Dave & Busters (PLAY)

$18.12 (As of 09/01/20)

Price Target (6-12 Months): **$19.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 04/12/20) Prior Recommendation: Underperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**3-Hold**
	Zacks Style Scores:	VGM:F
	Value: D | Growth: F | Momentum: D	

Summary

Shares of Dave & Buster's have underperformed the industry so far this year. The dismal performance can be primarily attributed to the coronavirus pandemic. Due to this the company is witnessing significant decline in traffic. Owing to the unprecedented and evolving nature of the crisis, the company has not provided fiscal 2020 financial guidance. However, the company's sales-boosting initiatives along with the continual expansion plans are likely to drive growth once the outbreak eases. Also, increased focus on promotional activities is likely to aid sales in the upcoming periods. Nonetheless, earnings estimates for 2021 have remained unchanged over the past 30 days, depicting analysts optimism regarding the stock growth potential.

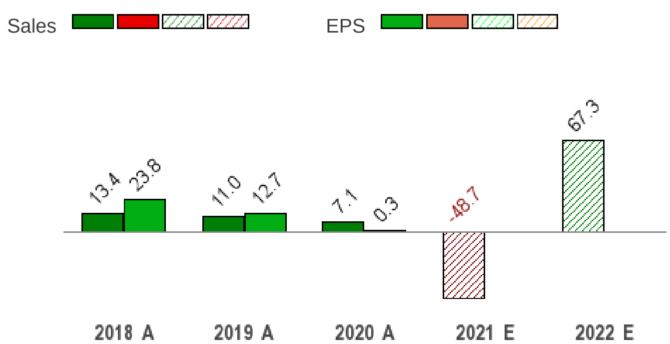
Price, Consensus & Surprise

Source: Zacks Investment Research

Data Overview

52-Week High-Low	**$48.80 - $4.61**
20-Day Average Volume (Shares)	**5,717,590**
Market Cap	**$859.8 M**
Year-To-Date Price Change	**-54.9%**
Beta	**1.69**
Dividend / Dividend Yield	**$0.00 / 0.0%**
Industry	**Retail - Restaurants**
Zacks Industry Rank	**Top 44% (111 out of 251)**
Last EPS Surprise	**-73.4%**
Last Sales Surprise	**-14.6%**
EPS F1 Estimate 4-Week Change	**0.0%**
Expected Report Date	**09/10/2020**
Earnings ESP	**-5.3%**
P/E TTM	**42.1**
P/E F1	**NA**
PEG F1	**NA**
P/S TTM	**0.8**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2022	281 E	275 E	292 E	303 E	1,163 E
2021	160 A	80 E	186 E	270 E	695 E
2020	364 A	345 A	299 A	347 A	1,355 A

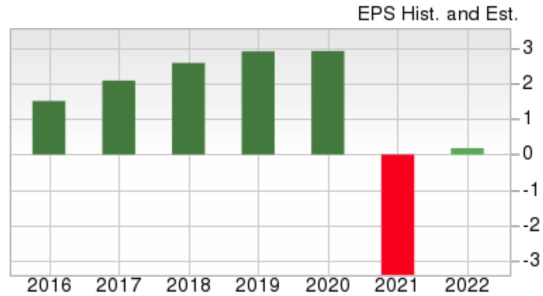
EPS Estimates

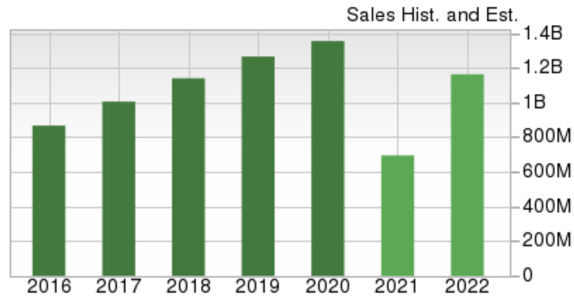
	Q1	Q2	Q3	Q4	Annual*
2022	$0.19 E	$0.16 E	-$0.19 E	$0.19 E	$0.18 E
2021	-$1.37 A	-$1.51 E	-$0.71 E	-$0.06 E	-$3.42 E
2020	$1.13 A	$0.90 A	$0.10 A	$0.80 A	$2.94 A

*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 09/01/2020. The reports text is as of 09/02/2020.

Overview





Founded in 1982 and headquartered in Dallas, TX, Dave & Buster's Entertainment, is a leading owner and operator of high-volume venues in North America that combine dining and entertainment for both adults and families. As of May 3, 2020, the company owned and operated 137 stores located in 39 states, Puerto Rico and one Canadian province. During the fiscal third quarter, it opened two new stores in Canton, OH and Shenandoah, TX. In fiscal 2019, the company opened 16 stores in new locations that represent unit growth of 12.4%. The core concept of this restaurant chain is “Eat Drink Play and Watch”, all in one location. Under the Eat concept, the company offers a wide variety of starters, burgers, choice-grade steaks and health-conscious food.

The company operates under two segments, Food and Beverage (40% of total revenues in fiscal first quarter) and Amusement and Other revenues (60%).

Coming to the Drink concept, the company’s locations offer full bar service, including a variety of beers, hand-crafted cocktails and premium spirits. Dave & Buster’s has re-crafted recipes, switched to more fresh juices and purees, and house-made mixers.

Under the Play concept, the company has a distinguished entertainment experience, some of which are exclusive to Dave & Buster’s on a permanent or temporary basis. Each of the stores typically has 150 redemption and simulation games as well as proprietary virtual reality platform introduced in fiscal 2018. These games constituted 23% of amusement and other revenues in fiscal 2018.

Dave & Buster’s also provides Sports-viewing in its watch concept. The stores have multiple large-screen televisions and high-quality audio systems, providing customers with a venue for watching live sports and other televised events.

Source: Zacks Investment Research

Reasons To Buy:

A unique business model, various sales boosting initiatives along with the continual expansion plans are expected to drive growth

▲ **A Distinct Business Style:** Dave & Buster's continues to perform well on the back of the unique customizable experience that it offers across its four platforms, "Eat, Drink, Play and Watch." The company's distinctive model also generates favorable store economics and strong return.

Apart from great food or beverages, the company's entertainment business has been driving growth. Notably, amusement and other revenues accounted for 60% of total revenues in first-quarter fiscal 2020. In fact, it is a major reason behind the company's success. In 2019, the segment's revenues grew 8.5%. This is because increased dependence on gaming has cushioned the company from the headwinds of consumer discretionary spending that characterizes the restaurant industry and is, in turn, driving market share and comps. Also, the shift toward increased focus on amusement is driving Dave & Buster's earnings, given its higher-margin business. It is, in fact, this unique model that sets it apart and we expect the company's entertainment business to carry the growth story forward.

▲ **Reopening of Stores to Drive Top Line:** In a bid to recover its business post the coronavirus-induced shutdowns, Dave & Buster's is focused on reopening stores in compliance with the state and local regulators. With reduced hours and limited menu in place, the company intends to operate with lesser number of staff compared to its pre-COVID-19 levels. However, given the size of its stores, the company is in a good position to generate meaningful revenues, even with limited capacity and social-distancing protocols. In order to support the re-openings, the company has increased focus on marketing message and media execution. Notably, it is initiating a local approach to marketing that utilizes traditional and digital media to drive awareness and accelerate recovery. Markedly, with successful execution of this approach and traditional outreach methods such as loyalty database, the company is optimistic about expanding in additional markets.

Notably, the company anticipates to reopen 90 to 95 stores by the end of July and all stores by September. However, delays due to COVID-19 resurgence or changes in state or local guidelines are likely to be incorporated.

▲ **Continued Expansion & Growth Via Store Openings:** Dave & Buster's continues to pursue a disciplined new store growth strategy in both new and existing markets, given the broad appeal of its brand. Management believes that it can grow the concept to more than 200 units in North America over time. Dave & Buster's launched four stores during the fiscal third quarter in Concord, CA; Huntsville, AL; McDonough, GA; and Wichita, KS. Notably, it has already opened a store in Canton, OH and has one more store to open in Shenandoah, TX, during the fiscal fourth quarter. Meanwhile, in addition to the growth potential that exists in North America, management is positive on the brand's significant appeal in certain international markets.

▲ **Sales Boosting Initiatives:** Menu innovation is a key attribute of the brand and guests have responded favorably to the menu additions by the company. In the fourth quarter of fiscal 2017, Dave & Buster's appointed new Vice President of Food and Beverage development in order to improve the speed of service through menu redesign and positive simplification in the kitchen area. In February 2018, the company streamlined its menu, and reduced the number of food orders by about 20% and beverage offerings by 12% to achieve increased efficiency. In 2019, the menu size was reduced by another 15%. Notably, earlier the company also launched Hawaiian-themed limited time offer that included craveable entrees like smoky barbecue bacon, Hawaiian ribs, aloha ginger salmon and crispy Hawaiian chicken sliders. Its grilled chicken avocado ranch sandwich and Drunken New York strip were in huge demand and have moved to the top of the category.

During the first quarter fiscal 2020, the company temporarily narrowed its menu to 15 items compared to 40 items during pre-COVID-19. Nonetheless, the limited menu offers a good variety along with an efficient assortment to be executed with limited kitchen staff.

Meanwhile, the company continues to evolve its amusement strategy on the back of new and riveting content, including games based on some of the world's finest movie properties. In this regard, Dave & Buster's continues to collaborate with various game manufacturing partners and remains steadfast on its strategy of including proprietary content exclusive to the company forever. Also, to increase national awareness of its brand, the company continues to invest a significant portion of its marketing funds on advertising. As amusements are the company's strongest sales channel, it continues to be its focus from a promotional standpoint.

▲ **Digitalization to Drive Growth:** Dave & Buster's digital initiatives are likely to drive growth. The company launched a mobile app during October for promoting customers to download the app. During the first three months after the app launched the app generated $14 million of revenues and helped the company in growing its customer database. Moreover, as part of its fiscal fourth quarter marketing campaign, Dave & Buster's launched Unlimited Wings and $10 Power Card promotions on Sundays, Mondays and Thursdays as a place to watch Pro-football.

Additionally, the company believes that it can drive traffic by enhancing in-store and out-of-store customer experience via digital and mobile strategic initiatives as well as through employing better technology. The company thus intends to leverage its growing loyalty database as well as continue to invest in other mobile applications to build customer connections and drive frequent customer visitation.

▲ **Enough Liquidity to Tide Over Pandemic:** As of May 3, 2020, the company's cash and cash equivalents totaled nearly $157 million, compared with $24.7 million as on Feb 2. Although the company's net long-term debt at the end of first-quarter 2020 stood at $735.3 million, up from $632.7 billion as of Feb 2, 2020, its debt to capitalization has improved to 91.3% from 91.7% in the previous quarter. At the end of first-quarter 2020, Times Interest Earned ratio stands at 1.3, which indicates that its debt levels are manageable.

Reasons To Sell:

The coronavirus pandemic, high costs, a tricky consumer spending environment in the U.S. restaurant space and its limited international presence remain concerns.

- **Coronavirus Hurts Performance:** Owing to the unprecedented and evolving nature of the coronavirus outbreak, the company has not provided fiscal 2020 financial guidance at this time. The company is witnessing significant decline in traffic due to the coronavirus-induced lockdown. Due to the pandemic, the company has taken certain measures to reduce costs. The company has also furloughed more than 14,000 store fellow team members due to the temporary closure of the stores. It has also suspended dividend payment and share repurchase program.

- **Dismal Comps Performance A Major Concern:** Dave & Buster's soft comps trend over the past few quarters have been a major concern. Comparable store restaurant sales declined 58.6% in the fiscal first quarter 2020 compared to a fall of 0.3% in the year-ago quarter. The decline was primarily caused by temporary store closures, leading to lower customer volumes. In the fourth quarter 2019, overall comps decreased 4.7% following a decline of 4.1%, 1.8% and 0.3% in third, second and first-quarter fiscal 2019, respectively.

- **Limited International Presence:** Dave & Buster's restaurants are located in the United States and Canada, and the company has no exposure in international markets. While several other fast-casual restaurateurs are capitalizing on the emerging market potential, Dave & Buster's seems to be slow on this front. We believe that the company needs to expand presence beyond the United States in order to offset the impact of cut-throat competition in the saturated domestic market.

- **Cut-Throat Competition:** The restaurant space is highly competitive as numerous restaurant operators are ongoing advanced and prudent strategies to increase their sales. In fact, going by the current retail scenario, adapting to shifting demand has become a major precedent for retailers. Companies with continual digital innovation, focus on product customization, and launch and delivery of seamless consumer experience can only thrive in the competitive space. These initiatives involve high costs. This puts a lot of pressure on Dave & Buster's to continuously change its strategies in correspondence to the fickle consumer demand.

Last Earnings Report

Dave & Buster's Posts Wider-Than-Expected Loss in Q1

Quarter Ending	04/2020
Report Date	Jun 11, 2020
Sales Surprise	-14.60%
EPS Surprise	-73.42%
Quarterly EPS	-1.37
Annual EPS (TTM)	0.43

Dave & Buster's reported dismal first-quarter fiscal 2020 (ended May 3, 2020) results, wherein earnings and revenues not only missed the Zacks Consensus Estimate but also declined on a year-over-year basis.

Even though the coronavirus pandemic materially impacted the company's first-quarter results, the company has taken aggressive measures to enhance its liquidity position to tide over the crisis. It is also resorting to store re-openings with limited capacity to boost its top-line growth.

Adjusted loss during the quarter was $1.37 per share, which was 73.4% wider than the Zacks Consensus Estimate of loss of 79 cents. The company reported earnings per share of $1.13 in the year-ago quarter.

Let's delve into the quarterly numbers.

Detailed Revenue Discussion

Quarterly revenues of $159.8 million missed the consensus mark of $187 million by 14.6%. The top line also declined 56% from the prior-year quarter's number. The decline was primarily attributed to lower operating weeks due to temporary store closures from mid-March. Due to this, Amusements and Other revenues as well as Food and Beverage revenues fell considerably during the quarter.

Food and Beverage revenues (40% of total revenues in the fiscal first quarter) decreased 56.9% year over year to $63.9 million, while Amusement and Other revenues (60% of total revenues) fell 55.5% to $95.9 million.

Comps Details

Comparable store restaurant sales declined 58.6% in the fiscal first quarter compared to a fall of 0.3% in the year-ago quarter. The decline was primarily caused by temporary store closures, thus, leading to lower customer volumes.

Non-comparable store revenues in the reported quarter declined 17.2% to $22.6 million compared to $27.3 million in the year-ago quarter. The decrease was primarily driven by temporary store closures.

Operating Highlights

Operating loss in the fiscal first quarter totaled $61.4 million against an operating profit of $57.8 million in the prior-year quarter. Operating margin came in at negative 38.4%, down 5430 bps from the year-ago quarter. Notably, a decline in traffic due to temporary store closures has negatively impacted the operating results for the fiscal first quarter.

EBITDA was ($10.8 million) against $98.1 million in the prior-year quarter. Also, EBITDA margin contracted 3370 bps year over year to a decline of 6.7%.

Net cash provided by operating activities was $16.8 million in the fiscal first quarter compared with $85.7 million in the year-ago quarter.

Balance Sheet

As of May 3, cash and cash equivalents totaled $156.8 million compared with $20.4 million as of May 5, 2019.

Long-term debt summed $735.3 million at the end of the reported quarter, up from $632.7 million at the end of Feb 2, 2020.

Due to uncertainties tied to the COVID-19 pandemic, the company suspended its share-repurchase activity as well as the dividend payment program.

Stores Update

Although Dave & Buster's was operating only through delivery and takeaway services from late March through late April, it started to initiate dine-in openings thereafter. With 28 stores already reopened, the company expects to re-open 48 stores across 15 states by Jun 12.

Company-owned stores at the end of the fiscal first quarter totaled 137 compared to 127 stores in the prior-year quarter.

Fiscal 2020 Guidance

Owing to the unprecedented and evolving nature of the coronavirus outbreak, the company has not provided its fiscal 2020 financial guidance at this time.

Valuation

Dave & Buster's shares are down 54.9% in the year-to-date period, and 56.1% over the trailing 12-month period. Stocks in the Zacks sub-industry are up by 4.1%, while the Zacks Retail-Wholesale sector are up by 36.3% in the year-to-date period. Over the past year, the Zacks sub-industry is down 4%, but the sector is up 44.5%.

The S&P 500 index is up by 8.9% in the year-to-date period and 20.2% in the past year.

The stock is currently trading at 42.14x trailing 12-month earnings, which compares with 44.42x for the Zacks sub-industry, 44.24x for the Zacks sector and 23.86x for the S&P 500 index.

Over the past five years, the stock has traded as high as 48.77x and as low as 1.66x, with a 5-year median of 21.37x. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $19 price target reflects 45.23x trailing 12-month earnings.

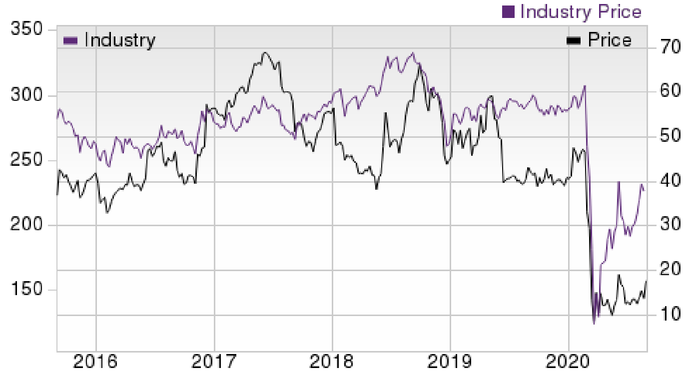
The table below shows summary valuation data for PLAY.

Valuation Multiples - PLAY

		Stock	Sub-Industry	Sector	S&P 500
P/E TTM	Current	42.14	44.42	44.24	23.86
	5-Year High	48.77	44.42	44.24	23.86
	5-Year Low	1.66	22.98	23.35	15.98
	5-Year Median	21.37	26.04	26.55	19.35
P/S F12M	Current	0.89	3.95	1.34	3.95
	5-Year High	2.5	3.95	1.34	3.95
	5-Year Low	0.12	2.81	0.82	2.53
	5-Year Median	1.55	3.32	0.99	3.07
P/CF	Current	2.62	33.62	18.94	15.61
	5-Year High	12.67	33.62	18.94	22.73
	5-Year Low	0.53	8.61	11.04	11.7
	5-Year Median	7.81	16.86	13.26	16.37

As of 09/01/2020

Industry Analysis **Zacks Industry Rank:** Top 44% (111 out of 251)



Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
Jack In The Box Inc. **(JACK)**	Outperform	1
Papa Johns International, Inc. **(PZZA)**	Outperform	1
BJs Restaurants, Inc. **(BJRI)**	Neutral	3
Dunkin Brands Group, Inc. **(DNKN)**	Neutral	3
Red Robin Gourmet Burgers, Inc. **(RRGB)**	Neutral	3
RESTAURANT GRP **(RSTGF)**	Neutral	3
Carrols Restaurant Group, Inc. **(TAST)**	Neutral	2
The Wendys Company **(WEN)**	Neutral	3

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

Industry Comparison Industry: Retail - Restaurants

	PLAY	X Industry	S&P 500	DNKN	RRGB	TAST
				Industry Peers		
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	2
VGM Score	F	-	-	D	C	A
Market Cap	859.83 M	449.91 M	23.95 B	6.27 B	193.64 M	360.63 M
# of Analysts	6	6	14	11	4	3
Dividend Yield	0.00%	0.00%	1.61%	2.11%	0.00%	0.00%
Value Score	D	-	-	D	B	A
Cash/Price	0.19	0.12	0.07	0.10	0.15	0.12
EV/EBITDA	9.62	13.09	13.32	17.49	10.29	26.90
PEG F1	NA	3.72	3.05	3.05	NA	NA
P/B	3.46	2.34	3.21	NA	1.02	1.24
P/CF	2.36	9.87	12.92	20.20	1.61	5.84
P/E F1	NA	35.34	21.84	28.31	NA	89.22
P/S TTM	0.75	0.82	2.52	4.81	0.18	0.24
Earnings Yield	-18.87%	0.79%	4.39%	3.53%	-90.53%	1.17%
Debt/Equity	10.36	0.96	0.70	-5.10	4.13	4.49
Cash Flow ($/share)	7.69	1.81	6.93	3.77	7.72	1.17
Growth Score	F	-	-	C	C	A
Historical EPS Growth (3-5 Years)	7.70%	3.03%	10.41%	11.83%	-24.46%	-26.49%
Projected EPS Growth (F1/F0)	-216.21%	-65.84%	-4.75%	-15.11%	-1,919.03%	121.30%
Current Cash Flow Growth	-0.07%	3.07%	5.22%	5.44%	-15.30%	-14.11%
Historical Cash Flow Growth (3-5 Years)	16.47%	5.23%	8.49%	5.81%	-0.74%	18.25%
Current Ratio	0.73	1.06	1.35	1.60	0.52	0.55
Debt/Capital	91.19%	70.54%	42.92%	NA	80.51%	81.79%
Net Margin	1.24%	-0.23%	10.25%	16.79%	-22.56%	-2.05%
Return on Equity	8.89%	-10.35%	14.66%	-38.22%	-52.03%	-6.61%
Sales/Assets	0.49	0.87	0.50	0.34	0.92	0.86
Projected Sales Growth (F1/F0)	-48.70%	-5.49%	-1.40%	-6.61%	-32.02%	6.69%
Momentum Score	D	-	-	C	F	A
Daily Price Change	8.96%	0.43%	0.29%	0.13%	12.25%	2.70%
1-Week Price Change	29.83%	2.60%	2.59%	5.63%	28.85%	7.66%
4-Week Price Change	42.56%	9.11%	3.53%	11.46%	36.17%	4.59%
12-Week Price Change	-5.89%	4.47%	2.09%	10.09%	-26.19%	41.91%
52-Week Price Change	-56.05%	-19.08%	4.31%	-7.40%	-62.23%	-6.81%
20-Day Average Volume (Shares)	5,717,590	338,574	1,816,754	755,298	1,231,418	537,321
EPS F1 Estimate 1-Week Change	0.05%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	0.05%	0.26%	0.20%	0.34%	-3.68%	124.21%
EPS F1 Estimate 12-Week Change	26.71%	20.88%	3.86%	6.28%	-85.56%	111.33%
EPS Q1 Estimate Monthly Change	-1.43%	0.00%	0.00%	0.00%	12.60%	100.00%

Source: Zacks Investment Research

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	F
Momentum Score	D
VGM Score	F

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

Disclosures

This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock.The EPS and revenue forecasts are the Zacks Consensus estimates, unless indicated otherwise on the reports first page. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment.This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time.ZIR is not a broker-dealer.ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients.Zacks and its staff are not involved in investment banking activities for the stock issuer covered in this report.

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.

No part of this report can be reprinted, republished or transmitted electronically without the prior written authorization of ZIR.

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.