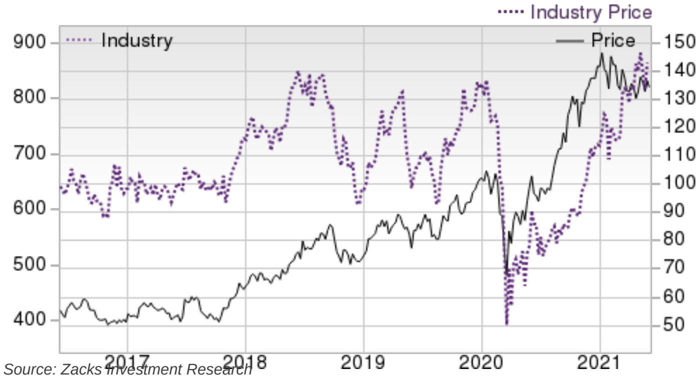
The table below shows summary valuation data for NKE

Valuation Multiples - NKE

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	33.75	30.63	29.77	21.74
	5-Year High	48.27	36.55	35.4	23.83
	5-Year Low	19.92	18.66	16.24	15.31
	5-Year Median	27.53	24.46	20.33	18.05
P/S F12M	Current	4.23	3.55	2.7	4.7
	5-Year High	5.06	4.15	2.94	4.74
	5-Year Low	2.21	2.03	1.73	3.21
	5-Year Median	3.06	2.7	2.52	3.72
EV/EBITDA TTM	Current	40.89	36.24	14.37	17.32
	5-Year High	45.31	39.66	18.08	17.74
	5-Year Low	14.1	12.77	8.34	9.63
	5-Year Median	18.55	16.82	12.37	13.46

As of 06/10/2021 *Source: Zacks Investment Research*

Industry Analysis **Zacks Industry Rank:** Top 26% (66 out of 250)



Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
Columbia Sportswear Company **(COLM)**	Outperform	2
Adidas AG **(ADDYY)**	Neutral	2
Deckers Outdoor Corporation **(DECK)**	Neutral	3
lululemon athletica inc. **(LULU)**	Neutral	3
Steven Madden, Ltd. **(SHOO)**	Neutral	3
Skechers U.S.A., Inc. **(SKX)**	Neutral	3
Under Armour, Inc. **(UAA)**	Neutral	2
V.F. Corporation **(VFC)**	Neutral	3

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

Industry Comparison Industry: Shoes And Retail Apparel

Industry Peers

	NKE	X Industry	S&P 500	ADDYY	SKX	UAA
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	2	3	2
VGM Score	B	-	-	C	D	F
Market Cap	206.94 B	2.66 B	30.26 B	70.16 B	7.42 B	9.63 B
# of Analysts	11	5	12	7	5	13
Dividend Yield	0.84%	0.73%	1.28%	0.73%	0.00%	0.00%
Value Score	D	-	-	F	C	F
Cash/Price	0.06	0.12	0.06	0.07	0.19	0.14
EV/EBITDA	49.77	14.01	17.41	27.87	21.50	-34.63
PEG F1	2.60	1.45	2.14	NA	NA	2.12
P/B	17.34	3.51	4.16	7.73	2.62	5.44
P/CF	50.31	16.67	17.71	34.33	30.33	168.54
P/E F1	33.93	21.29	21.55	39.47	23.16	68.31
P/S TTM	5.37	1.35	3.49	2.94	1.55	2.01
Earnings Yield	2.95%	4.70%	4.55%	2.54%	4.33%	1.47%
Debt/Equity	0.79	0.56	0.66	0.33	0.25	0.57
Cash Flow ($/share)	2.60	3.91	6.83	5.21	1.58	0.13
Growth Score	A	-	-	C	D	F
Historical EPS Growth (3-5 Years)	-0.88%	-7.75%	9.44%	-11.53%	-9.61%	-16.60%
Projected EPS Growth (F1/F0)	23.38%	110.48%	21.30%	268.76%	222.81%	218.64%
Current Cash Flow Growth	-14.59%	-15.03%	0.98%	-41.73%	-46.76%	-83.39%
Historical Cash Flow Growth (3-5 Years)	0.67%	4.68%	7.28%	10.71%	-3.21%	-29.79%
Current Ratio	2.78	2.76	1.39	1.54	2.73	2.56
Debt/Capital	44.10%	44.10%	41.53%	24.76%	20.22%	36.33%
Net Margin	8.90%	3.09%	11.95%	4.88%	3.09%	2.46%
Return on Equity	34.41%	12.78%	16.36%	13.77%	5.66%	6.70%
Sales/Assets	1.14	0.96	0.51	0.98	0.83	0.97
Projected Sales Growth (F1/F0)	12.82%	14.57%	9.37%	14.54%	28.46%	17.92%
Momentum Score	C	-	-	A	D	B
Daily Price Change	-0.65%	0.00%	0.21%	0.04%	-0.64%	-1.54%
1-Week Price Change	-1.99%	0.00%	0.58%	-1.21%	-2.34%	-3.81%
4-Week Price Change	-1.97%	0.76%	1.55%	3.09%	0.76%	-4.40%
12-Week Price Change	-8.51%	-1.21%	7.72%	4.98%	15.00%	-10.23%
52-Week Price Change	37.63%	53.73%	46.01%	37.43%	53.73%	122.49%
20-Day Average Volume (Shares)	5,279,655	97,277	1,775,554	97,277	1,053,412	4,698,647
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.87%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	0.00%	0.00%	0.03%	0.13%	0.00%	0.00%
EPS F1 Estimate 12-Week Change	1.45%	7.71%	3.52%	0.38%	10.78%	79.17%
EPS Q1 Estimate Monthly Change	-0.46%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Zacks Investment Research

Zacks Stock Rating System

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

Zacks Recommendation

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

Zacks Rank

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

Zacks Style Scores

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

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

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

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

Disclosures

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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.