NIKE, Inc. (NKE)

$154.35 (As of 06/25/21)

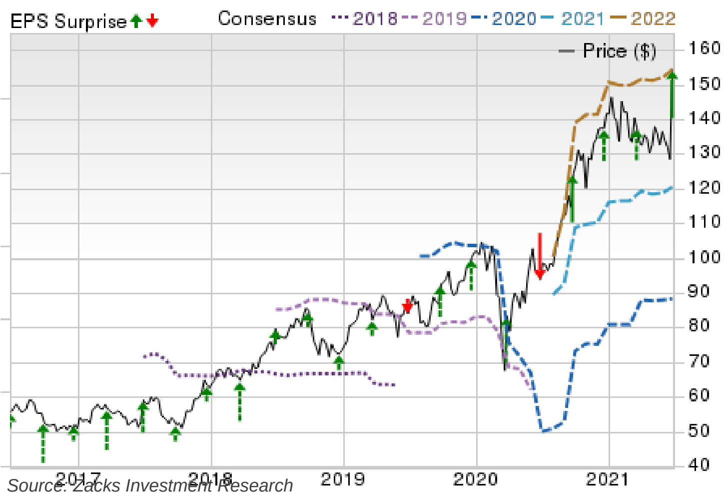
Price Target (6-12 Months): **$164.00**

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: A	

Summary

NIKE's shares rallied significantly after it reported blowout fourth-quarter fiscal 2021 results and provided an upbeat view for fiscal 2022 and beyond. This led it to outpace the industry in the past three months. NIKE's sales and earnings beat estimates and improved year over year in the reported quarter. Strong results can be attributed to the return of sports activity, reopening of stores, wholesale business strength and digital growth owing to permanent shifts toward digital and health & wellness. Also, strong customer connections through compelling brand experiences across NIKE Jordan and Converse, product innovation and expanding digital advantage have been key drivers. However, elevated SG&A expense as sporting events returned, partly hurt the results. A slowdown in Greater China due to ongoing boycotts have been headwinds.

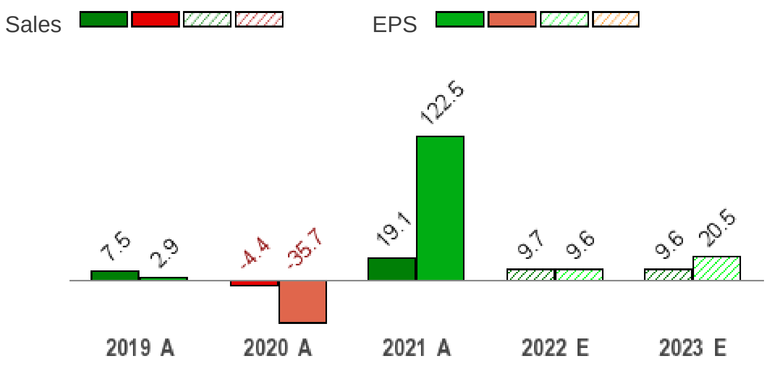
Price, Consensus & Surprise



Data Overview

52-Week High-Low	**$154.59 - $93.57**
20-Day Average Volume (Shares)	**7,998,008**
Market Cap	**$243.9 B**
Year-To-Date Price Change	**9.1%**
Beta	**0.85**
Dividend / Dividend Yield	**$1.10 / 0.7%**
Industry	**Shoes and Retail Apparel**
Zacks Industry Rank	**Top 18% (45 out of 252)**
Last EPS Surprise	**82.4%**
Last Sales Surprise	**11.6%**
EPS F1 Estimate 4-Week Change	**1.0%**
Expected Report Date	**09/28/2021**
Earnings ESP	**0.1%**
P/E TTM	**43.4**
P/E F1	**39.6**
PEG F1	**3.0**
P/S TTM	**5.5**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2023	14,120 E	14,120 E	12,853 E	13,149 E	53,541 E
2022	12,520 E	12,619 E	11,978 E	12,712 E	48,865 E
2021	10,594 A	11,243 A	10,357 A	12,344 A	44,538 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2023	$1.39 E	$1.19 E	$1.26 E	$0.89 E	$4.70 E
2022	$1.10 E	$1.01 E	$1.08 E	$0.92 E	$3.90 E
2021	$0.95 A	$0.78 A	$0.90 A	$0.93 A	$3.56 A

*Quarterly figures may not add up to annual.

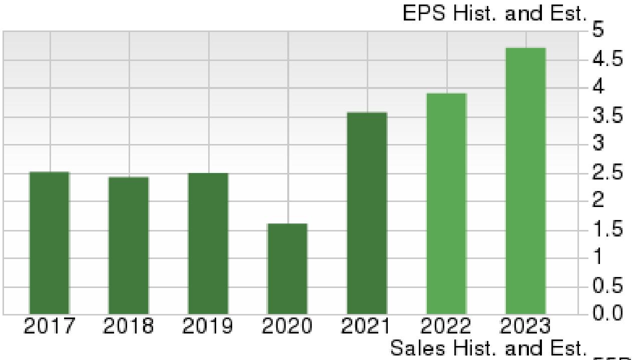
The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 06/25/2021. The report's text and the analyst-provided price target are as of 06/28/2021.

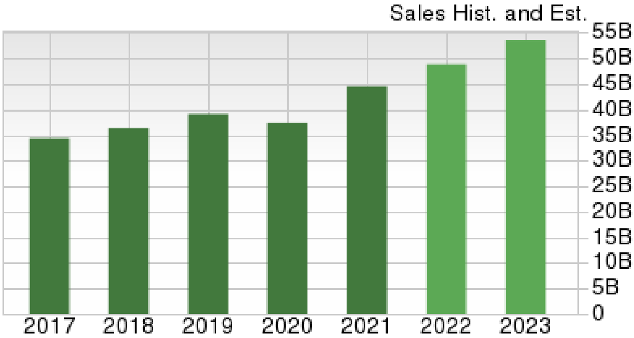
Overview

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:

▲ **Q4 Results Aid Stock:** Shares of NIKE rallied 15.6% in the past three months, compared with the industry's 15.5% growth. Most of the rally in NIKE stock came after it reported blowout fourth-quarter fiscal 2021 revenues and earnings and provided an upbeat view for fiscal 2022 and beyond. The company's top and bottom line beat the Zacks Consensus Estimate and improved year over year in the fiscal fourth quarter. This marked the fourth straight quarter of earnings for the company. Revenues almost doubled (up 96%) year over year to $12.3 billion, with management expecting more growth in the coming fiscal year. Additionally, revenues increased 21% from fourth-quarter fiscal 2019. Also, the company's earnings per share of 93 cents increased substantially from a loss per share of 51 cents reported the year-ago quarter. On a currency-neutral basis, revenues improved 88% year over year mainly due to the recovery of retail business, which was impacted by the COVID-related closures in the year-ago quarter.

Return of sports activity, reopening of retail stores, strength in wholesale business and continued growth of NIKE Digital owing to shifts toward digital and health & wellness are key drivers.

The strong fiscal fourth-quarter results can be attributed to the return of sports activity, the reopening of physical retail operations, strength in the wholesale business and continued growth of NIKE Digital owing to permanent shifts toward digital and health & wellness. Also, its connection with customers through compelling brand experiences across NIKE Jordan and Converse, product innovation and expanding digital advantage have been key drivers.

▲ **Improved Gross Margin:** NIKE's gross profit advanced 140% year over year to $5,655 million in fourth-quarter fiscal 2021, while gross margin expanded 850 basis points (bps) to 45.8%. Gross margin growth can be attributed to improved NIKE Direct margins as well as the anniversary of last year's higher costs incurred to manage supply and demand amid the pandemic. This included lower factory cancellation charges, lower inventory obsolescence reserves and a favorable rate impact of supply-chain fixed costs on a higher volume of wholesale shipments. For fiscal 2022, the company expects gross margin to expand 125-150 bps, driven by the continued shift to higher-margin NIKE Direct business and sustained strong full-priced sales. This is likely to be partly offset by higher product costs, supply-chain investments and lapping of some one-time gains realized in fiscal 2021. Additionally, gross margin rate for fiscal 2025 is expected to be in the high 40s.

▲ **Upbeat Outlook:** NIKE provided guidance for fiscal 2022 and set long-term targets for fiscal 2025, driven by the momentum in its business as it comes out of the pandemic. For fiscal 2022, it anticipates revenue growth in low-double digits, surpassing $50 billion, driven by strong customer demand across its operating segments. It expects to benefit from robust digital growth, scaling NIKE-owned physical retail concepts and growing with partners. Moreover, it expects revenue growth in the first half of fiscal 2022 to be slightly higher than the second half. Foreign currency is expected to be a tailwind in fiscal 2022, suggesting gains of 70 bps.

For fiscal 2025, revenue growth is expected to inflect upward to high-single-digit to low-double-digit growth, on average. This is likely to be driven by strong opportunities in women's, apparel, Jordan, digital and international. Also, the company expects growth to be led by NIKE Direct. EBIT margin is expected to reach high-teens, with earnings per share of mid to high-teens, on average, for fiscal 2025. Furthermore, the company remains keen on reshaping its wholesale business portfolio. Consequently, it anticipates the wholesale business revenues to remain nearly flat with the fiscal 2021 levels. Moreover, the company expects higher revenue growth across its operating segments, backed by the power of its diverse global portfolio. On average, North America revenues are anticipated to increase in the mid-single to high-single digits in fiscal 2025. Average revenue growth of high-single digits and low-double digits is expected in EMEA and APLA, respectively. In Greater China, the company expects to see growth in low to mid-teens in the long term.

▲ **Digital Business Plays Key Role:** NIKE has been benefiting from the permanent shift to consumer behaviors to digital as well as health & wellness. The company is well-positioned to gain from this shift, thanks to its efficient digital ecosystem that comprises of its online site as well as commercial and activity apps. In the fiscal fourth quarter, NIKE continued to witness robust revenue growth at the NIKE Brand's Digital business despite the reopening of stores. Digital revenues for the NIKE Brand improved 41% year over year and 147% from the fourth quarter of fiscal 2019. NIKE Digital accounted for nearly 21% of total NIKE Brand revenues. On a reported basis, NIKE Direct sales increased 73% year over year to $4.5 billion, representing about 40% of total NIKE Brand revenues. Digital sales of the brand were mainly aided by strong double-digit growth across North America, EMEA and APLA. Digital revenues, on a year over year basis, were up 54%, 40% and more than 50%, respectively, at the North America, EMEA and APLA segments. Compared with the fourth-quarter fiscal 2019, the North America and EMEA segments reported Digital revenue growth of 177% and 170%, respectively. 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.

The company expects revenues in fiscal 2022 and beyond to benefit from robust digital growth. Coming to its forecast for fiscal 2025, the company expects revenue growth to be led by NIKE Direct, which is anticipated to represent 60% of revenues on strong digital growth. Additionally, it expects NIKE-owned and partnered Digital to reach 50% business mix in fiscal 2025, with NIKE-owned Digital to account for 40% of the business.

▲ **Financials Look Strong:** NIKE ended fourth-quarter fiscal 2021 with strong liquidity, which included cash and short-term investments of $13,476 million, up $4.7 billion from the last year. These included proceeds from net income, partly offset by cash dividends. Further, its long-term debt of $9,413 million remained almost unchanged from the prior quarter. Its debt-to-capitalization ratio of 0.42 represents a sequential improvement from 0.44 as of Feb 28, 2021. Also, its times interest earned ratio of 26.4 has improved from 17.1 in the prior-quarter. The times-interest-earned ratio is very important for some companies, as it measures a company's ability to meet its debt obligations based on its current income. Per its fiscal 2025 view, the company expects to deliver strong free cash flow, maintain a capital expenditure of 3% of revenues and return on invested capital at a low 30%.

▲ **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. The company resumed its share-repurchase activity in the fourth quarter of fiscal 2021, after suspending it in March 2020 to preserve liquidity amid the pandemic. As of May 31, 2021, it has repurchased 50 million shares for $4.7 billion under its $15-million program approved in June 2018. In fiscal 2021, the company returned $2.3 billion to shareholders, including dividend payouts of $1.6 billion and $650 million for share repurchases. The share repurchases included the buy-back of 4.9 million shares. Notably, NIKE has a dividend payout ratio of 30.9%, annualized dividend yield of 0.7% and free cash flow yield of 1.54%. The company's annual free cash flow return on investment of 19.79%, ahead of that of the industry's 19.62%, indicates that the dividend payment is sustainable.

Reasons To Sell:

With the return of sporting activities and events as the effects of the pandemic fade, NIKE reported elevated SG&A expense on higher operating overhead and demand-creating expenses, in Q4.

- **Stock Appears Overvalued:** Considering price-to-earnings (P/E) ratio, NIKE looks overvalued compared with the S&P 500. The stock has a trailing 12-month P/E ratio of 43.36x, which is below the median level of 64.34x and the high level of 73.53, scaled in the past year. On the contrary, the trailing 12-month P/E ratio is 28.27x for the S&P 500. Given these factors, we believe that the stock is quite stretched from the P/E aspect.

- **Higher SG&A Expenses:** With the return of sporting activities and events as the effects of the pandemic fade away, NIKE reported elevated selling and administrative (SG&A) expense in the fourth-quarter fiscal 2021. SG&A expense increased 17% to $3,742 million, driven by higher operating overhead and demand-creating expenses. As a percentage of sales, SG&A expenses contracted significantly to 30.3% from the SG&A rate of 50.5% in the prior-year quarter. Notably, demand-creation expenses increased 21% year over year, owing to elevated brand activity related to the return of sporting events. Branding events attracted increased advertising and marketing expenses as well as digital marketing investments. Meanwhile, operating overhead expense was up 16% on higher technology investments to support digital transformation, NIKE Direct variable costs and increased wage-related expenses. This was partly offset by lower bad debt expenses.

  For fiscal 2022, the company expects SG&A expense growth to slightly surpass revenue growth, driven by spends related to sporting events, consistent store-operating schedules and investments against its largest opportunities. For fiscal 2025, SG&A expense rate is anticipated to be 32-33% of revenues, on average.

- **Headwinds in Greater China:** NIKE recently witnessed adverse market dynamics in Greater China for most part of fourth-quarter fiscal 2021, which partly offset the top line growth for the in the region. Consequently, the company reported 9% currency-neutral revenue growth in Greater China in fourth-quarter fiscal 2021. The company has been witnessing a slowdown in Greater China since late March, with sharp decline in April. In March, celebrities in China boycotted and terminated contracts with the international brands driven by the social media controversies over the reports of forced labor in Xinjiang. Citing NIKE's expression of concern on the issue, popular Chinese actor Wang Yibo terminated his contract as a representative of NIKE to show support for cotton products from Xinjiang. that have been critical of rights abuses against Uyghurs and other minorities in Xinjiang. Driven by the slowdown in sales, the company adjusted its operations in the region to match the sales pressures by suspending marketing activities and product launches. The company witnessed further pressures in May nearing China's Labor Day Holiday and the latter part of the month, recording a single-digit sales decline in May. While the trends continued into June, the company notes that it has slightly improved from the decline in May. Though the negative sentiments still remain elevated, the company is optimistic about reporting sales growth of low to mid-teens in the long term for Greater China. However, it remains to be seen how long it will take for the trends in the region to recover.

- **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 Q4 Earnings & Sales Beat, View Robust

Quarter Ending	05/2021
Report Date	Jun 24, 2021
Sales Surprise	11.62%
EPS Surprise	82.35%
Quarterly EPS	0.93
Annual EPS (TTM)	3.56

NIKE posted fourth-quarter fiscal 2021 results, wherein sales and earnings beat the Zacks Consensus Estimate and improved year over year. The strong fiscal fourth-quarter results can be attributed to the return of sports activity, the reopening of physical retail operations, strength in the wholesale business and continued growth of NIKE Digital. Also, its connection with customers through compelling brand experiences across NIKE Jordan and Converse, product innovation and expanding digital advantage have been key drivers.

In the reported quarter, the company's earnings per share of 93 cents increased substantially from a loss per share of 51 cents reported the year-ago quarter and beat the Zacks Consensus Estimate of earnings of 51 cents.

Revenues of the Swoosh brand owner grew 96% year over year to $12,344 million and surpassed the Zacks Consensus Estimate of $11,059.3 million. Additionally, revenues increased 21% from fourth-quarter fiscal 2019. On a currency-neutral basis, revenues improved 88% year over year mainly due to the recovery of retail business, which was impacted by the COVID-related closures in the year-ago quarter.

In the reported quarter, the company witnessed strong growth in wholesale shipments and NIKE-owned stores' performance, owing to the anniversary of COVID-led physical store closures across North America, EMEA and APLA in the prior-year quarter. Also, the company's revenues benefited from the return of sports activities.

Notably, NIKE continued to witness robust revenue growth at the NIKE Brand's Digital business despite the reopening of stores. In the fiscal fourth quarter, digital revenues for the NIKE Brand improved 41% year over year and 147% from the fourth quarter of fiscal 2019. NIKE Digital accounted for nearly 21% of total NIKE Brand revenues. On a reported basis, NIKE Direct sales increased 73% year over year to $4.5 billion, representing about 40% of total NIKE Brand revenues.

Operating Segments

Revenues for the **NIKE Brand** were $11,761 million, up 96% year over year on a reported basis. Moreover, revenues for the brand increased 88% on a constant-dollar basis primarily due to triple-digit growth in the wholesale business and double-digit growth in its digital business.

Within the NIKE Brand, revenues in **North America** advanced 141% on both reported and currency-neutral basis to $5,384 million. This marked the first-ever quarter of recording $5 billion revenues for the North America segment. Moreover, revenues improved 29% from fourth-quarter fiscal 2019. North America revenues benefited from increased full-price sales as physical retailing reopened and sports activity returned. Moreover, it witnessed strong wholesale revenues, owing to the receipt of delayed shipments from the prior quarter. In third-quarter fiscal 2021, shipment delays were caused by global container shortages and port congestions on the West Coast of the United States. Revenues also benefited from continued growth in digital revenues, which improved 54% year over year and 177% from fourth-quarter fiscal 2019.

In **EMEA**, the company's revenues rose 124% on a reported basis and 107% on a currency-neutral basis to $2,979 million. Moreover, revenues improved 21% from fourth-quarter fiscal 2019 despite the COVID-led temporary store closures continuing throughout the reported quarter. In the first two months of the fiscal fourth quarter, the company had nearly 50% of its stores in the region closed. With restrictions easing in May, it witnessed strong customer response and demand, which persisted in June. Growth across the region was led by strength in the U.K. and Ireland, France, Germany and Italy. As stores remained closed, sales at NIKE Digital improved 40% year over year and 170% from fourth-quarter fiscal 2019. Moreover, the company highlighted that about 99% of the stores in EMEA were open or operating at reduced hours as of Jun 24.

In **Greater China,** revenues increased 17% year over year on a reported basis and 9% on a currency-neutral basis in the fiscal fourth quarter to $1,933 million. Revenues improved on consistent brand strength despite adverse market dynamics. NIKE Direct rose 2% in the fiscal fourth quarter, driven by strong growth in NIKE-owned stores, offset by a decline in NIKE Digital. The company witnessed adverse sales trends in April. Consequently, it adjusted operations by suspending marketing activities and product launches. However, trends began improving in May, recording a single-digit decline. Moreover, the company highlighted that the sequential trend has improved in June, with month-to-month retail sales nearing the prior-year levels.

In **APLA**, NIKE revenues advanced 82% on a reported basis and 76% on a currency-neutral basis to $1,458 million. Revenues were aided by growth across all regions, led by Japan, SOKO and Mexico. Also, revenues improved in double-digits in Korea. NIKE Digital grew more than 50%, aided by its membership offense. The regions' operations benefited from the launch of the Express Lane offense in Japan. Notably, APLA was the last geography to launch the Express Lane offense. Moreover, the company sees a significant opportunity to leverage the capabilities to drive improved customer connections across the region.

Revenues at the **Converse** brand improved 95% on a reported basis to $596 million. On a currency-neutral basis, revenues of the segment were up 85%, backed by strong market demand in North America and Western Europe.

Costs & Margins

Gross profit advanced 140% year over year to $5,655 million, while gross margin expanded 850 basis points (bps) to 45.8%. Gross margin growth can be attributed to improved NIKE Direct margins as well as the anniversary of last year's higher costs incurred to manage supply and demand amid the pandemic. This included lower factory cancellation charges, lower inventory obsolescence reserves and a favorable rate impact of supply-chain fixed costs on a higher volume of wholesale shipments.

Selling and administrative expenses rose 17% to $3,742 million, driven by higher operating overhead and demand-creating expenses. As a percentage of sales, SG&A expenses contracted significantly to 30.3% from the SG&A rate of 50.5% in the prior-year quarter.

Notably, demand-creation expenses increased 21% year over year to $997 million, owing to elevated brand activity related to the return of sporting events. Branding events attracted increased advertising and marketing expenses as well as digital marketing investments.

Operating overhead expenses were up 16% to $2,745 million, owing to higher technology investments to support digital transformation, NIKE Direct variable costs and increased wage-related expenses. This was partly offset by lower bad debt expenses.

Balance Sheet & Shareholder-Friendly Moves

NIKE ended fiscal 2021 with cash and short-term investments of $13,476 million, up $4.7 billion from the last year. These included proceeds from net income, partly offset by cash dividends. Moreover, it had long-term debt (excluding current maturities) of $9,413 million and shareholders' equity of $12,767 million as of the end of fiscal 2021. As of May 31, 2021, inventories declined 7% year over year to $6,854 million.

In fiscal 2021, the company returned $2.3 billion to shareholders, including dividend payouts of $1.6 billion and $650 million for share repurchases. The share repurchases included the buy-back of 4.9 million shares under its $15-million program approved in June 2018.

The company resumed its share-repurchase activity in the fourth quarter of fiscal 2021, after suspending it in March 2020 to preserve liquidity amid the pandemic. As of May 31, it has repurchased 50 million shares for $4.7 billion under the aforesaid program.

Outlook

The company provided guidance for fiscal 2022 and set long-term targets for fiscal 2025, driven by the momentum in its business as it comes out of the pandemic. For fiscal 2022, it anticipates revenue growth in low-double digits, surpassing $50 billion, driven by strong customer demand across its operating segments. It expects to benefit from robust digital growth, scaling NIKE-owned physical retail concepts and growing with partners. Moreover, it expects revenue growth in the first half of fiscal 2022 to be slightly higher than the second half. Foreign currency is expected to be a tailwind in fiscal 2022, suggesting gains of 70 bps.

Gross margin is estimated to expand 125-150 bps, driven by the continued shift to higher-margin NIKE Direct business and sustained strong full-priced sales. This is likely to be partly offset by higher product costs, supply-chain investments and lapping of some one-time gains realized in fiscal 2021. SG&A growth is expected to slightly surpass revenue growth, driven by spends related to sporting events, consistent store-operating schedules and investments against its largest opportunities. Effective tax rate is estimated to be in the mid-teens.

Coming to the fiscal 2025 view, the company expects sustained strong revenue growth. Revenue growth for fiscal 2025 is expected to inflect upward to high-single-digit to low-double-digit growth, on average. This is likely to be driven by strong opportunities in women's, apparel, Jordan, digital and international. The company expects growth to be led by NIKE Direct, which is anticipated to represent 60% of revenues in fiscal 2025 on strong digital growth. Additionally, it expects NIKE-owned and partnered Digital to reach 50% business mix in fiscal 2025, with NIKE-owned Digital to account for 40% of the business.

Furthermore, the company remains keen on reshaping its wholesale business portfolio. Consequently, it anticipated the wholesale business revenues to remain nearly flat with the fiscal 2021 levels.

Moreover, the company expects higher revenue growth across its operating segments, backed by the power of its diverse global portfolio. On average, North America revenues are anticipated to increase in the mid-single to high-single digits in fiscal 2025. Average revenue growth of high-single digits and low-double digits is expected in EMEA and APLA, respectively. In Greater China, the company expects to see growth in low to mid-teens in the long term.

Gross margin rate for fiscal 2025 is expected to be in the high 40s. SG&A rate is anticipated to be 32-33% of revenues, on average, for fiscal 2025. Consequently, EBIT margin is expected to reach high-teens, with earnings per share of mid to high-teens, on average, for fiscal 2025.

The company expects to deliver strong free cash flow, maintain a capital expenditure of 3% of revenues and return on invested capital at a low 30%. It also expects to consistently return cash to shareholders in the forms of dividends and share repurchases.

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 up 9.1% in the year-to-date period and nearly 61% for the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Consumer Discretionary sector are up 10.8% and 2.5%, respectively, in the year-to-date period. Over the past year, the Zacks sub-industry and the sector are up 62% and 37.9%, respectively.

The S&P 500 index is up 14.7% in the year-to-date period and 42.4% in the past year.

The stock is currently trading at 39X forward 12-month earnings, which compares to 34.84X for the Zacks sub-industry, 26.98X for the Zacks sector and 21.82X for the S&P 500 index.

Over the past five years, the stock has traded as high as 48.27X and as low as 19.92X, with a 5-year median of 27.64X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our $164 price target reflects 41.44X forward 12-month earnings.

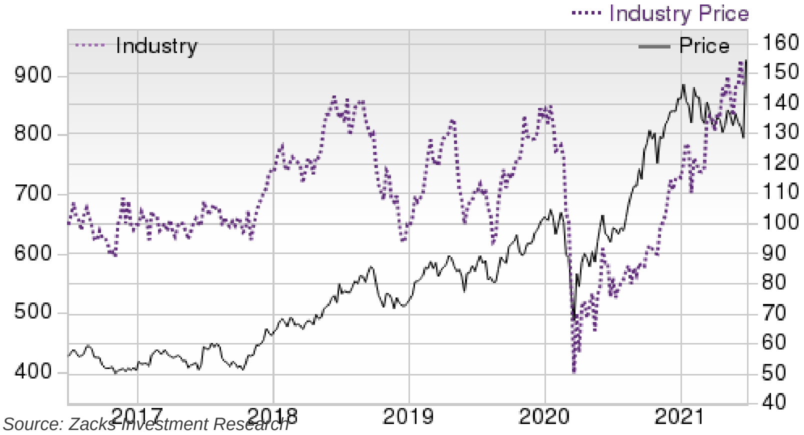
The table below shows summary valuation data for NKE

Valuation Multiples - NKE

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	39	34.84	26.98	21.82
	5-Year High	48.27	36.55	31.88	23.83
	5-Year Low	19.92	18.66	14.49	15.31
	5-Year Median	27.64	24.46	18.09	18.05
P/S F12M	Current	4.95	4.09	3.36	4.75
	5-Year High	5.06	4.15	3.36	4.75
	5-Year Low	2.21	2.03	1.56	3.21
	5-Year Median	3.08	2.7	2.26	3.72
EV/EBITDA TTM	Current	40.87	42.05	17.4	17.59
	5-Year High	45.31	42.05	20.68	17.74
	5-Year Low	14.1	12.77	9.43	9.63
	5-Year Median	18.93	17.06	14.17	13.48

As of 06/25/2021 *Source: Zacks Investment Research*

Industry Analysis **Zacks Industry Rank:** Top 18% (45 out of 252)



Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
Adidas AG **(ADDYY)**	Outperform	2
Columbia Sportswear Company **(COLM)**	Outperform	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

	NKE	X Industry	S&P 500	Industry Peers		
				ADDYY	SKX	UAA
Zacks Recommendation (Long Term)	Neutral	-	-	Outperform	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	2	3	2
VGM Score	B	-	-	D	D	F
Market Cap	243.87 B	2.56 B	30.37 B	72.52 B	7.79 B	9.91 B
# of Analysts	12	5	12	7	5	12
Dividend Yield	0.71%	0.70%	1.33%	0.70%	0.00%	0.00%
Value Score	D	-	-	D	C	F
Cash/Price	0.06	0.13	0.06	0.07	0.18	0.14
EV/EBITDA	58.56	16.50	17.25	28.83	22.69	-35.69
PEG F1	3.04	1.64	2.09	NA	NA	2.09
P/B	19.10	3.62	4.15	7.99	2.75	5.60
P/CF	59.29	24.91	17.53	35.49	31.86	173.50
P/E F1	39.58	22.35	21.20	40.64	24.32	67.26
P/S TTM	5.48	1.39	3.42	3.04	1.63	2.06
Earnings Yield	2.53%	4.52%	4.61%	2.46%	4.12%	1.48%
Debt/Equity	0.74	0.33	0.66	0.33	0.25	0.57
Cash Flow ($/share)	2.60	3.45	6.86	5.21	1.58	0.13
Growth Score	A	-	-	C	D	F
Historical EPS Growth (3-5 Years)	0.94%	-7.75%	9.59%	-11.53%	-9.61%	-16.60%
Projected EPS Growth (F1/F0)	9.46%	138.59%	21.79%	270.15%	222.81%	224.04%
Current Cash Flow Growth	-14.59%	-18.17%	1.02%	-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	2.72	2.72	1.39	1.54	2.73	2.56
Debt/Capital	42.44%	33.60%	41.51%	24.76%	20.22%	36.33%
Net Margin	12.86%	3.09%	12.06%	4.88%	3.09%	2.46%
Return on Equity	51.41%	12.78%	16.59%	13.77%	5.66%	6.70%
Sales/Assets	1.25	0.96	0.51	0.98	0.83	0.97
Projected Sales Growth (F1/F0)	9.72%	14.77%	9.56%	14.54%	28.47%	19.06%
Momentum Score	A	-	-	F	D	F
Daily Price Change	15.53%	1.30%	0.33%	5.55%	3.01%	2.12%
1-Week Price Change	20.20%	6.33%	2.74%	8.05%	6.85%	9.55%
4-Week Price Change	13.11%	5.77%	1.82%	0.90%	5.77%	-3.94%
12-Week Price Change	16.46%	15.17%	6.49%	14.76%	20.83%	-1.27%
52-Week Price Change	64.78%	71.37%	42.26%	42.32%	71.53%	138.09%
20-Day Average Volume (Shares)	7,998,008	79,850	1,881,795	77,432	1,084,341	4,962,544
EPS F1 Estimate 1-Week Change	1.19%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	0.97%	0.78%	0.02%	0.50%	0.00%	0.00%
EPS F1 Estimate 12-Week Change	0.69%	4.36%	3.59%	2.87%	7.32%	79.17%

EPS Q1 Estimate Monthly Change	0.74%	0.74%	0.00%	0.00%	0.00%	41.30%

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	A
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.