Pilgrims Pride(PPC)

$25.46 (As of 05/17/21)

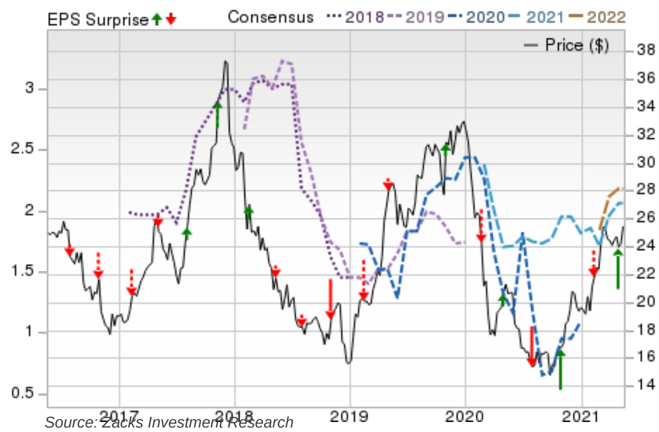
Price Target (6-12 Months): **$27.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 04/05/21) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**2-Buy**
	Zacks Style Scores:	VGM:A
	Value: A | Growth: B | Momentum: D	

Summary

Pilgrim's Pride has outpaced the industry in the past three months. The stock got a boost when the company posted solid first-quarter 2021 results, with the top and bottom lines rising year over year. The upside can be attributed to product portfolio strategy, operational endeavors and the Key Customer strategy that helped mitigate the impact of tough market conditions amid the pandemic. Undeniably, healthy performance across all regions contributed to the results, with the U.S. foodservice business reviving on solid demand. Moreover, Pilgrim's Pride is benefiting from robust online sales. However, European operations were somewhat hurt by soft foodservice volumes and higher feed costs. Also, higher cost of sales and direct pandemic mitigating expenses have been a drag. Additionally, heavy growth-oriented investments might hurt margins.

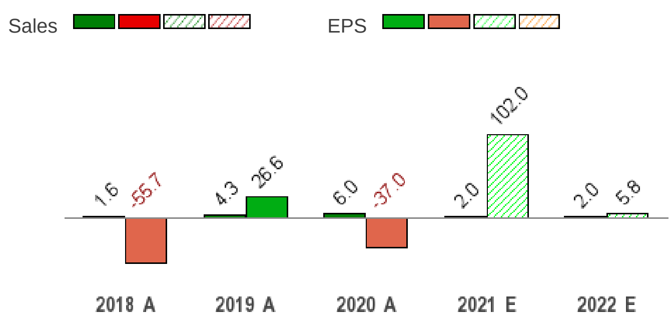
Price, Consensus & Surprise



Data Overview

52-Week High-Low	**$25.73 - $14.06**
20-Day Average Volume (Shares)	**556,776**
Market Cap	**$6.2 B**
Year-To-Date Price Change	**29.8%**
Beta	**1.12**
Dividend / Dividend Yield	**$0.00 / 0.0%**
Industry	**Food - Meat Products**
Zacks Industry Rank	**Bottom 49% (127 out of 251)**
Last EPS Surprise	**55.6%**
Last Sales Surprise	**NA**
EPS F1 Estimate 4-Week Change	**5.1%**
Expected Report Date	**08/04/2021**
Earnings ESP	**0.0%**
P/E TTM	**19.1**
P/E F1	**12.4**
PEG F1	**4.8**
P/S TTM	**0.5**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2022					12,580 E
2021	3,273 A				12,334 E
2020	3,075 A	2,824 A	3,075 A	3,118 A	12,092 A

EPS Estimates

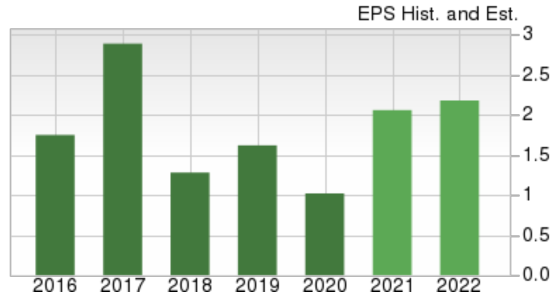
	Q1	Q2	Q3	Q4	Annual*
2022					$2.18 E
2021	$0.42 A	$0.55 E			$2.06 E
2020	$0.18 A	$0.00 A	$0.66 A	$0.25 A	$1.02 A

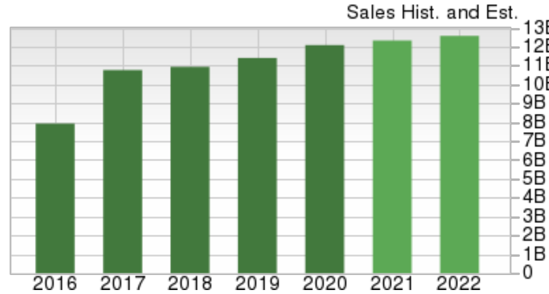
*Quarterly figures may not add up to annual.

The data in the charts and tables, except sales and EPS estimates, is as of 05/17/2021. The report's text, and the analyst-provided sales estimates, EPS estimates and price target are as of 05/18/2021.

Overview

Pilgrim's Pride Corporation (PPC) is focusing on strengthening its Prepared Foods category. The category grew in the United States during the fourth quarter of 2019 on continued investments in R&D and sales as well as marketing of new product innovations. Also, the company has been increasing its product mix for organic category, including No-Antibiotics-Ever products, to cater customers' evolving tastes.





This Greeley, CO based company is engaged in the processing, production, marketing and distribution of frozen, fresh as well as value-added chicken products. The company offers its services in the United States, Mexico, France, the Netherlands, Puerto Rico and Mexico through a number of distributors, retailers and food service operators. Since its inception in 1946, Pilgrim's Pride has expanded its business on the back of acquisitions like Green Acre Foods, Inc., WLR Foods, Inc., Gold Kist, GNP Company and Moy Park. Currently, the company operates as a subsidiary of JBS USA Holdings, Inc. Also, Pilgrim's Pride acquired 100% of the membership interests of JFC LLC and its subsidiaries (together, “GNP”) from Maschhoff Family Foods, LLC on Jan 6, 2017. Apart from these, it bought 100% of the issued and outstanding shares of Moy Park on Sep 8, 2017.

Major product categories offered by the company are fresh, fully cooked, ready-to-cook and individual frozen chicken. Notably, its fresh chicken products, namely, refrigerated (nonfrozen) whole or cut-up chicken, pre-marinated or non-marinated, and pre-packaged case-ready chicken, are being sold to foodservice and retail markets. Also, Pilgrim’s Pride offers prepared chicken products, which can further be classified into portion-controlled breast fillets, tenderloins and strips, delicatessen products, salads, formed nuggets and patties, and bone-in chicken parts.

Pilgrim's Pride serves its clients through a single business segment. As a seller and producer of chicken items, it either produces or buys chicken for resale in the United States, the United Kingdom, Europe and Mexico. Pilgrim's Pride operates in three reportable business segments that include the United States (62% of 2020 sales), Europe (27.1% of 2020 sales) and Mexico (10.9% of 2020 sales), respectively.

Source: Zacks Investment Research

Reasons To Buy:

First-quarter 2021 results reflect strength in product portfolio strategy, operational endeavors and Key Customer strategy. The company performed well across all regions where it operates.

▲ **Q1 Sales & Earnings Grow, Stock Outperforms:** Shares of Pilgrim's Pride have rallied 12.6% in the past three months compared with the industry's growth of 2.2%. The company reported impressive first-quarter 2021 results, with the top and bottom lines increasing year over year. The upside can be attributed to product portfolio strategy, operational endeavors and the Key Customer strategy that helped mitigate the impact of tough market conditions amid the pandemic. Undeniably, healthy performance across all regions in which the company operates contributed to the results. Moreover, earnings surpassed the Zacks Consensus Estimate during the quarter.

Pilgrim's Pride reported first-quarter adjusted earnings of 42 cents a share that increased significantly from 12 cents posted in the year-ago quarter. Moreover, the quarterly earnings surpassed the Zacks Consensus Estimate of 27 cents. The company generated net sales of $3,273.4 that increased 6.5% from the year-ago quarter's level. Notably, net sales increased in Mexico, U.K. and Europe as well as the United States operations. Further, gross profit climbed from $177.1 million to $261.2 million. Additionally, adjusted EBITDA came in at $253.8 million, up 53.4% year over year. Notably, adjusted EBITDA margin increased 240 basis points to 7.8%.

▲ **U.S. Market Recovery & Solid Mexico Operations:** Net sales in the U.S. operations amounted to $1,999.6 million in the first quarter of 2021, up from $1,926.9 million reported in the year-ago quarter. The company stated that market conditions in the region improved during the quarter, despite some challenges related to severe weather in the southeast during February. Moreover, it is seeing recovery in the foodservice business as pandemic-led restrictions are being eased. The company's retail and QSR business remained strong on solid demand which was partly countered by increased input and operating costs as well as an unfavorable mix. U.S. Prepared Foods business continues to gain traction. Also, its market for commodity large bird deboning saw improvements. Management on its earning call said that it expects the commodity market to remain solid beyond 2021. Further, foodservice demand is likely to go back to pre-pandemic levels with more inoculations.

Moving on, Mexican operations generated net sales of $419.1 million in the reported quarter, up from $325.8 million posted in the prior-year quarter. Management notified that normalization in the economic environment, balanced supply/demand scenario and increased share of non-commodity products favorably impacted Mexican operations. Markedly, demand for Prepared Foods in the region also increased.

▲ **Robust Online Sales:** Pilgrim's Pride on its first-quarter 2021 earnings call stated that it continues to see solid online growth, mainly on the back of strength in the case-ready and prepared foods portfolio. As of the first quarter, the company saw year-over-year growth of approximately 85%. The company projects online sales to increase about 22% over the next five years. Apart from this, Pilgrim's Pride is witnessing market share gains in brick-and-mortar retail distribution.

▲ **Financial Analysis:** Pilgrim's Pride's cash and cash equivalents as of the end of the first quarter of 2021 (Mar 28, 2021) stood at $367 million, while current maturities of its long-term debt were $25.5 million. Management on its conference call said that the company has a robust liquidity position, including more than $1.2 billion in total cash and available credit. Further, the company ended the first quarter with net debt of $1.9 million and a leverage ratio of 2.2 times the last 12 months EBITDA. Management further stated that it anticipates generating positive cash flow this year, which is likely to enhance its financial flexibility. It also expects interest expense in 2021 to be lower. We note that as of the first-quarter end, Pilgrim's Pride's times interest earned ratio improved to 2.5 times, from 2.3 times as of the end of the preceding quarter. The times interest earned ratio is very important for some companies, as it measures a company's ability to meet debt obligations based on its current income.

▲ **Strategic Growth Initiatives:** Pilgrim's Pride's customer centric approach has propelled it to come up with unique offerings that provide competitive advantages. In fact, the company's focus on key customers is a pathway for refining its portfolio along creating competitive advantages over its peers, especially amid the coronavirus-led disruptions. Management had announced a number of projects in 2020 to support growth of its key customers. In this regard, the company has been focused on doubling the case-ready capacity in its Cold Spring, Minnesota plant. Also, Pilgrim's Pride is increasing the mix of more stable margin case-ready items. Also, management on its fourth-quarter 2020 earnings call said that it is converting a commoditized large bird deboning plant to effectively support solid demand from a key customer QSR in the small bird segment. Moreover, the company said that it is growing the manufacturing of differentiated higher attribute to Just BARE brand items by 20%.

Apart from this, the company has been steadily augmenting marketing support of its brands, as they expand and enter new regions. Additionally, it resorts to frequent supply chain improvements to enhance efficiency and reduce costs. In this respect, it has been progressing well with developing automation technology for its processing plants. Introduction of such advanced technology is expected to increase efficiency and aid in combating labor availability issues. Moreover, the company's dedicated efforts, including zero-base budgeting and positive impacts from acquisitions, are expected to create synergies.

Reasons To Sell:

- **Cost Woes:** Pilgrim's Pride has been grappling with increased cost of sales for the past few quarters. During the first quarter of 2021, the metric increased 3.9% to $3,012.2 million. Prior to this, cost of sales rose 15.6%, 9.2% and 10.6% and 1, respectively in the first, second, third and quarters, respectively. Apart from these, the company incurred direct pandemic mitigating expenses of nearly $30 million for the first quarter of 2021, after incurring $20 million in the fourth quarter of 2020.

  Additionally, the company encountered high input costs as well as adverse mix stemming from a labor shortage in the U.S. operations. In fact, management has rolled out wage hikes of more than $40 million due to the challenging labor market in the United States. We believe that persistence of these trends is a threat to the company's margins.

> Pilgrim's Pride has been grappling with increased cost of sales for the past few quarters. Apart from this, direct pandemic mitigating expenses and growth-oriented investments may hurt margins.

- **Increased Investments:** Pilgrim's Pride saw a slight increase in SG&A costs in the first quarter of 2021, stemming from elevated legal costs as well as efforts to expand the Just BARE brand. Management stated on its earnings call that it will keep prioritizing capital spending, and investing in growth projects this year in order to enhance operational efficiencies and cater better to customers' requirements. We believe that these actions might weigh on margins to an extent.

- **Headwinds in European Operations:** In first-quarter 2021, though the combined European business continued to gain on operational improvements, it was partly countered by increased feed costs, and reduction in year-over-year foodservice volume due to lockdowns and costs related to the pandemic. Also, export restrictions to China were a cause of concern in the quarter, due to suspension of export licenses at two plants stemming from the pandemic. However, things are likely to ease once the company gets its licenses back.

- **International Exposure Poses Currency Risks:** Owing to Pilgrim's Pride' international presence, the company remains exposed to the unfavorable currency fluctuations. The weakening of foreign currencies against the U.S. dollar may require the company to either raise prices or contract profit margins in locations outside the country. We note that, currency headwinds can put pressure on the company's revenues in the future.

- **Substitute Meat emerges as a Viable Threat:** The medical community is promoting plant-based protein products over the meat-based ones, on account of health risks. The increased demand for plant-based protein will dampen revenues and profitability of meat-product producers like Pilgrim's Pride.

Last Earnings Report

Pilgrim's Pride Q1 Earnings Beat Estimates, Sales Rise Y/Y

Quarter Ending	03/2021
Report Date	Apr 28, 2021
Sales Surprise	NA
EPS Surprise	55.56%
Quarterly EPS	0.42
Annual EPS (TTM)	1.33

Pilgrim's Pride reported impressive first-quarter 2021 results, with the top and the bottom line increasing year over year. The upside can be attributed to product portfolio strategy, operational endeavors and Key Customer strategy that helped mitigate the impact of tough market conditions amid the pandemic. Undeniably, healthy performance across all regions in which the company operates contributed to the results. Moreover, earnings surpassed the Zacks Consensus Estimate during the quarter.

Pilgrim's Pride reported first-quarter adjusted earnings of 42 cents a share that increased significantly from 12 cents posted in the year-ago quarter. Moreover, the quarterly earnings surpassed the Zacks Consensus Estimate of 27 cents. The company enerated net sales of $3,273.4 that increased 6.5% from the year-ago quarter’s levels. Notably, net sales increased in Mexico, U.K. and Europe as well as the United States operations.

Net sales in the U.S. operations amounted to $1,999.6 million, up from $1,926.9 million reported in the year-ago quarter. The company stated that market conditions in region improved during the quarter, despite some challenges related to severe weather in the southeast during February.

Moreover, it is seeing recovery in the foodservice business as pandemic-led restrictions are being eased. The company’s retail and QSR business remained strong on solid demand which was countered by increased input and operating costs as well as unfavorable mix. U.S. Prepared Foods business continues to gain traction. Also, its market for commodity large bird deboning saw improvements.

Mexican operations generated net sales of $419.1 million in the reported quarter, up from $325.8 million posted in the prior-year quarter. Management notified that normalization in economic environment, balanced supply/demand scenario and increased share of non-commodity products favorably impacted Mexican operations. Markedly, demand for Prepared Foods in the region also increased.

Net sales from U.K. and Europe operations rose from $822.3 million posted in the year-ago quarter to $854.7 million. The company highlighted that its combined European business continues to gain on operational improvements that were countered by increased feed costs, and reduction in year-over-year foodservice volume among others. However, export restrictions to China were a cause of concern in the quarter.

Pilgrim's Pride’s cost of sales in the reported quarter increased to $3,012.2 million from $2,897.8 million reported in the year-ago quarter. We note that gross profit climbed from $177.1 million to $261.2 million. Additionally, adjusted EBITDA came in at $253.8 million, up 53.4% year over year. Notably, adjusted EBITDA margin increased 240 basis points to 7.8%.

Other Financial Details

Pilgrim's Pride ended the quarter with cash and cash equivalents of $367 million, long-term debt (less current maturities) of $2,350.4 million and total shareholders’ equity of $2,735.8 million. Further, the company used $143.6 million as cash from operating activities for three months ended on Mar 28, 2021.

Valuation

Pilgrim's Pride shares are up 29.8% in the year-to-date period and 24.6% over the trailing 12-month period. Stocks in the Zacks sub-industry are up 10.6% in the year-to-date period, while the Zacks Consumer Staples sector gained 7.4%. Over the past year, the Zacks sub-industry is up 14.3%, while the sector gained 33.2%.

The S&P 500 index is up 12.2% in the year-to-date period and 47% in the past year.

The stock is currently trading at 12.09X forward 12-month earnings, which compares to 17.2X for the Zacks sub-industry, 20.9X for the Zacks sector and 21.87X for the S&P 500 index.

Over the past five years, the stock has traded as high as 19.1X and as low as 6.22X, with a 5-year median of 11.26X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our $27 price target reflects 12.82X forward 12-month earnings.

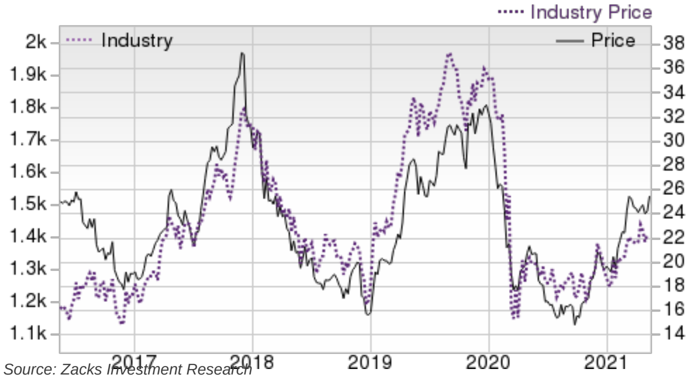
The table below shows summary valuation data for PPC

Valuation Multiples - PPC

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	12.09	17.2	20.9	21.87
	5-Year High	19.1	19.1	22.4	23.83
	5-Year Low	6.22	11.48	16.52	15.3
	5-Year Median	11.26	15.48	19.52	18.02
P/S F12M	Current	0.55	0.98	10.45	4.69
	5-Year High	0.88	1.11	11.96	4.74
	5-Year Low	0.34	0.8	8.59	3.21
	5-Year Median	0.62	0.95	10.34	3.71
EV/EBITDA F12M	Current	10.3	10.24	35.58	17.21
	5-Year High	10.3	19.95	37.89	18.81
	5-Year Low	5.04	8.36	25.82	13.02
	5-Year Median	6.91	9.77	34.05	15.84

As of 05/17/2021 *Source: Zacks Investment Research*

Industry Analysis Zacks Industry Rank: Bottom 49% (127 out of 251)



Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
Campbell Soup Company **(CPB)**	Neutral	3
Hormel Foods Corporation **(HRL)**	Neutral	4
Industrias Bachoco, S.A. de C.V. **(IBA)**	Neutral	2
Kellogg Company **(K)**	Neutral	3
Sanderson Farms, Inc. **(SAFM)**	Neutral	3
TreeHouse Foods, Inc. **(THS)**	Neutral	4
Tyson Foods, Inc. **(TSN)**	Neutral	3
Beyond Meat, Inc. **(BYND)**	Underperform	4

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

Industry Comparison Industry: Food - Meat Products

	PPC	X Industry	S&P 500	HRL	IBA	SAFM
				Industry Peers		
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	2	-	-	4	2	3
VGM Score	A	-	-	B	A	A
Market Cap	6.20 B	6.20 B	30.53 B	25.14 B	2.29 B	3.91 B
# of Analysts	2	3	12	7	1	4
Dividend Yield	0.00%	0.00%	1.29%	2.11%	1.75%	1.01%
Value Score	A	-	-	B	A	A
Cash/Price	0.07	0.07	0.05	0.07	0.42	0.01
EV/EBITDA	12.94	10.88	17.66	18.20	3.94	25.16
PEG F1	4.77	2.01	2.23	4.40	NA	0.42
P/B	2.27	2.22	4.18	3.83	1.01	2.75
P/CF	10.48	9.76	17.55	22.56	8.16	24.72
P/E F1	12.36	13.37	21.93	26.86	11.15	18.39
P/S TTM	0.50	0.68	3.56	2.60	0.67	1.07
Earnings Yield	8.09%	6.46%	4.49%	3.72%	8.97%	5.44%
Debt/Equity	0.86	0.38	0.66	0.16	0.03	0.04
Cash Flow ($/share)	2.43	2.34	6.82	2.06	5.60	7.08
Growth Score	B	-	-	C	A	A
Historical EPS Growth (3-5 Years)	-14.19%	-7.16%	9.39%	2.20%	-7.16%	-35.88%
Projected EPS Growth (F1/F0)	101.96%	25.82%	20.09%	4.39%	11.41%	2,421.34%
Current Cash Flow Growth	-15.04%	-7.37%	0.61%	0.30%	12.17%	-22.60%
Historical Cash Flow Growth (3-5 Years)	-6.93%	-0.92%	7.37%	5.08%	-7.21%	-12.48%
Current Ratio	1.68	2.55	1.39	2.54	4.66	2.55
Debt/Capital	46.21%	25.78%	41.58%	13.73%	3.07%	3.73%
Net Margin	1.04%	2.09%	11.70%	9.16%	5.18%	2.09%
Return on Equity	12.83%	12.83%	15.91%	13.96%	8.66%	2.77%
Sales/Assets	1.66	1.26	0.50	1.02	1.26	1.92
Projected Sales Growth (F1/F0)	0.00%	5.73%	8.96%	5.73%	14.04%	19.11%
Momentum Score	D	-	-	B	D	C
Daily Price Change	0.12%	0.00%	-0.21%	-0.06%	-0.33%	0.92%
1-Week Price Change	5.21%	1.42%	-0.87%	-1.19%	1.42%	0.80%
4-Week Price Change	5.42%	0.86%	2.34%	0.06%	0.86%	8.48%
12-Week Price Change	12.01%	12.01%	11.31%	-1.54%	14.24%	16.40%
52-Week Price Change	18.78%	21.02%	49.52%	-3.32%	35.49%	23.26%
20-Day Average Volume (Shares)	556,776	153,565	1,915,901	1,915,901	6,987	153,565
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	5.10%	0.00%	1.85%	-0.49%	0.00%	0.00%
EPS F1 Estimate 12-Week Change	20.47%	10.66%	2.63%	0.00%	15.82%	208.76%
EPS Q1 Estimate Monthly Change	NA%	-1.82%	1.08%	-1.82%	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	B
Momentum Score	D
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

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.

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.