

PVH Corporation (PVH)

\$57.24 (As of 08/28/20)

Price Target (6-12 Months): **\$60.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 08/13/20)

Prior Recommendation: Underperform

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 PVH Corp have increased in the past three months. The company is benefiting from the phased reopening of stores, which is likely to cushion top lines. It earlier predicted to reopen nearly 85% of its stores by the mid-June. Further, it expects the impressive e-commerce sales in first-quarter fiscal 2020 owing to COVID-19 related store closures to continue. Moreover, management remains confident about the underlying power of the Calvin Klein and Tommy Hilfiger brands. However, temporary store closures globally for about six weeks during the onset of the pandemic hurt fiscal first quarter results. Both top and bottom lines declined year over year. Management predicts the pandemic to continue weighing on the second quarter and fiscal 2020 results. Moreover, a drab Heritage Brands segment and soft margins are concerns.

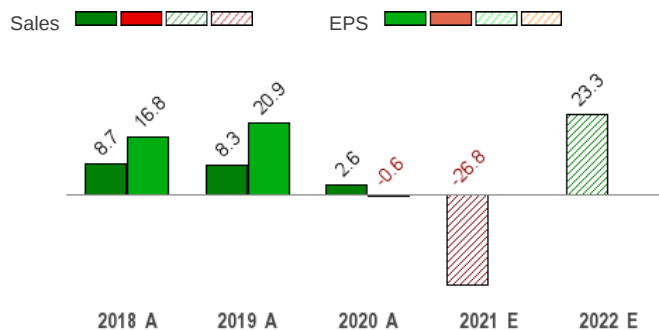
Price, Consensus & Surprise



Data Overview

52-Week High-Low	\$108.06 - \$28.40
20-Day Average Volume (Shares)	1,056,865
Market Cap	\$4.1 B
Year-To-Date Price Change	-45.6%
Beta	2.03
Dividend / Dividend Yield	\$0.00 / 0.0%
Industry	Textile - Apparel
Zacks Industry Rank	Bottom 17% (208 out of 252)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-67.4%
Last Sales Surprise	-0.7%
EPS F1 Estimate 4-Week Change	2.7%
Expected Report Date	09/02/2020
Earnings ESP	55.2%

P/E TTM	14.1
P/E F1	NA
PEG F1	NA
P/S TTM	0.5

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	2,178 E	2,173 E	2,435 E	2,505 E	8,938 E
2021	1,344 A	1,266 E	2,265 E	2,409 E	7,250 E
2020	2,356 A	2,364 A	2,588 A	2,601 A	9,909 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	\$0.37 E	\$0.93 E	\$2.57 E	\$1.42 E	\$5.77 E
2021	-\$3.03 A	-\$2.68 E	\$1.68 E	\$1.05 E	-\$2.91 E
2020	\$2.46 A	\$2.10 A	\$3.10 A	\$1.88 A	\$9.54 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 08/28/2020. The reports text is as of 08/31/2020.

Overview

Headquartered in New York, PVH Corporation was incorporated in 1976 and formerly known as Phillips-Van Heusen Corp. PVH Corp specializes in designing and marketing branded dress shirts, neckwear, sportswear, jeanswear, intimate apparel, swim products, footwear, handbags and related products.

PVH Corp's brands are sold globally at various price points and in channels of distribution. Moreover, the company markets its products at a wholesale level through department store chains and directly to consumers through retail stores. In addition, it licenses the use of its trademarks to third parties and joint ventures for product assortments.

The company's portfolio includes its owned and licensed brands. PVH Corp's owned brands comprise Calvin Klein, Tommy Hilfiger, Van Heusen, IZOD, ARROW, Warner's, Olga and Geoffrey Beene.

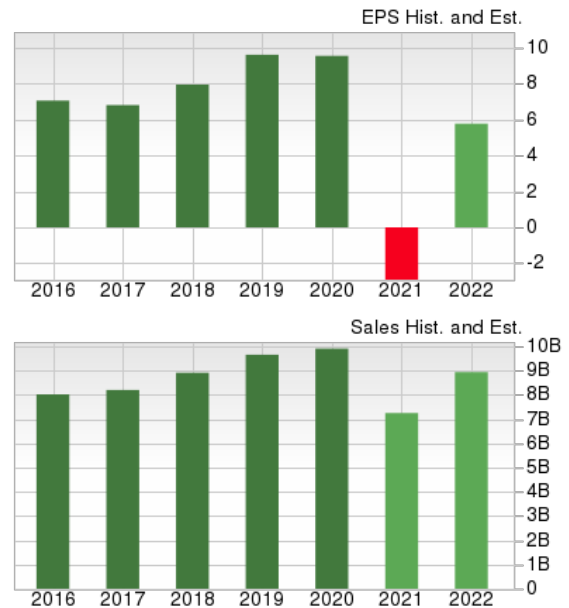
Its licensed brands include Speedo, Kenneth Cole New York, MICHAEL Michael Kors, Kenneth Cole Reaction, Unlisted, a Kenneth Cole Production, Michael Kors Collection, DKNY and Chaps. Furthermore, its brand portfolio comprises other owned, licensed and private label brands.

PVH Corp manages its business through operating divisions, which consist of three reportable segments:

The **Calvin Klein** brand, which contributed 35.5% to the company's total revenues in first-quarter fiscal 2020, includes Calvin Klein Collection, Calvin Klein platinum label, Calvin Klein white label, Calvin Klein Jeans and Calvin Klein Underwear.

PVH Corp sells the **Tommy Hilfiger** product line under two brand portfolios: Tommy Hilfiger and Hilfiger Denim. PVH Corp's total revenues received about 48.1% contribution from this brand in the fiscal first quarter.

Heritage Brands, which constituted roughly 16.4% of PVH Corp's first-quarter revenues, specializes in designing, sourcing and marketing a wide array of brand-label shirts, sportswear, neckwear, intimate apparel, swimwear and footwear. PVH Corp also provides the license to sell products from its owned brands except for Calvin Klein and Tommy Hilfiger.



Source: Zacks Investment Research

Reasons To Buy:

▲ **Store Reopening Efforts Bode Well:** With almost all stores closed since Mar 17, PVH Corp is now gearing up to reopen stores in a phased manner, with a market-by-market approach with adherence to the government guidelines. In this regard, the company has reopened roughly 180 company-operated stores across all brands in North America, 350 in Europe, 1,000 in Asia, 75 in Australia and four in Brazil as on May 19. Going ahead, management expects more than 85% of stores to reopen globally by mid-June. Shares of PVH Corp increased 20.2% in the past three months compared with the industry's rally of 22.9%.

▲ **Efficient Brand Management Approach:** PVH Corp's diversified brand portfolio allows it to stay ahead of its peers to generate above-average industry growth and sustain its position in the current challenging environment. The company's approach to brand management facilitates each of its brands to develop further through effective marketing strategies, financial control and operating leverage. Based on the strength of many of its brands, particularly Tommy Hilfiger, coupled with opportunities with regard to distribution, we believe that the company is poised for long-term growth. Going forward, management remains confident about the underlying power of Calvin Klein and Tommy Hilfiger brands, which position the company's business to succeed amid the ever-changing consumer landscape.

▲ **Solid E-Commerce Sales Reflects Strength:** PVH Corp has been witnessing impressive performance in digital platform as its global store fleet remained closed amid the COVID-19 pandemic and customers shifted to online purchases. E-commerce sales improved 40% year over year during first-quarter fiscal 2020 driven by robust growth in all regions. Calvin's online sales in North America generated a quarterly profit for the first time in its history. Further, it gained customer attention in Southeast Asia from the partnership with Tmall, which featured virtual exhibit for CK One product drop and CK One Tmall Club Day. Similarly, the company rolled out e-commerce collaboration with Zalando in Europe in June.

Apart from these, all new product launches and collaborations were redirected to e-commerce platform. It also hosted a shoppable livestream event across North America and Europe at the Tommy Hilfiger website. Additionally, it has launched Calvin Klein Pride campaign - #PROUDINMYCALVINS. Moreover, Van Heusen and IZOD unveiled the new Heritage Brands corporate-responsibility platform on their websites. Moreover, the company expects overall digital penetration to increase throughout 2020.

▲ **Financial Flexibility:** PVH Corp's ended first-quarter fiscal 2020 with total debt of \$2,854.2 million which reflects nearly 6% rise on a sequential basis. Also, its debt-to-capitalization ratio of 0.51 represents a significant sequential increase from 0.44 as of May 3, 2020. However, the debt-to-capitalization ratio compares favorably with the industry's ratio of 0.61. Moreover, the company had cash balance of approximately \$800 million along with a revolving credit facility of \$1 billion as of the end of the fiscal first quarter. This provides the company with the financial flexibility to drive growth. Additionally, management suspended share repurchases and cash dividends to preserve cash amid the pandemic. Prior to this, it repurchased roughly \$110 million and paid out dividends of 37.5 cents on Mar 31. Capital expenditure was lowered to nearly \$190 million for fiscal 2020 from \$345 million in fiscal 2019. Apart from these, it has entered 364 day revolving credit facility of \$275 million. Also, PVH Corp boasts a liquidity of \$1.8 billion as on May 3, 2020, which will help it stay afloat during this crisis.

PVH Corp. has witnessed impressive e-commerce sales during first-quarter fiscal 2020 as customers shifted to online purchases amid the pandemic. Also, its store reopening efforts appear encouraging.

Reasons To Sell:

▼ **Soft Q1 Results:** PVH Corp posted dismal results for first-quarter fiscal 2020, wherein both top and bottom lines declined year over year. Results were affected by temporary store closures globally for about six weeks since the onset of the coronavirus. Notably, revenues declined 43% and 42% on a reported and constant currency basis, respectively, during the fiscal first quarter. Sluggish performance in all its segments hurt the top line. Further, revenues at its retail stores declined roughly 50-65% year over year due to temporary store closures and soft traffic before that. Moreover, wholesale revenues fell 41% as store closures led to a significant reduction in shipments. Meanwhile, store closures led the company's digital sales to rise 47% year over year with solid growth in all regions. Notably, sturdy demand for Tommy Hilfiger and Calvin Klein brands across all regions led to a double-digit to triple-digit rise in digital sales.

PVH Corp's Q1 results were affected by temporary store closures of the global fleet for about six weeks since the onset of the coronavirus. It refrained from providing fiscal 2020 guidance.

Going ahead, management predicts the ongoing pandemic to weigh on the second quarter and fiscal 2020 results. It also anticipates second-quarter revenues to witness a more pronounced impact of the pandemic on a sequential basis. As a result, the company refrained from providing fiscal 2020 guidance.

▼ **Streamline North America Business, Exit Heritage Brands:** PVH Corp. has increased its focus on streamlining the North American business owing to the tough retail environment. The company has decided to exit its Heritage Brands Retail unit by closing 162 stores. Notably, the unit accounted for 2.6% of its total revenues in 2019. This will lower the company's headcount by 12% across all three brands — Calvin Klein, Tommy Hilfiger and Heritage Brands. The aforementioned store closures are likely to take place by mid-2021. Also, the store closures are expected to incur roughly \$80 million of pre-tax costs, out of which nearly \$10 million is projected to be non-cash.

Notably, Heritage Brands Retail business, with a product portfolio of Van Heusen, Izod, Arrow, Warner's, Olga and Geoffrey Beene, has failed to generate profits for a while now. In first-quarter fiscal 2020, the Heritage Brands segment's revenues fell 47% year over year, primarily owing to a rise in accounts receivable write-offs and inventory reserves, and deleveraging of expenses.

▼ **Weak Margins A Concern:** PVH Corp has been witnessing dismal margins for the past few quarters, which was aggravated by the coronavirus pandemic. Notably, total gross profit decreased nearly 49% to \$665.9 million, while gross margin contracted 550 basis points to 49.5%. Adjusted loss before interest and taxes was \$247 million against earnings before interest and taxes of \$267 million in the prior-year quarter. The downside can be attributable to a dismal top-line performance stemming from COVID-19 impacts and adverse impacts of accounts receivable write-offs and inventory reserves to the tune of \$97 million. Going ahead, any further decline in margins may hurt the company's bottom line in the near term.

▼ **Macroeconomic Headwinds May Dampen Performance:** Consumer confidence and spending behavior may dampen due to macroeconomic factors including an increase in fuel and energy costs, credit availability, high unemployment levels, and high household debt levels, which can negatively affect the disposable income of consumers. Additionally, management assumes a competitive and promotional macro landscape.

Last Earnings Report

PVH Corp's Q1 Loss Wider Than Expected, Sales Down Y/Y

PVH Corp posted dismal results for first-quarter fiscal 2020, wherein both top and bottom lines declined year over year. Results were affected by temporary store closures for about six weeks since the onset of the coronavirus. Going ahead, management predicts the ongoing pandemic to weigh on the second quarter and fiscal 2020 results. It also expects second-quarter revenues to witness a more pronounced impact of the pandemic on a sequential basis. As a result, the company refrained from providing fiscal 2020 guidance.

Although PVH Corp. has reopened a few stores, revenues for those stores are currently down roughly 25% year over year on a global basis. It expects more than 85% of stores to reopen globally by mid-June. Nevertheless, the digital business continued to witness strong momentum.

Q1 Highlights

PVH Corp. reported an adjusted loss of \$3.03 per share against adjusted earnings of \$2.46 in the year-ago quarter. The figure was also wider than the Zacks Consensus Estimate of a loss of \$1.81.

On a GAAP basis, the company delivered a loss per share of \$15.37 against earnings of \$1.08 registered in the year-ago quarter.

In the fiscal first quarter, revenues declined 43% to \$1,344 million and missed the Zacks Consensus Estimate of \$1,354 million. On a constant-currency (cc) basis, revenues plunged 42%. Sluggish performance in all its segments hurt the top line.

Also, revenues at its retail stores declined roughly 50-65% year over year due to temporary store closures and soft traffic before that. Moreover, wholesale revenues fell 41% as store closures led to a significant reduction in shipments. Meanwhile, store closures led the company's digital sales to rise 47% year over year with solid growth in all regions. Notably, sturdy demand for Tommy Hilfiger and Calvin Klein brands across all regions led to a double-digit to triple-digit rise in digital sales.

The company's total gross profit decreased nearly 49% to \$665.9 million, while gross margin contracted 550 basis points to 49.5%. However, adjusted SG&A expenses fell 11.4% to \$917.3 million in the quarter under review.

Adjusted loss before interest and taxes was \$247 million against earnings before interest and taxes of \$267 million in the last year quarter. The downside can be attributable to a dismal top-line performance stemming from COVID-19 impacts, and adverse impacts of accounts receivable write-offs and inventory reserves to the tune of \$97 million.

Segment Analysis

PVH Corp. reports financial results under three segments — Calvin Klein, Tommy Hilfiger and Heritage Brands.

Revenues at **Calvin Klein** plunged 46% (down 45% at cc) year over year with Calvin Klein North America and International declining 54% and 40%, respectively.

Revenues at the **Tommy Hilfiger** segment declined 39% (down 37% at cc) year over year in the reported quarter. Further, Tommy Hilfiger North America and International fell 51% and 32%, respectively.

The **Heritage Brands** segment's revenues fell 47% year over year during the quarter under review.

Financial Details & Other Information

PVH Corp. ended the fiscal first quarter with cash of approximately \$800 million. Also, it boasts a revolving credit facility of \$1 billion. During the quarter, management suspended share repurchases and cash dividends due to COVID-19 impacts. Prior to this, it repurchased roughly \$110 million and paid out dividends of 37.5 cents on Mar 31. Capital expenditure was lowered to nearly \$190 million for fiscal 2020 from \$345 million in fiscal 2019.

In April, management concluded the sale of the Speedo North America business to Pentland Group PLC, the parent company of the Speedo brand, in a deal worth \$169 million.

Quarter Ending	04/2020
Report Date	Jun 11, 2020
Sales Surprise	-0.72%
EPS Surprise	-67.40%
Quarterly EPS	-3.03
Annual EPS (TTM)	4.05

Recent News

PVH Corp to Exit Heritage Brands, Cut Jobs in North America – Jul 14, 2020

In the face of a tough retail environment, thanks to the coronavirus pandemic, PVH Corp. has increased its focus on streamlining the North American business. The company has decided to exit its Heritage Brands Retail unit by closing 162 stores. Notably, the unit accounted for 2.6% of its total revenues in 2019. This will lower the company's headcount by 12% across all three brands — Calvin Klein, Tommy Hilfiger and Heritage Brands. The aforementioned store closures are likely to take place by mid-2021. Also, the store closures are expected to incur roughly \$80 million of pre-tax costs, out of which nearly \$10 million is projected to be non-cash. However, these structural changes are anticipated to generate cost savings of \$80 million annually. Sources believe that the move came after the sudden softness in the apparel industry, with consumers sticking to budget buys amid these trying times. Industry experts have welcomed this step as the Heritage Brands Retail business, with a strong product portfolio of Van Heusen, Izod, Arrow, Warner's, Olga and Geoffrey Beene, has failed to generate profits.

PVH Corp Completes Senior Notes Offering – Jul 10, 2020

PVH Corp. has completed its previously rolled out offering of \$500 million worth senior notes due 2025. The senior notes are priced at 99.625% of the aggregate principal amount with a coupon of 4 5/8%. The company plans to use the net proceeds from the offering for general corporate purposes, including the repayment of outstanding debt.

Valuation

PVH Corp shares are down 45.6% in the year-to-date period and nearly 24.5% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Consumer Discretionary sector are down 10% and 0.6%, respectively. Over the past year, the Zacks sub-industry and the sector are up 7.9% and 9.3%, respectively.

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

The stock is currently trading at 26.57X forward 12-month earnings, which compares to 29.54X for the Zacks sub-industry, 34.97X for the Zacks sector and 23.49X for the S&P 500 index.

Over the past five years, the stock has traded as high as 124.5X and as low as 3.32X, with a 5-year median of 13.35X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$60 price target reflects 27.85X forward 12-month earnings.

The table below shows summary valuation data for PVH

Valuation Multiples - PVH					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	26.57	29.54	34.97	23.49
	5-Year High	124.5	29.54	34.97	23.49
	5-Year Low	3.32	13.28	16.13	15.25
	5-Year Median	13.35	18.13	19.86	17.58
P/S F12M	Current	0.49	2.56	2.5	3.84
	5-Year High	1.36	2.56	2.95	3.84
	5-Year Low	0.22	1.45	1.68	2.53
	5-Year Median	0.92	2.09	2.5	3.05
EV/EBITDA TTM	Current	4.23	24.65	11.42	13.29
	5-Year High	18.1	25.94	17.83	13.29
	5-Year Low	3.36	10.74	8.3	8.22
	5-Year Median	9.44	17.96	12.23	10.91

As of 08/28/2020

Industry Analysis Zacks Industry Rank: Bottom 17% (208 out of 252)



Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
Crocs, Inc. (CROX)	Outperform	1
Columbia Sportswear Company (COLM)	Neutral	3
GIII Apparel Group, LTD. (GIII)	Neutral	4
Gildan Activewear, Inc. (GIL)	Neutral	4
lululemon athletica inc. (LULU)	Neutral	3
V.F. Corporation (VFC)	Neutral	3
Guess, Inc. (GES)	Underperform	4
Ralph Lauren Corporation (RL)	Underperform	4

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

Industry Comparison Industry: Textile - Apparel				Industry Peers		
	PVH	X Industry	S&P 500	GIII	RL	VFC
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Underperform	Neutral
Zacks Rank (Short Term)	3	-	-	4	4	3
VGM Score	F	-	-	F	D	F
Market Cap	4.07 B	828.27 M	23.71 B	560.30 M	5.20 B	26.47 B
# of Analysts	8	4	14	7	6	10
Dividend Yield	0.00%	0.00%	1.63%	0.00%	0.00%	2.83%
Value Score	D	-	-	C	C	D
Cash/Price	0.22	0.22	0.07	1.28	0.55	0.12
EV/EBITDA	8.58	8.34	13.37	4.06	9.19	20.51
PEG F1	NA	5.07	3.08	18.57	6.43	5.28
P/B	0.90	1.84	3.22	0.45	2.03	9.09
P/CF	4.03	6.75	12.90	2.86	6.75	15.71
P/E F1	NA	36.63	21.82	166.57	63.66	61.99
P/S TTM	0.46	0.65	2.52	0.19	1.00	2.66
Earnings Yield	-5.08%	1.60%	4.41%	0.60%	1.57%	1.62%
Debt/Equity	0.96	0.86	0.74	0.91	1.23	2.31
Cash Flow (\$/share)	14.19	2.28	6.94	4.08	10.55	4.32
Growth Score	F	-	-	F	F	F
Historical EPS Growth (3-5 Years)	3.81%	-2.10%	10.41%	7.78%	-1.38%	0.26%
Projected EPS Growth (F1/F0)	-130.49%	-60.40%	-4.94%	-97.81%	-82.95%	-59.10%
Current Cash Flow Growth	-3.91%	6.85%	5.22%	6.85%	-10.72%	-3.63%
Historical Cash Flow Growth (3-5 Years)	3.96%	3.96%	8.50%	9.97%	-4.88%	-3.37%
Current Ratio	1.37	1.91	1.35	3.97	2.59	3.65
Debt/Capital	49.05%	48.61%	43.86%	47.60%	55.19%	69.75%
Net Margin	-8.56%	-1.68%	10.25%	3.15%	2.67%	3.46%
Return on Equity	5.56%	1.00%	14.66%	8.68%	8.21%	21.07%
Sales/Assets	0.66	0.93	0.50	1.07	0.70	0.87
Projected Sales Growth (F1/F0)	-26.83%	-6.50%	-1.43%	-30.16%	-27.45%	-21.54%
Momentum Score	D	-	-	F	C	D
Daily Price Change	3.98%	0.56%	0.71%	4.76%	4.32%	1.98%
1-Week Price Change	-9.45%	-0.43%	-1.45%	-17.94%	-5.11%	-4.02%
4-Week Price Change	14.07%	7.71%	4.59%	8.16%	0.15%	12.30%
12-Week Price Change	0.19%	3.10%	4.86%	-25.54%	-16.17%	6.01%
52-Week Price Change	-24.68%	-25.37%	3.09%	-43.21%	-19.09%	-18.44%
20-Day Average Volume (Shares)	1,056,865	101,027	1,887,168	1,184,523	1,379,541	1,984,088
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	2.68%	0.00%	0.79%	-24.62%	-60.25%	-2.69%
EPS F1 Estimate 12-Week Change	-193.76%	-44.83%	3.43%	-91.98%	-60.32%	-3.08%
EPS Q1 Estimate Monthly Change	1.21%	0.00%	0.00%	0.63%	-57.98%	-10.20%

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.

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

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

Glossary of Terms and Definitions

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

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

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

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

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

4-Week Price Change: This is the percentage change in a stock's closing price over the last 20 trading days or past 4 weeks. This is a medium-term 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 most recent 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 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.