Apr 19, 2021

Nu Skin(NUS)

$52.99 (As of 04/16/21)

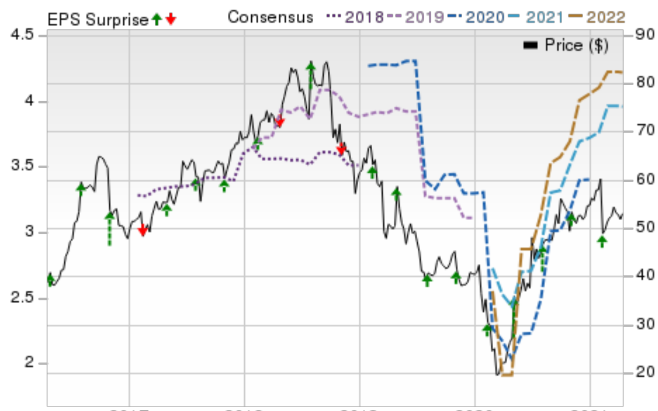
Price Target (6-12 Months): **$56.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 12/07/20) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM:A
	Value: A | Growth: A	Momentum: F

Summary

Nu Skin has outpaced the industry in the past year. The company is gaining on its focus on innovation and efforts to strengthen sales leader and expand the customer base. These were seen in fourth-quarter 2020 results, wherein earnings and sales grew year over year and the former beat the Zacks Consensus Estimate. Results were driven by robust growth in customers and sales leaders, along with revenue gains in all segments. Also, Nu Skin's digital business is doing well amid the pandemic. Moreover, management is optimistic about its product pipeline for 2021. However, Nu Skin's gross margin has been contracting year over year for a while now due to higher freight costs and geographic mix shift. These are likely to keep putting pressure on the company's gross margin in 2021. Also, increased costs are headwinds for the company.

Price, Consensus & Surprise

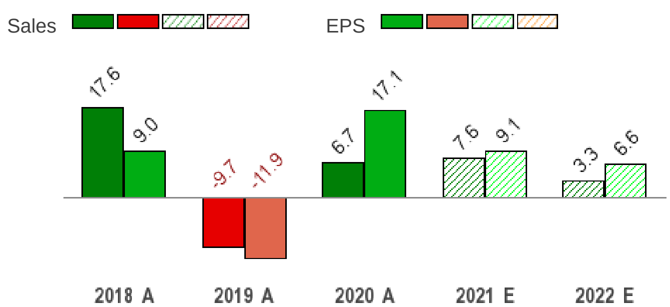


Source: Zacks Investment Research

Data Overview

52-Week High-Low	**$63.85 - $23.23**
20-Day Average Volume (Shares)	**516,930**
Market Cap	**$2.7 B**
Year-To-Date Price Change	**-3.0%**
Beta	**1.19**
Dividend / Dividend Yield	**$1.52 / 2.9%**
Industry	**Cosmetics**
Zacks Industry Rank	**Bottom 12% (224 out of 254)**
Last EPS Surprise	**18.6%**
Last Sales Surprise	**-0.4%**
EPS F1 Estimate 4-Week Change	**-0.1%**
Expected Report Date	**05/05/2021**
Earnings ESP	**0.0%**
P/E TTM	**14.5**
P/E F1	**13.4**
PEG F1	**1.8**
P/S TTM	**1.0**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2022	651 E	711 E	744 E	752 E	2,870 E
2021	632 E	700 E	717 E	729 E	2,778 E
2020	518 A	612 A	703 A	748 A	2,582 A

EPS Estimates

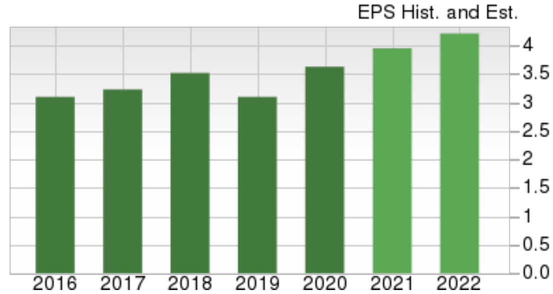
	Q1	Q2	Q3	Q4	Annual*
2022	$0.82 E	$1.02 E	$1.14 E	$1.17 E	$4.22 E
2021	$0.72 E	$1.02 E	$1.08 E	$1.13 E	$3.96 E
2020	$0.36 A	$0.81 A	$1.08 A	$1.40 A	$3.63 A

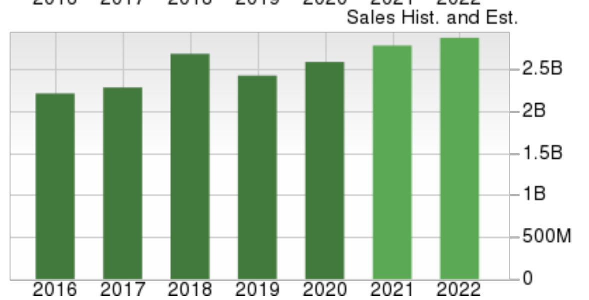
*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 04/16/2021. The report's text and the analyst-provided price target are as of 04/19/2021.

Overview

Nu Skin, which was founded more than 30 years ago, develops and distributes a wide range of premium cosmetics, beauty, personal care and wellness products. While the company specializes in beauty and personal care, it also provides a wide range of nutritional products. Nu Skin's products are available in more than 50 markets worldwide.





From a product perspective, the company operates through two brand categories namely, Nu Skin and Pharmanex. The company offers premium quality personal care products under the Nu Skin brand banner, while nutritional supplements are marketed under Pharmanex. Both these brand categories have been yielding well.

The company has evolved strongly in the skin care treatments arena, more particularly in anti-aging products. Some of the renowned brands of the company in skin care includes ageLOC and Epoch. The company also provides a wide range of hair care and other personal care items.

In addition to these, the company offers a diverse range of nutritional and weight management products such as ageLOC Youth nutritional supplement and LifePak nutritional supplements.

Nu Skin reaches out to customers through direct sales channels. In this respect, the company uses person-to-person marketing technique to sell as well as promote different brands.

A significant portion of the company's revenues are generated from overseas markets.

The company's revenues are reported under seven regional segments namely — Mainland China, EMEA regions, Americas/Pacific, South Korea, Southeast Asia, Japan and Hong Kong/Taiwan.

Source: Zacks Investment Research

Reasons To Buy:

Sustained growth in customer base is supporting Nu Skin. The company is on track with product launches to bolster sales leaders.

▲ **Solid Q4 Earnings & Impressive Outlook**: Shares of Nu Skin have more than doubled in the past year, compared with the industry's growth of 73.9%. The company has been benefiting from its focus on innovation and efforts to strengthen sales leader and expand the customer base. These were reflected in fourth-quarter 2020 results, with the top and bottom lines increasing year over year. Also, quarterly earnings beat the Zacks Consensus Estimate. Notably, Nu Skin reported quarterly earnings of $1.40 a share that surged 94% from 72 cents in the year-ago quarter. Revenues of $748.2 million rallied 28%. On a constant-currency basis, revenues increased 24%. The upside can be attributed to increase in sales leaders and customer base. Notably, revenues increased in all reporting segments with particular strength in the West markets.

The company is optimistic about momentum in 2021, driven by impressive product pipeline, robust digital efforts along with steady improvement in customers and sales leaders. For the first quarter of 2021, the company projects revenues of $610-$640 million that will include favorable currency impacts of nearly 3%. The projection suggests an improvement of 18-24% year over year. Quarterly earnings are anticipated between 65 cents and 75 cents per share, indicating significant growth from the year-ago quarter's levels. Management expects 2021 revenues in the range of $2.71-$2.81 billion, which calls for an increase of 5-9% year over year. It anticipates favorable currency impact of 2-3% on revenues. Further, 2021 earnings are projected within $3.80-$4.10 per share, indicating an increase of 5-13%.

▲ **Efforts to Enhance Customer Base**: Nu Skin sells and distributes products through a network of sales leaders and customers. The company remains focused on empowering those through product launches and engaging technology platforms among other initiatives. Moreover, the company has been conducting a number of promotional seminars online. Additionally, Nu Skin rolled out its Velocity sales compensation plan as well as enJoy rewards program over the past three years. These programs are doing well and continuing to aid growth in sales leaders and customers. In the fourth quarter of 2020, sales leaders were up 29% year over year to 70,435, while Nu Skin's customer base increased 34% to 1,557,302. Sales leader's growth was driven by successful introduction of Boost and Nutricentials products.

A shift to work-from-home and at-home trends has led to increased online shopping, which presents a unique opportunity for the company's business. With these macro trends, Nu Skin is making significant investments in the digital platform to build a socially-enabled business. In this regard, the company rolled out its personal recommendation app, Vera in 2020. By the end of 2021, Nu Skin intends to expand the Vera experience to add a wellness journey which will be connected to the other parts of its portfolio. Also, the rollout of its personal product storefront, My Site bodes well. Further, management is on track to introduce its digital ecosystem, Empower Me. Notably, Empower Me will offer personalized beauty and wellness solutions via interactive as well as engaging digital experiences. In its fourth-quarter earnings call, management highlighted that more than 90% of the company's sales transactions are digital.

Moreover, the company is leveraging its technology to scale up business, grow customers in new segments and expand its affiliate business to younger demographics. Recently, Nu Skin announced the buyout of 3i Solutions — an innovative company which develops and produces ingredients for consumer markets with the help of proprietary encapsulation technologies. Such technologies will help Nu Skin in creating new product forms and increase the performance of its formulations in beauty and wellness.

▲ **Product Launches & Effective Programs Aid Growth**: With the help of advanced technology and well-strategized product programs, Nu Skin tries to capture greater market share and maintain growth momentum. In fact, the company's long-term strategies stand on three key pillars — Products, Programs and Platforms. Notably, the launch of the company's revolutionary ageLOC LumiSpa, along with the re-launch of Galvanic Spa device has been a success. Further, management is encouraged about the company's global introduction of beauty device system – ageLOC Boost (2020). Notably, the recently introduced device recorded sales of nearly $100 million in the second half of 2020.

Moreover, the company is optimistic about momentum in 2021, driven by impressive product pipeline, robust digital efforts along with steady improvement in customers and sales leaders. Keeping along these lines, management expects to expand its customer reach via the launch of Boost and Nutricentials products in the first half of 2021. Further, Nu Skin expects to unveil new products in the remaining half of the year. Apart from product launches, Nu Skin's well-knit product strategies and customer retention programs have been driving growth in several market locations.

▲ **Financial Analysis**: Nu Skin's long-term debt of $305.4 million at the end of the fourth quarter of 2020 (as of Dec 31, 2020) declined from $312.7 million reported in the previous quarter. Incidentally, the company's debt-to-capitalization ratio of 0.27 as of the end of the fourth quarter stood lower than the preceding quarter's ratio of 0.29. Moreover, the company had cash and cash equivalents of $402.7 million as of the end of the fourth quarter, while its current portion of long-term debt stood at $30 million.

During the fourth quarter, the company paid out dividends of $19.1 million and repurchased $17 million worth of shares. With this, it now has $325.8 million remaining under the current share repurchase authorization. Further, Nu Skin announced a dividend of 38 cents per share which was payable on Mar 10, 2021 to shareholders of record as of Feb 26. This represents an increase from 37.5 cents per share paid in the preceding quarter. Notably, this is the company's 20th consecutive year of paying as well as increasing dividend. Notably, Nu Skin has a dividend payout of 41.6%, dividend yield of 2.9% and free cash flow yield of 11.4%. With an annual free cash flow return on investment of 27.5%, much ahead of the industry's 4.6%, the dividend payment is likely to be sustainable.

Reasons To Sell:

- **Cost & Margin Concerns**: Nu Skin's gross margin has been contracting year over year for a while now due to increased freight costs. This was witnessed in the fourth quarter of 2020, wherein gross margin contracted from 75.9% to 74%. Nu Skin business' gross margin also declined to 76.5% from 78.5% reported in the prior-year quarter. Apart from the abovementioned factor, a geographic mix shift owing to strong growth in the West region affected gross margin. In its fourth-quarter earnings call, management highlighted that the abovementioned downsides are likely to keep putting pressure on gross margin in 2021.

  Moving on, selling expenses increased from $228.1 million in the prior-year quarter to $284.1 million. Meanwhile, general and administrative expenses of $180.6 million increased from nearly $160 million in the year-ago quarter.

Nu Skin's performance in the fourth quarter of 2020 was adversely impacted by increased freight costs associated, along with higher costs.

- **Stiff Competition**: The cosmetics and beauty segment is rife with competition, thanks to the existence of strong peers as well as abundant product alternatives. Cheaper alternatives may hinder customers' loyalty, thus impacting the sale of the company's products.
- **Changing Consumer Preferences**: The cosmetics industry is highly prone to changes along with consumers' changing lifestyle and preferences. Hence, Nu Skin's ability to generate profits depends largely on its ability to develop products that suit consumers' need and respond in a timely manner to fulfill the same. Also, shifts in market demand for a product for any reason may result in increased inventory levels, which may lead to selling goods at lower prices. This can hurt the company's overall performance.

Last Earnings Report

Nu Skin Tops Q4 Earnings Estimates, Raises Dividend

Quarter Ending	12/2020
Report Date	Feb 10, 2021
Sales Surprise	-0.37%
EPS Surprise	18.64%
Quarterly EPS	1.40
Annual EPS (TTM)	3.65

Nu Skin reported fourth-quarter 2020 results, with the top and bottom lines increasing year over year. Also, quarterly earnings beat the Zacks Consensus Estimate. Notably, top-line growth was backed by improvements across all reporting segments.

Q4 Highlights

Nu Skin reported quarterly earnings of $1.40 a share, which beat the Zacks Consensus Estimate of $1.18 per share and surged 94% from 72 cents in the year-ago quarter.

Revenues of $748.2 million rallied 28% year over year on a reported basis. However, the top line missed the Zacks Consensus Estimate of $751 million. On a constant-currency basis, revenues increased 24%. Fourth-quarter revenues included a positive impact of 4% from foreign currency fluctuations. Revenue growth can be attributed to increase in sales leaders and customer base. Notably, revenues increased in all reporting segments with particular strength in the West markets. Sales leaders were up 29% year over year to 70,435, while Nu Skin's customer base increased 34% to 1,557,302. Sales leader's growth was driven by successful launch of Boost and Nutricentials products.

Gross profit of $553.4 million increased from $442.8 million reported in the year-ago quarter. However, gross margin contracted year over year from 75.9% to 74%. Nu Skin business' gross margin also declined to 76.5% from 78.5% reported in the prior-year quarter. The downside was caused by incremental freight costs and geographic mix shift. Selling expenses increased from $228.1 million in the prior-year quarter to $284.1 million. As a percentage of sales, the metric came in at 38% compared with 39.1% reported in the year-ago quarter. Nu Skin business' selling expenses were 40.3% of sales, down from 41.3% in the year-ago quarter.

Meanwhile, general and administrative expenses of $180.6 million increased from nearly $160 million in the year-ago quarter. Nevertheless, as a percentage of sales, general and administrative expensescontracted from 27.4% to 24.1%. Operating income of $88.7 million increased from $54.7 million in the year-ago quarter. Operating margin was 11.9%, up from 9.4% reported in the year-ago quarter.

Segmental Results

Segment-wise, revenues improved 83% in Americas/Pacific, 79% in EMEA, 10% in Southeast Asia, 12% in Japan, 10% in South Korea and 10% in Hong Kong/Taiwan. Further, revenues in Mainland China increased 11%. Consequently, Nu Skin business' total revenues increased 27% from the prior-year quarter's figure to $704.3 million.

Additionally, the company benefited from an impressive 42% revenue growth in the manufacturing division. In fact, strength in this unit enabled management to keep items in stock amid rising global demand and worldwide supply chain constraints. Also, the Grow Tech business contributed significantlyto revenue growth.

Other Financial Details

Nu Skin ended the quarter with cash and cash equivalents of $402.7 million, long-term debt of $305.4 million and stockholders' equity of $894.3 million.

During the reported quarter, the company paid out dividends of $19.1 million and repurchased $17 million worth of shares. With this, it now has $325.8 million remaining under the current share repurchase authorization. In a separate press release, Nu Skin announced a dividend of 38 cents per share payable on Mar 10, 2021 to shareholders of record as of Feb 26. This represents an increase from 37.5 cents per share paid in the preceding quarter. Notably, this is the company's 20th consecutive year of paying as well as increasing dividend.

Additionally, the company also announced that its President Ryan Napierski is to assume the role of president and chief executive officer effective Sep 1. Notably, Ryan Napierski is succeeding Ritch Wood, who has a 30-year career with Nu Skin.

Guidance

The company is optimistic about momentum in 2021, driven by impressive product pipeline, robust digital efforts along with steady improvement in customers and sales leaders. Keeping along these lines, management expects to expand its customer reach via the launch of Boost and Nutricentials products in the first half of 2021. Further, Nu Skin expects to unveil new products in the remaining half of the year.

For the first quarter of 2021, the company projects revenues of $610-$640 million that will include favorable currency impacts of nearly 3%. The projection suggests an improvement of 18-24% year over year. Earnings are anticipated between 65 cents and 75 cents per share, indicating significant growth from the year-ago quarter's levels.

Management expects 2021 revenues in the range of $2.71-$2.81 billion, which calls for an increase of 5-9% year over year. It anticipates favorable currency impact of 2-3% on revenues. Further, 2021 earnings are projected within $3.80-$4.10 per share, indicating an increase of 5-13%.

Recent News

Nu Skin Announces Acquisition of 3i Solutions – Jan 26, 2021

Nu Skin announces the buyout of 3i Solutions — an innovative company which develops and produces ingredients for consumer markets with the help of proprietary encapsulation technologies. Such technologies will help Nu Skin in creating new product forms and increase the performance of its formulations in beauty and wellness.

Nu Skin Introduces ageLOC Boost Device & Nutricentials Bioadaptives - Jan 14, 2021

Nu Skin is set to introduce ageLOC Boost device system and Nutricentials Bioadaptive Skin Care System to consumers in this week. After its successful market previews, Nu Skin's ageLOC Boost skin care device will be available to consumers in Canada, the Pacific region and parts of Latin America next week. Further, these products will hit Greater China, South Korea, Japan and Southeast Asia during March and April, with more markets following later this year. Meanwhile, Nutricentials, is now available in the United States as well as Europe, and more markets are likely to join throughout this year.

Valuation

Nu Skin shares are down 3% in the year-to-date period and up 121.6% over the trailing 12-month period. Stocks in the Zacks sub-industry are up 13.6% and the Zacks Consumer Staples sector gained 3.4% in the year-to-date period. Over the past year, the Zacks sub-industry went up 73.9% and the sector gained 23%.

The S&P 500 index is up 12.3% in the year-to-date period and 51.1% in the past year.

The stock is currently trading at 13.14X forward 12-month earnings, which compares to 47.39X for the Zacks sub-industry, 20.58X for the Zacks sector and 23.29X for the S&P 500 index.

Over the past five years, the stock has traded as high as 22.61X and as low as 5.57X, with a 5-year median of 16.21X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our $56 price target reflects 13.89X forward 12-month earnings.

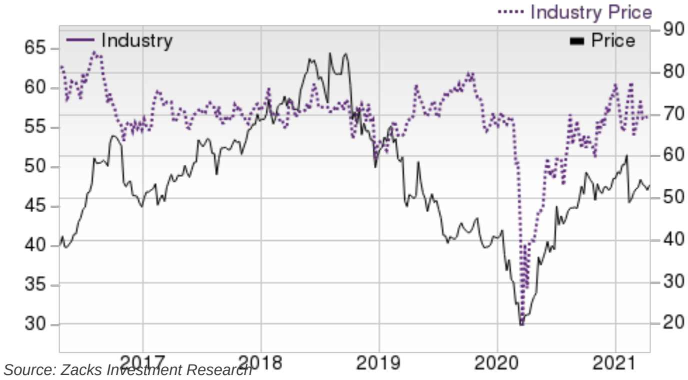
The table below shows summary valuation data for NUS

Valuation Multiples - NUS

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	13.14	47.39	20.58	23.29
	5-Year High	22.61	47.39	22.4	23.83
	5-Year Low	5.57	19.65	16.52	15.3
	5-Year Median	16.21	26.58	19.53	18.01
P/S F12M	Current	0.96	7.9	10.38	4.83
	5-Year High	1.85	7.9	11.96	4.83
	5-Year Low	0.31	1.53	8.6	3.21
	5-Year Median	1.19	3.08	10.38	3.71
EV/EBITDA F12M	Current	6.99	39.99	38.28	15.8
	5-Year High	12.17	40.39	38.69	16.2
	5-Year Low	2.84	8.68	26.67	10.78
	5-Year Median	8.03	19.78	35.05	13.5

As of 04/16/2021 *Source: Zacks Investment Research*

Industry Analysis **Zacks Industry Rank:** Bottom 12% (224 out of 254)



Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
e.l.f. Beauty Inc. **(ELF)**	Neutral	3
Helen of Troy Limited **(HELE)**	Neutral	4
Inter Parfums, Inc. **(IPAR)**	Neutral	3
MANDOM CORP **(MDOMF)**	Neutral	4
Natura &Co Holding S.A. ADR **(NTCO)**	Neutral	4
POLA ORBIS **(PORBF)**	Neutral	4
Revlon, Inc. **(REV)**	Neutral	4
Symrise AG Unsponsored ADR **(SYIEY)**	Underperform	4

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

Industry Comparison Industry: Cosmetics

	NUS	X Industry	S&P 500	HELE	PORBF	REV
				Industry Peers		
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	4	4	4
VGM Score	A	-	-	B	-	A
Market Cap	2.69 B	2.27 B	30.15 B	5.61 B	NA	576.50 M
# of Analysts	4	3	12	3	2	1
Dividend Yield	2.87%	0.00%	1.28%	0.00%	0.00%	0.00%
Value Score	A	-	-	B	C	B
Cash/Price	0.16	0.07	0.06	0.03	NA	0.17
EV/EBITDA	7.80	16.48	17.10	27.05	NA	-102.41
PEG F1	1.84	4.91	2.40	2.47	NA	NA
P/B	3.02	3.93	4.08	4.63	2.80	NA
P/CF	10.16	28.77	17.07	22.82	17.17	15.97
P/E F1	13.44	45.52	22.39	19.74	40.57	NA
P/S TTM	1.04	1.80	3.46	2.76	NA	0.30
Earnings Yield	7.45%	2.06%	4.41%	5.07%	2.46%	-25.27%
Debt/Equity	0.34	0.36	0.66	0.36	NA	-1.67
Cash Flow ($/share)	5.21	1.15	6.78	10.07	1.16	0.69
Growth Score	A	-	-	B	C	A
Historical EPS Growth (3-5 Years)	2.65%	-0.07%	9.34%	11.93%	NA	NA
Projected EPS Growth (F1/F0)	8.95%	17.86%	15.70%	0.03%	716.67%	-1.47%
Current Cash Flow Growth	6.05%	5.76%	0.61%	13.99%	-26.74%	-36.56%
Historical Cash Flow Growth (3-5 Years)	2.26%	4.22%	7.37%	4.22%	NA	-30.26%
Current Ratio	1.66	1.56	1.39	1.82	5.58	1.24
Debt/Capital	25.46%	30.19%	41.26%	26.59%	NA	NA
Net Margin	7.41%	1.97%	10.59%	11.25%	2.98%	-32.51%
Return on Equity	23.09%	5.52%	14.98%	24.39%	5.08%	NA
Sales/Assets	1.41	0.77	0.51	0.97	0.86	0.68
Projected Sales Growth (F1/F0)	7.58%	8.45%	7.43%	-1.18%	8.77%	16.84%
Momentum Score	F	-	-	F	-	A
Daily Price Change	-0.11%	0.00%	0.49%	2.26%	0.00%	-3.44%
1-Week Price Change	-1.91%	0.00%	1.54%	-0.06%	0.00%	-9.32%
4-Week Price Change	-1.08%	3.84%	5.18%	10.50%	0.00%	-8.82%
12-Week Price Change	-8.69%	6.94%	11.23%	-2.01%	-3.87%	7.77%
52-Week Price Change	126.45%	55.56%	59.10%	72.50%	10.44%	-4.20%
20-Day Average Volume (Shares)	516,930	49,067	1,960,937	250,859	0	186,981
EPS F1 Estimate 1-Week Change	-0.13%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	-0.13%	0.00%	0.04%	-2.54%	-3.92%	0.00%
EPS F1 Estimate 12-Week Change	6.43%	-0.36%	1.93%	-2.55%	-15.52%	-0.36%
EPS Q1 Estimate Monthly Change	0.00%	0.00%	0.00%	NA	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	A
Growth Score	A
Momentum Score	F
VGM Score	A

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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ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.

Additional Disclosure

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

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

Glossary of Terms and Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Periods:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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