Ralph Lauren Corp. (RL)

$115.43 (As of 06/21/21)

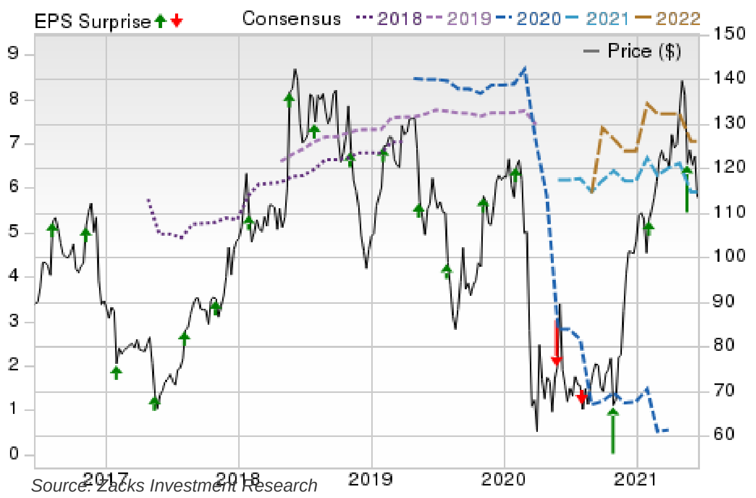
Price Target (6-12 Months): **$122.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 05/21/21) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5)	**4-Sell**
	Zacks Style Scores:	VGM:B
	Value: B | Growth: B | Momentum: F	

Summary

Ralph Lauren's shares have outpaced the industry year to date. The company is witnessing a positive sentiment on better-than-expected fourth-quarter fiscal 2021 results, which also reflected a return to top and bottom line growth. Results gained from solid performance across Europe and Asia regions and brand strength. Also, accelerating digital capabilities, enhanced marketing efforts, cost-savings plans and reduction in structural woes contributed to quarterly growth. Further, improved gross margin and reduced costs aided performance. Further, the company provided an upbeat view for fiscal 2022. However, the company witnessed elevated marketing investments in the quarter, which partly hurt results. Also, it anticipates cost inflation, global supply chain pressures and higher marketing expenses to remain a drag in fiscal 2022.

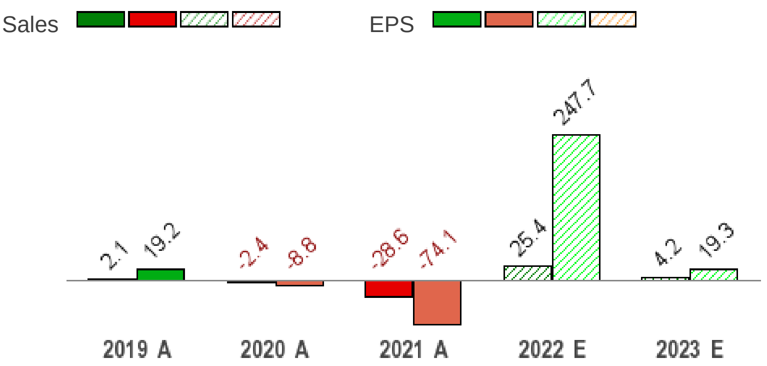
Price, Consensus & Surprise



Data Overview

52-Week High-Low	**$142.06 - $63.90**
20-Day Average Volume (Shares)	**821,954**
Market Cap	**$8.4 B**
Year-To-Date Price Change	**11.3%**
Beta	**1.52**
Dividend / Dividend Yield	**$2.75 / 0.0%**
Industry	**Textile - Apparel**
Zacks Industry Rank	**Top 10% (25 out of 252)**
Last EPS Surprise	**152.1%**
Last Sales Surprise	**6.4%**
EPS F1 Estimate 4-Week Change	**-3.5%**
Expected Report Date	**08/03/2021**
Earnings ESP	**1.2%**
P/E TTM	**69.1**
P/E F1	**19.5**
PEG F1	**1.6**
P/S TTM	**1.9**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2023	1,274 E	1,399 E	1,652 E	1,371 E	5,751 E
2022	1,206 E	1,431 E	1,603 E	1,284 E	5,519 E
2021	488 A	1,194 A	1,433 A	1,287 A	4,401 A

EPS Estimates

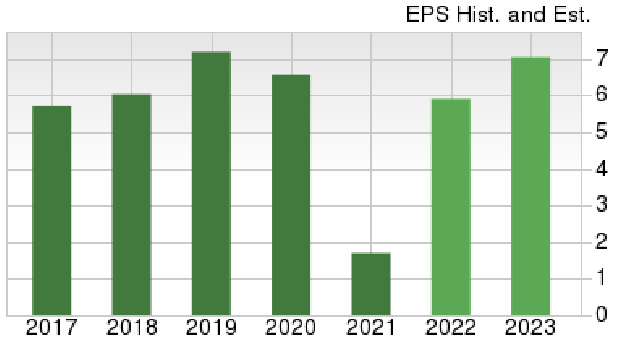
	Q1	Q2	Q3	Q4	Annual*
2023	$0.81 E	$1.94 E	$2.83 E	$0.81 E	$7.05 E
2022	$0.86 E	$1.88 E	$2.42 E	$0.71 E	$5.91 E
2021	-$1.82 A	$1.44 A	$1.67 A	$0.38 A	$1.70 A

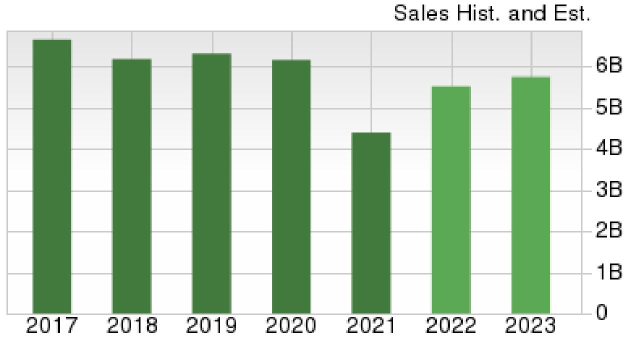
*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 06/21/2021. The report's text and the analyst-provided price target are as of 06/22/2021.

Overview

Ralph Lauren Corp. is a major designer, marketer and distributor of premium lifestyle products in North America, Europe, Asia, and internationally. It offers products in the apparel, footwear, accessories, home furnishings, and other licensed product categories. The company possesses a strong portfolio of globally recognized brand names such as Polo Ralph Lauren, Ralph Lauren Purple Label, Ralph Lauren Collection, Double RL, Lauren Ralph Lauren, Polo Golf Ralph Lauren, Ralph Lauren Golf, RLX Ralph Lauren, Polo Ralph Lauren Children, Chaps, Club Monaco and American Living.



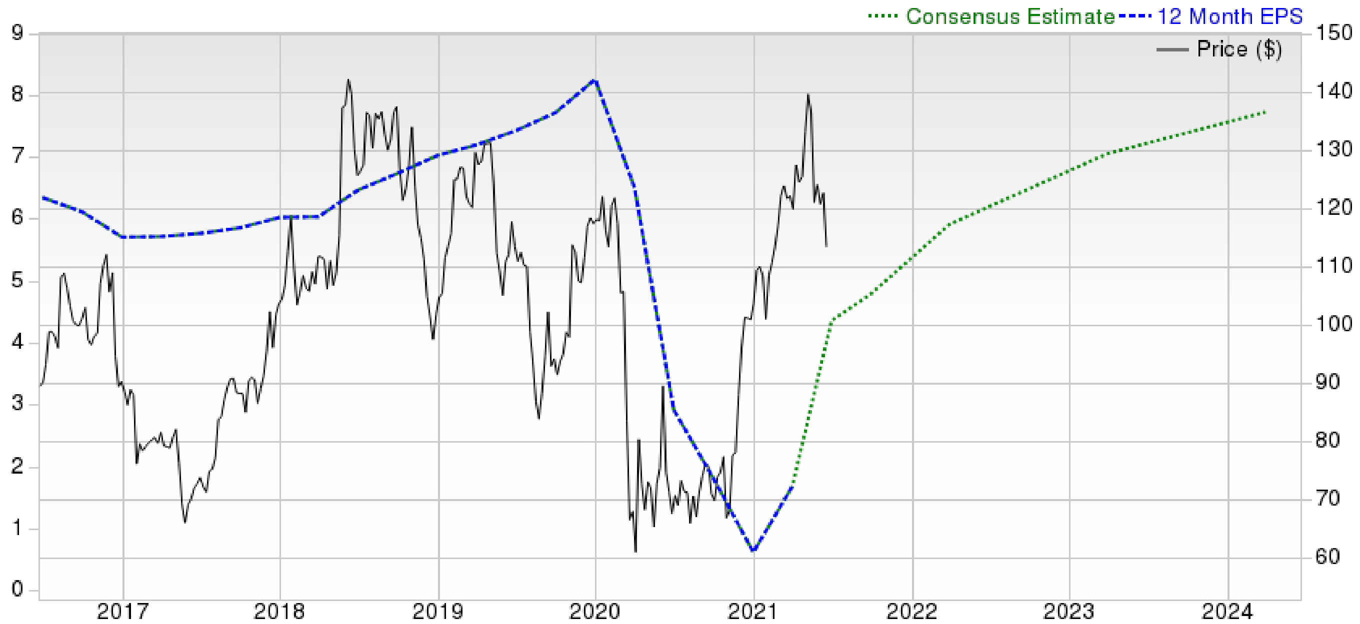


The company offers lifestyle product collections in 4 categories – Apparel, which includes men's, women's, and children's clothing; Home, which includes bedding and bath products, furniture, fabric and wallpaper, paint, tabletop and giftware; Accessories, comprising footwear, eyewear, watches, fashion and fine jewelry, and leather goods; and Fragrance and skin care products sold under the Glamorous, Romance, Polo, Lauren, Safari, and Polo Sport brands.

The company's reportable segments include North America, Europe and Asia. These segments contributed roughly 45.3%, 26.5% and 23.3% respectively to net revenue in fiscal 2021. The rest of the contribution came from other non-reportable segments.

The company operates through wholesale, retail and licensing channels of distribution. It sells products to department stores, specialty stores, and golf and pro shops through the wholesale channel. It also sells directly to consumers through an integrated retail channel, which includes retail stores, concession-based shop-within-shops, and its digital commerce sites. It also licenses to third parties for specified periods the right to access its trademarks in connection with the licensees' manufacture and sale of designated products.

As of Mar 27, 2021, Ralph Lauren had 548 directly-operated stores and 650 concession shops globally. The directly-operated stores included 151 Ralph Lauren, 72 Club Monaco and 325 Polo factory stores. Additionally, the company had 282 global licensed stores.



Source: Zacks Investment Research

Reasons To Buy:

Ralph Lauren anticipates constant-currency revenue growth of nearly 20-25% in fiscal 2022, with double-digit revenue growth in each region led by Europe and North America.

- **Strong Q4, Stock Outperforms:** Shares of Ralph Lauren have gained 11.2% year to date compared with the industry's 7.2% growth. The company is witnessing a positive sentiment on better-than-expected fourth-quarter fiscal 2021 results. Moreover, the company's fourth-quarter fiscal 2021 results reflected a return to top and bottom line growth after dismal results in the past few quarters. Results gained from solid performance across Europe and Asia regions and brand strength. Also, accelerating digital capabilities, enhanced marketing efforts, cost-savings plans and reduction in structural woes contributed to quarterly growth. Also, the top line reflected gains of 370 basis points (bps) from favorable currency and continued growth in digital business. Global wholesale revenues increased 1% and direct-to-consumer revenues were up 4%.

- **Digital Strength:** Ralph Lauren is making significant progress in expanding digital and omni-channel capabilities through investments in mobile, omni-channel and fulfillment. In fourth-quarter fiscal 2021, digital business continued to be a key growth driver, with accelerated digital sales across all regions. Notably, digital sales improved 52% across all regions and in both owned and wholesale digital channels. Region-wise, digital sales were up 79% in Europe, 59% in Asia and 25% in North America. Total digital ecosystem sales were up 60%, reflecting a double-digit growth in every region. The company's digital business benefited from the scaling up of its connected retail offerings, including strong demand for its iconic sweaters, Holiday Bear programs, home and loungewear, during the holiday season. Margins at its owned digital business expanded more than 1,000 basis points (bps) year over year and were accretive within every region and to the total company margin rate.

  The company is focused more than ever on creating innovative digital experiences to connect with customers across the globe. It has accelerated the roll out of connected retail programs to enable consumers to connect with its brands in new and more personalized avenues. Some of the new capabilities added in fiscal 2021 are digital catalogs, Buy Online-Pick Up in Store and curbside pickup, mobile checkout, contactless payments, and Klarna payment installments. At the end of fiscal 2021, connected retail options represented high-single-digit percentage of the company's retail revenues in North America, and a high-teens percentage in Europe, reflecting a marked increase from low-single digits in both regions prior to COVID. Additionally, the company continues to launch digital flagships in Japan and Hong Kong, while adding new partnerships with influential digital partners around the world like Farfetch. Some of the company's other successful digitizing efforts include the adoption of virtual showroom and expansion of the 3D digital product creation feature.

- **Improved Margins & AUR:** In fourth-quarter fiscal 2021, Ralph Lauren's adjusted gross profit margin expanded 380 bps to 62.9%, driven by positive regional and channel mix shifts along with enhanced AUR in all regions. Also, currency movements to the tune of 80 basis points (bps) contributed to margin growth. Average unit retail (AUR) increased 30% in the fourth quarter of fiscal 2021, marking the 16th straight quarter of AUR growth. Underlying AUR improved 20% driven by a combination of reduced promotional activity, improved full price selling on its new Spring Collections and strategic price increases. The company remains on track to reach its long-term target of low to mid-single digit AUR growth, backed by its strategy of product elevation, acquisition of new full-priced consumers and favorable channel and geographic mix, as well as ramping up its targeting and personalization efforts.

  Adjusted operating expenses declined 4% from the year-ago period to $765 million in the fiscal fourth quarter. The decline can be attributable to savings from compensation-related expenses, rent and occupancy, and other discretionary expenses. Adjusted operating expenses, as a percentage of sales, decreased 300 bps to 59.5%. Further, the company reported an adjusted operating income of $44 million, as compared to a loss of $43 million in the year-ago quarter.

- **Upbeat View:** Ralph Lauren issued an upbeat fiscal 2022 view. The company anticipates revenue growth of nearly 20-25%, on a constant-currency basis. It expects double-digit revenue growth in each region led by Europe and North America, due to the significant COVID-related closures in the prior year. The 53rd week in fiscal 2022 is likely to aid the top line by roughly 140 bps. Excluding the strategic actions under the restructuring plan, underlying sales for fiscal 2022 is expected to be roughly flat with the pre-pandemic levels. While reported gross margin is expected to contract 40-60 bps in fiscal 2022, underlying gross margin (excluding COVID impacts) is likely to expand 100 bps. Underlying gross margin is likely to benefit from favorable product mix, reduced costs following the organization reshaping, as well as improvements in pricing. SG&A is expected to increase at a more moderate rate than revenues, as investments for marketing, new stores and digital are likely to be offset by cost discipline and restructuring savings. Operating margin is likely to be 11%, reflecting growth of 620 bps year over year and exceeding the pre-pandemic levels.

  For first-quarter fiscal 2022, the company envisions revenue growth of 140-150% on a constant-currency basis, including favorable currency impact of nearly 250 bps. Additionally, the fiscal first-quarter view takes into account the operating performance of Club Monaco as the divestiture is likely to be concluded by the end of the first quarter. Operating margin is forecasted to be 7-7.5% with lower operating expenses more than offsetting dismal gross margins.

- **Strategic Growth Plan – Next Great Chapter:** Ralph Lauren is on track to exceed its top and bottom line targets under the "Next Great Chapter" plan that was announced in June 2018. Later, it announced measures to accelerate its "Next Great Chapter plan", which includes creating a simplified global organizational structure and rolling out improved technological capabilities. It unveiled plans to curtail its global workforce by the end of fiscal 2021 under its "Fiscal 2021 Strategic Realignment Plan". As part of the initial targets under the plan, the company anticipated delivering low to mid-single digit revenue compounded annual growth rate (CAGR) and mid-teen operating margin by fiscal 2023, in constant currency. Additionally, it anticipates marketing spend to grow nearly 5% of revenue by fiscal 2023, while capital expenditure is expected to represent 4-5% of revenue. Furthermore, the company plans returning 100% free cash flow to shareholders in the next five years, amounting to about $2.5 billion on a cumulative basis through fiscal 2023 in the form of dividends and share repurchases.

▲ **Strategic Realignment Plan:** Ralph Lauren is on track with its Fiscal 2021 Strategic Realignment Plan. As part of the plan, the company exited several areas of its business in fiscal 2021 to accelerate the brand elevation strategy. These actions included reduction of the company's global workforce in fiscal 2021, transitioning Chaps from an owned to a fully licensed model, exiting more than 200 U.S. department store doors, significantly reducing its off-price business, the shutting down of its Polo store in London and shrinking its exposure to international daigou sales on the ralphlauren.com site in North America. Further, management plans to consolidate its global corporate offices to better align with its current organizational profile. It also expects to consolidate its existing North America distribution centers to drive greater efficiencies, improve sustainability and enhance the customer experience. Further, the company identified about 10 stores for potential closures in fiscal 2022. As part of the final stage of the plan with the revaluation of its brand portfolio, the company announced plans to sell Club Monaco to Regent L.P. on May 13, 2021. This transaction, which is likely to be completed by the end of June, reflects the company's solid focus on its Next Great Chapter plan. The sale of the Club Monaco label will enable Ralph Lauren to focus on its core namesake brands. The company expects the sale of Club Monaco to contribute 40-50 bps to operating margins in fiscal 2022. Combined with the sale of Club Monaco, the aforementioned strategic actions represent a little more than $700 million in revenues compared to fiscal 2020.

▲ **Financial Stability:** Ralph Lauren's cash and short-term investments at the end of fourth-quarter fiscal 2021 was $2,776.5 million, reflecting a sequential decline of 0.3%. Moreover, at the end of the quarter, long-term debt of $1,632.9 million was almost flat with $1,631.9 million at the end of third-quarter fiscal 2021. Its debt-to-capitalization ratio of 0.39 compares favorably with the industry's debt-to-capitalization of 0.54. Moreover, the company predicts capital expenditure of $250-$275 million for fiscal 2022, which is in-line with the pre-pandemic levels and reflects investments to focus on building its key city ecosystems and digital infrastructure. Additionally, the company reinstated its dividend in the first quarter of fiscal 2022 demonstrating the strength of its balance sheet. Notably, the board approved a quarterly dividend of 68.75 cents, payable on Jul 9, 2021 to shareholders with record on Jun 25.

Reasons To Sell:

Gross margin for fiscal 2022 is likely to be hurt by significantly higher freight costs and global supply chain pressures, particularly in the fiscal first quarter and in sync with the industry.

- **Stock Looks Overvalued:** Considering price-to-earnings (P/E) ratio, Ralph Lauren looks pretty overvalued when compared with the broader industry and the S&P 500. The stock has a trailing 12-month P/E ratio of 69.12x, which is above the median level of 56.23x scaled in the past year. On the contrary, the trailing 12-month P/E ratio is 54.59x for the industry and 27.91x for the S&P 500. Given these factors, we believe that the stock is quite stretched from the P/E aspect.

- **Elevated Marketing Expense:** Although operating expenses declined in the fiscal fourth quarter, marketing expenses remained elevated owing to reactivation of in-person activities and high impact digital campaigns and personalization. Further, higher marketing expenses reflected from the shift of certain investments from the first three quarters of fiscal 2021 due to COVID lockdowns. In fiscal 2021, marketing expense was 6% of sales, representing a growth from 4.5% the prior year. Additionally, the company expects marketing expense to remain elevated in fiscal 2022 to support the accelerated sales growth, driven by its long-term brand building, digital activations and key events like the Olympics, the US Open and Wimbledon.

- **Cost Inflation:** Although Ralph Lauren provided a robust margin view for fiscal 2022, it expects margins to be offset by persistence of certain costs. Gross margin for fiscal 2022 is expected to be partly hurt by significantly higher freight costs and global supply chain pressures, particularly in the fiscal first quarter and in sync with the broader industry. In first-quarter fiscal 2022, the company anticipates gross margin to decline 575 bps owing to higher freight expense in the quarter as well as lapping of the last year's one-time COVID mix benefits due to store closures. Further, the company expects the highly volatile and inflationary input cost environment to continue in fiscal 2022.

- **Currency Headwinds:** Ralph Lauren's solid international presence exposes it 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. Notably, the company's earnings and sales for the fourth quarter of fiscal 2021 reflected gains from favorable currency translations. However, the company expects currency headwinds to hurt revenues by 50-70 bps in fiscal 2022.

- **Competitive Pressure:** Ralph Lauren operates in a highly fragmented market and competes with a number of well-established players such as Estee Lauder, Coach, V.F. Corp., Phillips-Van Heusen, Jones Apparel, Liz Claiborne and Kenneth Cole Productions. The company primarily competes on the basis of fashion, quality and service. Failure to offer high-quality distinguished products at a competitive price may hamper Ralph Lauren's market share, resulting in lower earnings and sales.

- **Macroeconomic Headwinds May Dampen Operating Performance:** Consumer confidence and spending behavior may be affected by macroeconomic factors, including increase in fuel and energy costs, credit availability, high unemployment levels, and high household debt levels. These may affect disposable income of consumers. This, in turn, could affect the company's growth and profitability. Although the company remains committed toward its Next Great Chapter growth initiative, it expects to witness a more volatile global retail backdrop.

Last Earnings Report

Ralph Lauren's Q4 Earnings & Revenues Beat Estimates

Quarter Ending	03/2021
Report Date	May 20, 2021
Sales Surprise	6.36%
EPS Surprise	152.05%
Quarterly EPS	0.38
Annual EPS (TTM)	1.67

Ralph Lauren reported fourth-quarter fiscal 2021 results, wherein the top and bottom lines not only surpassed the Zacks Consensus Estimate but also improved year over year. Results gained from solid performance across Europe and Asia regions and brand strength. Also, accelerating digital capabilities, enhanced marketing efforts, cost-savings plans and reducing structural woes contributed to quarterly growth.

Ralph Lauren reported adjusted earnings per share of 38 cents in the fiscal fourth quarter, surpassing the Zacks Consensus Estimate of a loss of 73 cents. However, the bottom line came ahead of a loss of 68 cents reported in the prior-year quarter.

Net revenues inched up 1% year over year to $1,287 million and exceeded the Zacks Consensus Estimate of $1,210 million. On a constant-currency basis, revenues were down 3% from the prior-year quarter. The uptick was attributable to growth across regions in Asia and Europe. Meanwhile, the top line reflected gains of 370 basis points (bps) from favorable currency.

Apart from these, the strong momentum in digital business continued, recording 52% growth in digital revenues across all regions and in both owned and wholesale digital channels.

Segment Details

North America: During the fiscal fourth quarter, the segment's revenues declined 10% from the year-ago quarter to $569 million. The retail channel in the region witnessed a rise of 3% in comparable store sales (comps), including a 25% rise in digital commerce, partly offset by a 2% decrease in brick-and-mortar stores. Revenues from the North American wholesale business plunged 22% from the prior-year period.

Europe: The segment's revenues grew 5% year over year to $370 million, with a 4% decline in currency-neutral revenues. Comps at retail stores in Europe declined 45% due to a 65% decrease in brick-and-mortar stores, somewhat offset by 79% growth in digital sales. Revenues for the segment's wholesale business surged 41% on a reported basis and 29% at constant currency.

Asia: The segment's revenues advanced 35% year over year to $289 million on a reported basis and 28% on a currency-neutral basis. Comps in Asia were up 23%, backed by a 21% rise in brick-and-mortar stores and a 59% increase in the digital business.

Margins

Ralph Lauren's adjusted gross profit margin expanded 380 bps to 62.9%, driven by positive regional and channel mix shifts along with enhanced AUR in all regions. Also, currency movements to the tune of 80 basis points (bps) contributed to margin growth.

Adjusted operating expenses declined 4% from the year-ago period to $765 million in the fiscal fourth quarter. The decline can be attributable to savings from compensation-related expenses, rent and occupancy, and other discretionary expenses. Adjusted operating expenses, as a percentage of sales, decreased 300 bps to 59.5%.

Further, the company reported an adjusted operating income of $44 million, as compared to a loss of $43 million in the year-ago quarter.

Financials

Ralph Lauren ended the quarter with cash and short-term investments of $2,776.5 million, total debt of $1,632.9 million and total shareholders' equity of $2,604.4 million. Inventory at the end of fiscal 2021 grew 3% year over year to $759 million. Capital expenditure for fiscal 2021 came in at $108 million and is likely to be nearly $250-$275 million during fiscal 2022.

In another development, the company resumed dividend payments, which were suspended earlier due to the pandemic. Notably, the board approved a quarterly dividend of 68.75 cents to be payable on Jul 9, 2021, as of shareholders' record on Jun 25.

Store Update

As of Mar 27, 2021, Ralph Lauren had 548 directly-operated stores and 650 concession shops globally. The directly-operated stores included 151 Ralph Lauren, 72 Club Monaco and 325 Polo factory stores. Additionally, the company operated 282 licensed stores globally.

Strategic Realignment Plan

Previously announced actions related to the Fiscal 2021 Strategic Realignment Plan included a reduction of the company's global workforce in fiscal 2021, transitioning the Chaps brand to a fully licensed business model, and the shutting down of its Polo store in London. Going ahead, management plans to further consolidate its global corporate offices to better align with its current organizational profile.

Further, the company identified about 10 stores for potential closures in fiscal 2022. It also expects to consolidate its existing North America distribution centers to drive greater efficiencies, improve sustainability and enhance the customer experience.

As per the Next Great Chapter elevation plan, the company on May 13 entered a deal to sell Club Monaco to Regent, in a bid to focus on its core brands.

Outlook

Driven by solid fourth-quarter fiscal 2021 results, management issued an upbeat fiscal 2022 view. The company anticipates revenue growth of nearly 20-25%, on a cc basis. Although the 53rd week in fiscal 2022 is likely to aid the top line by roughly 140 bps, currency headwinds to the tune of 50-70 bps remain a drag. Further, fiscal 2022 operating margin is likely to rise 620 bps to 11% while gross margin is expected to decline 40-60 bps.

For first-quarter fiscal 2022, it envisions revenue growth of approximately 140-150% on a cc basis, driven by a favorable currency impact of nearly 250 bps. The guidance includes lockdowns and other COIVD-related restrictions across few regions such as Europe and Japan. Also, any extension of these restrictions or additional measures might affect quarterly growth.

Apart from these, the fiscal first-quarter view takes into account the operating performance of Club Monaco as the divestiture is likely to be concluded by the end of the said quarter. Moving on, operating margin is forecasted to be 7-7.5% with lower operating expenses more than offsetting dismal gross margins. Notably, gross margin is projected to contract roughly 575 bps year over year.

Recent News

Ralph Lauren Teams Up With G2 Esports For the First Time - Jun 21, 2021

Ralph Lauren has joined hands for the first time with one of the world's leading entertainment and esports brands - G2 Esports, wherein the comapny will serve as the exclusive fashion outfitter to the G2 team. Per the deal, both the comapnies will launch a series of digital-first activations on TikTok and Twitch.

Ralph Lauren to Offload Club Monaco Brand to Regent – May 13, 2021

Ralph Lauren is progressing well with its "Next Great Chapter" plan, which mainly focuses on creating a simplified global organizational structure. In the latest development, the company has agreed to offload its Club Monaco brand to Regent, L.P, which is a leading private equity firm. This transaction, which is likely to be completed by the end of June, reflects the company's solid focus on its Next Great Chapter plan. Other details of the deal remain under wraps.

We note that the sale of the Club Monaco label will enable Ralph Lauren to focus on its core namesake brands. The Club Monaco brand has been contributing to the company's performance for the past 22 years. Management expects Regent to capitalize on the strategic and operational expertise to continue driving Club Monaco's growth.

In order to accelerate its "Next Great Chapter plan," management announced a fiscal 2021 Strategic Realignment Plan last year. The latest initiative primarily revolves around evaluation of the company's brand portfolio, with key focus on core brands to deliver sustainable growth. Markedly, the sale of Club Monaco coupled with the licensing of the Chaps brand will conclude the company's portfolio evaluation.

Ralph Lauren Collaborates With MLB - May 10, 2021

Ralph Lauren joined hands with Major League Baseball (MLB) for three apparel collections. These products are available from May 10 both in stores inlcuding Macy's, Bloomingdales, the MLB Flagship Store (NYC), few MLB Club stadium shops, and certain Ralph Lauren stores globally as well as online (RalphLauren.com, MLBShop.com and The Polo App).

Valuation

Ralph Lauren shares are up 11.2% in the year-to-date period and nearly 57.1% for the trailing 12-month period. Stocks in the Zacks sub-industry are up 7.2% but the Zacks Consumer Discretionary sector is down 2.3% in the year-to-date period. Over the past year, the Zacks sub-industry and the sector are up 49.9% and 26.7%, respectively.

The S&P 500 index is up 12.6% in the year-to-date period and 37.2% in the past year.

The stock is currently trading at 18.72X forward 12-month earnings, which compares to 20.95X for the Zacks sub-industry, 30.85X for the Zacks sector and 22X for the S&P 500 index.

Over the past five years, the stock has traded as high as 213.1X and as low as 8.16X, with a 5-year median of 17.2X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our $122 price target reflects 19.79X forward 12-month earnings.

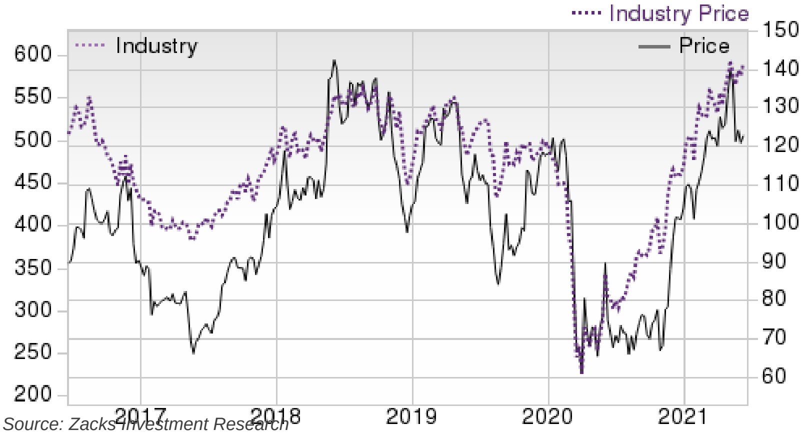
The table below shows summary valuation data for RL

Valuation Multiples - RL

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	18.72	20.95	30.85	22
	5-Year High	213.1	29.19	35.41	23.83
	5-Year Low	8.16	13.28	16.24	15.3
	5-Year Median	17.2	18.14	20.33	18.02
P/S F12M	Current	1.52	2.74	2.62	4.63
	5-Year High	2.03	3	2.95	4.74
	5-Year Low	0.71	1.45	1.73	3.21
	5-Year Median	1.29	2.09	2.52	3.72
EV/EBITDA TTM	Current	16.16	30.03	14.1	17.1
	5-Year High	28.73	38.24	18.1	17.74
	5-Year Low	4.12	10.67	8.35	9.63
	5-Year Median	7.68	18.99	12.49	13.47

As of 06/21/2021 *Source: Zacks Investment Research*

Industry Analysis **Zacks Industry Rank:** Top 10% (25 out of 252)



Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
Carters, Inc. **(CRI)**	Outperform	1
Guess, Inc. **(GES)**	Outperform	1
GIII Apparel Group, LTD. **(GIII)**	Outperform	1
PVH Corp. **(PVH)**	Outperform	1
HUGO BOSS **(BOSSY)**	Neutral	3
Hanesbrands Inc. **(HBI)**	Neutral	3
lululemon athletica inc. **(LULU)**	Neutral	3
V.F. Corporation **(VFC)**	Neutral	3

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

Industry Comparison Industry: Textile - Apparel

	RL	X Industry	S&P 500	HBI	LULU	VFC
				Industry Peers		
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	4	-	-	3	3	3
VGM Score	B	-	-	B	B	B
Market Cap	8.44 B	1.60 B	29.97 B	6.48 B	45.85 B	31.62 B
# of Analysts	6	4	12	5	14	8
Dividend Yield	0.00%	0.00%	1.35%	3.23%	0.00%	2.43%
Value Score	B	-	-	B	D	C
Cash/Price	0.33	0.08	0.06	0.08	0.03	0.05
EV/EBITDA	32.98	10.10	17.02	75.36	44.46	27.44
PEG F1	1.64	1.30	2.08	1.39	2.85	2.33
P/B	3.24	3.40	4.11	13.37	17.37	10.33
P/CF	22.56	19.11	17.39	9.88	57.32	25.70
P/E F1	19.46	18.92	20.94	11.75	52.16	26.31
P/S TTM	1.92	0.95	3.39	0.95	9.21	3.42
Earnings Yield	5.12%	5.20%	4.67%	8.51%	1.92%	3.80%
Debt/Equity	0.63	0.42	0.66	7.53	0.00	1.87
Cash Flow ($/share)	5.12	1.55	6.83	1.88	6.15	3.14
Growth Score	B	-	-	A	A	B
Historical EPS Growth (3-5 Years)	-22.09%	-9.26%	9.59%	-3.22%	25.81%	-13.14%
Projected EPS Growth (F1/F0)	247.45%	116.94%	21.57%	8.97%	43.69%	133.87%
Current Cash Flow Growth	-51.71%	-34.25%	0.99%	-16.36%	-0.80%	-39.47%
Historical Cash Flow Growth (3-5 Years)	-15.22%	-5.38%	7.28%	-3.44%	19.03%	-2.53%
Current Ratio	2.66	2.02	1.39	1.64	2.34	2.17
Debt/Capital	38.54%	32.03%	41.51%	88.28%	0.00%	65.13%
Net Margin	-2.75%	2.46%	11.95%	-4.83%	14.17%	4.41%
Return on Equity	4.89%	6.70%	16.48%	71.51%	31.50%	16.85%
Sales/Assets	0.56	0.94	0.51	0.89	1.27	0.70
Projected Sales Growth (F1/F0)	25.41%	16.41%	9.41%	-5.56%	33.14%	27.19%
Momentum Score	F	-	-	D	C	D
Daily Price Change	1.72%	0.00%	1.40%	1.64%	1.36%	1.17%
1-Week Price Change	-7.54%	-3.24%	-0.71%	-6.50%	2.74%	-3.00%
4-Week Price Change	-3.49%	0.00%	0.66%	-3.03%	10.72%	5.21%
12-Week Price Change	-2.17%	5.65%	6.39%	-5.79%	11.43%	2.31%
52-Week Price Change	57.39%	89.59%	35.50%	65.27%	15.62%	28.75%
20-Day Average Volume (Shares)	821,954	51,050	1,885,424	2,878,894	1,172,774	2,162,890
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	-3.51%	0.00%	0.01%	0.00%	5.99%	0.45%
EPS F1 Estimate 12-Week Change	-8.47%	5.84%	3.59%	-2.77%	3.15%	4.64%

EPS Q1 Estimate Monthly Change	0.23%	0.00%	0.00%	0.00%	15.30%	-3.17%

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	B
Growth Score	B
Momentum Score	F
VGM Score	B

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

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

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

Glossary of Terms and Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Periods:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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