

Sealed Air Corp (SEE)

\$45.21 (As of 04/07/21)

Price Target (6-12 Months): **\$48.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 02/09/21)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:A

Value: A

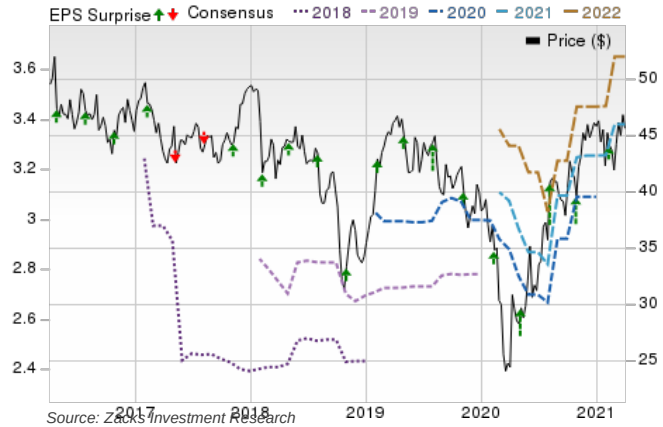
Growth: A

Momentum: C

Summary

Sealed Air's earnings estimates for the current quarter and current year have undergone upward revisions lately. For the ongoing year, the company projects adjusted earnings per share to be between \$3.25 and \$3.40. The mid-point of the range suggests year-over-year growth of 4%. Approximately 75% of Sealed Air's end markets are experiencing higher demand for food, medical supplies, consumer staples, and surge in e-commerce demand amid the COVID-19 pandemic. These are likely to drive the company's top line. Sealed Air anticipates realizing around \$65 million of benefits from its Reinvent SEE program in the current year, which will bolster earnings. Acquisitions, product innovation and investment in automation will also favor its results. However, weakness in food service, high debt and high input costs remain concerns.

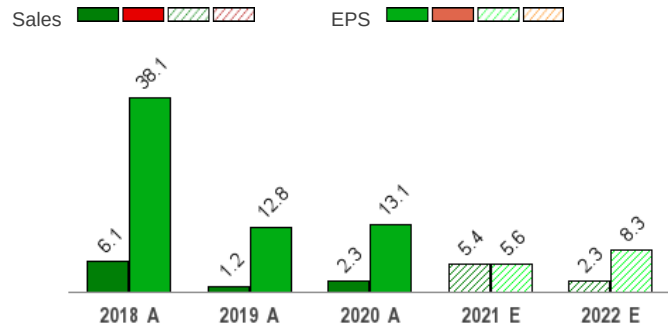
Price, Consensus & Surprise



Data Overview

52-Week High-Low	\$47.90 - \$26.87
20-Day Average Volume (Shares)	1,203,806
Market Cap	\$7.2 B
Year-To-Date Price Change	1.0%
Beta	1.26
Dividend / Dividend Yield	\$0.64 / 1.4%
Industry	Containers - Paper and Packaging
Zacks Industry Rank	Bottom 19% (204 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	12.7%
Last Sales Surprise	2.9%
EPS F1 Estimate 4-Week Change	-0.2%
Expected Report Date	05/04/2021
Earnings ESP	-4.2%
P/E TTM	14.5
P/E F1	13.4
PEG F1	2.1
P/S TTM	1.5

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022					5,290 E
2021	1,221 E	1,251 E	1,312 E	1,398 E	5,170 E
2020	1,174 A	1,151 A	1,237 A	1,341 A	4,903 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022					\$3.65 E
2021	\$0.72 E	\$0.80 E	\$0.88 E	\$0.99 E	\$3.37 E
2020	\$0.73 A	\$0.76 A	\$0.82 A	\$0.89 A	\$3.19 A

*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 04/07/2021. The report's text and the analyst-provided price target are as of 04/08/2021.

Overview

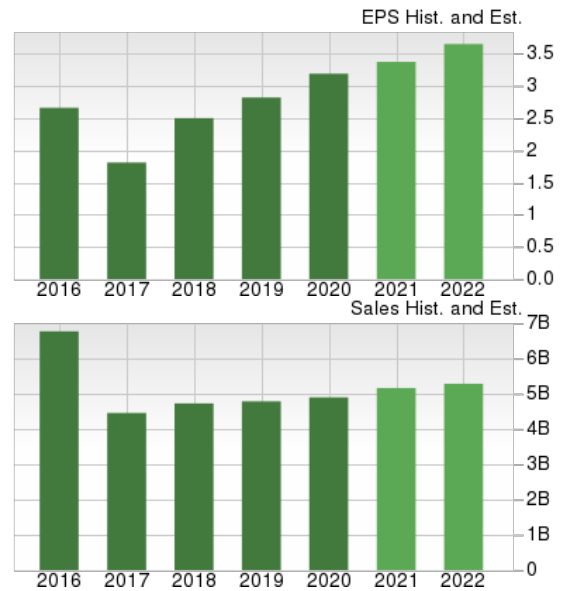
Charlotte, NC-based Sealed Air is a global leader in food safety and security and product protection. The company operates in the United States as well as globally. It caters to a diverse set of end markets including food and beverage processing, food service, retail, healthcare and industrial, and commercial and consumer applications. Its portfolio of widely recognized brands includes Cryovac food packaging and Bubble Wrap protective packaging which enable safer as well as efficient food supply chain and protect valuable goods shipped globally.

Effective second-quarter 2020, the company renamed its reporting segments from Food Care to Food and Product Care to Protective. However, there has been no change in the composition of the segments. While the Food segment generated 56.5% of the company's sales in 2020, the Protective segment contributed the remaining 43.5%.

The **Food** segment serves perishable food processors, predominantly in fresh red meat, smoked and processed meats, poultry and dairy (solids and liquids) markets worldwide, and maintains a leading position in target applications. The segment provides integrated packaging materials and equipment solutions to provide food safety, shelf life extension, and total cost optimization with innovative, sustainable packaging that enables customers to reduce costs and enhance brands in the marketplace.

Protective packaging solutions are utilized across several global markets and are especially valuable to e-commerce, electronics and industrial manufacturing. Protective solutions are designed to protect valuable goods in shipping, and drive operational excellence for its customers, increasing their order fulfillment velocity while minimizing material usage, dimensional weight and packaging labor requirements. A noteworthy acquisition for the segment was of Automated Packaging Systems, a manufacturer of automated bagging systems in 2019. The buyout offers opportunities to expand the company's automated solutions into adjacent markets.

Earlier, the company acquired AFP, Inc., which expanded its protective packaging solutions. The company had also acquired Fagerdala, to leverage its manufacturing footprint in Asia.



Reasons To Buy:

- ▲ For 2021, Sealed Air expects net sales in the range of \$5.1 billion to \$5.2 billion. This indicates an increase of 4.5% to 6.5% as reported and 2.5% to 4.5% in constant dollars. While the Food segment is expected to deliver 2% to 4% constant dollar growth, the Protected packaging segment is anticipated to deliver 3% to 5% growth. Automated equipment and sustainable solutions are expected to drive growth in food and protected packaging segments in 2021. In food, the retail channel and protein exports are expected to remain strong. In protective, continued growth in e-commerce and fulfillment and the recovery in industrial end markets will contribute to growth.

Adjusted EBITDA is projected between \$1.10 billion and \$1.13 billion in 2021 compared with \$1.05 billion in 2020. Foreign currency is expected to have a favorable impact of 2% on EBITDA. Adjusted earnings per share is now anticipated to be \$3.25-\$3.40. The mid-point of the range suggests year-over-year growth of 4%.

- ▲ Around 63% of Sealed Air's revenues come from packaging of protein, foods, fluids and goods for the medical and life sciences industries. The food care business continues to benefit from the shift in demand for case ready, shrink bags and pre-packaged meals and snacks designed for home consumption amid the pandemic-induced restrictions. In the medical and life sciences portfolio, demand for protected packaging solutions for medical supplies, pharmaceuticals, and personal protective equipment, such as monitoring systems, ventilators, mask and COVID-19 test kits remains high. The company has recently witnessed increased demand for temperature assurance packaging solution that ensures safe and secure distribution of COVID-19 vaccines.

Further, e-commerce sales, which contribute around 14% to the company's sales, have been on the rise amid the stay-at-home scenario. Thus, with more than 75% of the company's revenues originating from end-markets that are deemed essential and supporting the stay-at-home environment amid the pandemic, the company is positioned well to sustain the top-line performance. The company is witnessing increased demand for essential and high-performing packaging solutions that extend shelf life, reduce waste and drive customer productivity. Also, expected benefits from reducing costs, driving operational excellence and commercializing new innovations position the company well for improved results.

- ▲ In December 2018, Sealed Air announced a reformation plan — Reinvent SEE Strategy — along with a fresh restructuring program, in a move to drive its growth. The new strategy is focused on innovations, SG&A productivity, product-cost efficiency, channel optimization and customer-service enhancements. One of most vital aspects of this strategy involves investment in technology and resources focusing on new and existing high-growth markets.

The company also aims at simplifying its operational structure and expanding SEE Operational Excellence by upgrading end-to-end processes throughout the company. The new strategy will fuel Sealed Air's growth by supporting packaging innovations for fresh food and e-commerce, and increasing operating leverage target above 40% per year. In 2020, the company realized \$118 million of benefits and has targeted another \$65 million in 2021. Over the 2018-2021 time frame, the company has expects approximately \$355 million of Reinvent SEE benefits, \$105 million higher than originally expected. This will continue to boost bottom-line performance.

- ▲ The company remains focused on its SEE automated solutions strategy, which is driving growth for the next phase of its Reinvent SEE business transformation. Sealed Air is meeting customers' most critical needs for safety, productivity and labor scarcity with its touchless automated solutions. The company expects equipment sales to grow more than 15% in 2021 to over \$250 million. Its pipeline for automated equipment continues to improve, and the company has set a target of over \$500 million by 2025.

Sealed Air's acquisition of Automated Packaging Systems, Inc., a leading manufacturer of high-reliability, automated bagging systems, expands breadth of the company's automated solutions and sustainable packaging offerings. Earlier, the company acquired AFP, Inc., which expanded its protective packaging solutions in the electronics, transportation and industrial markets with custom-engineered applications. The company had also acquired Fagerdala, to leverage its manufacturing footprint in Asia, expertise in foam manufacturing and fabrication, and commercial organization to grow sales in the consumer electronics, medical equipment and devices, automotive, temperature assurance, and e-commerce fulfillment sectors. AFP and Fagerdala align well with the ship-in-own-container (SIOC) trend in e-commerce. This trend is transforming e-commerce packaging as more distributors want manufacturers to have their primary packaging parcel ready. These acquisitions and investments the company has been making in its core business will drive growth.

Sealed Air is likely to benefit from demand for packaging for essential goods and e-commerce amid stay-at-home restrictions. Restructuring actions, acquisitions and innovation will also drive growth.

Reasons To Sell:

- ▼ Parts of the food industry including food service and restaurants have been impacted significantly by the COVID-19 pandemic. Over the next few quarters, the company's fluids portfolio, which consists of innovative vertical pouch packaging, for condiments, soups and sauces will be negatively impacted by the ongoing slowdown in the food service industry. Around 35% of its sales serve consumer and industrial segments. Many of these end markets including general manufacturing, transportation, and non-essential goods have been facing significant reduction in discretionary spending. This will weigh on the company's results.
- ▼ The company's traditional packaging solutions, which include Bubble Wrap, standardized mailers, shrink film and void fill, generate around one-third of the Protective segment's sales. This part of the segment is bearing the brunt of the market's shift to automation. Moreover, specialty industrial applications, which include the Instapak platform and integrated fabrication solutions, account for another one-third of Protective segment's sales, had been impacted by lower global industrial demand. It remains to be seen whether the recovery in industrial demand will lift the segment's performance.
- ▼ Sealed Air's net debt (total debt less cash and cash equivalents), was \$3.2 billion as of Dec 31, 2020, down from \$3.6 billion compared with Dec 31, 2019. Sealed Air's total debt-to-total capital ratio is currently at 0.96 - which is concerning. The company's times interest earned ratio has however been improving over the past few years and is at 4.6. Nevertheless, as of Dec 31, 2020 Sealed Air had approximately \$1.7 billion of liquidity available, which comprised \$549 million of cash, an undrawn committed credit facility of \$1,146 million. The company does not have any debt maturities until August 2022. Free cash flow is expected at around \$500-\$550 million in 2021.
- ▼ Sealed Air's margins continue to be impacted by higher raw material costs and freight costs. Further, COVID-related expenses continue to put pressure on margins. Cash restructuring payments associated with Reinvent SEE were \$74 million in 2020 with an estimated \$40 million remaining in 2021 as Reinvent SEE transitions from a restructuring phase to the company's continuous improvement business operating system. The total cash cost of Reinvent SEE is now expected to be approximately \$205 million.

Higher input costs and COVID-related expenses will continue to dent Sealed Air's margins in the near term. Weakness in certain end markets and high debt levels also remain concerns.

Last Earnings Report

Sealed Air Earnings and Sales Surpass Estimates in Q4

Sealed Air reported fourth-quarter 2020 adjusted earnings per share of 89 cents, surpassing the Zacks Consensus Estimate of 79 cents. The bottom line also improved 14% year over year on higher volumes and benefits from the company's Reinvent SEE initiatives, somewhat offset by higher input and operating costs.

Including special items, the company delivered net earnings per share of 88 cents compared with the prior-year quarter figure of 80 cents.

Total revenues were up 3% year over year to \$1.34 billion in the reported quarter with favorable sales and volume trends across all regions. Further, the top line beat the Zacks Consensus Estimate of \$1.30 billion.

Cost and Margins

Cost of sales went up 5% year over year to \$917 million. Gross profit declined 1% year over year to \$424 million. Gross margin contracted 140 basis points to 31.7% compared with the prior-year quarter's 33.1%.

SG&A expenses fell 10% to \$195 million year over year. Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to \$279 million in the quarter, up 3% from the prior-year quarter. Adjusted EBITDA margin was 20.8% compared with the prior-year quarter's 20.9%. Benefits from higher volume and Reinvent SEE initiatives were partially offset by higher input and operating costs.

Segment Performance

Food: Net sales decreased 0.3% year over year to \$757 million. Adjusted EBITDA was down 1% year over year to \$169.7 million. Strength in food retail and automated equipment was partially negated by continued weakness in food service due to the impact of COVID-19, leading to declines in both sales and adjusted EBITDA in the reported quarter.

Protective: The segment reported net sales of \$584 million in the reported quarter, up 8% from the prior-year quarter led by continued strength in e-Commerce, fulfillment and automated equipment. Adjusted EBITDA climbed 8% year over year to \$115 million driven by volume growth and Reinvent SEE benefits. However, this was somewhat mitigated by higher input and operating costs.

Financial Updates

Cash and cash equivalents were around \$549 million as of Dec 31, 2020, up from the \$262 million as of Dec 31, 2019. Cash flow from operating activities was around \$737 million in 2020 compared with \$511 million in the prior year driven by higher earnings. During 2020, Sealed Air paid cash dividends of around \$100 million and made share repurchases worth \$33 million. As of Dec 31, 2020, the company had \$675 million remaining under the current share repurchase program authorization.

As of Dec 31, 2020, Sealed Air's net debt was \$3.2 billion, down from \$3.6 billion as of Dec 31, 2019. As of 2020-end, Sealed Air had approximately \$1.7 billion of liquidity available, which comprised \$549 million in cash and \$1,146 million of undrawn, committed credit facilities.

2020 Results

Sealed Air's adjusted earnings per share in 2020 was \$3.19, up 13% from the prior-year's figure of \$2.82. The bottom line surpassed the Zacks Consensus Estimate of \$3.09. Including one-time items, the company delivered earnings per share of \$3.10 in 2020 compared with \$1.89 in 2019.

Sales were up 2% year over year to \$4.9 billion from the prior-year figure of \$4.79 billion. The top line beat the Zacks Consensus Estimate of \$4.86 billion.

2021 Guidance

For 2021, Sealed Air expects net sales in the range of \$5.1 billion to \$5.2 billion. This indicates an increase of 4.5% to 6.5% growth as reported and 2.5% to 4.5% in constant dollars.

Adjusted EBITDA is projected between \$1.10 billion and \$1.13 billion in 2021 compared with \$1.05 billion in 2020. Foreign currency is expected to have a favorable impact of 2% on EBITDA. Adjusted earnings per share is now anticipated in the band of \$3.25-\$3.40. The mid-point of the range suggests year-over-year growth of 4%.

Free cash flow is estimated between \$500 million and \$550 million. The company plans capital expenditures of around \$210 million for the year and Reinvent SEE restructuring, and associated payments of around \$40 million.

Quarter Ending 12/2020

Report Date	Feb 09, 2021
Sales Surprise	2.92%
EPS Surprise	12.66%
Quarterly EPS	0.89
Annual EPS (TTM)	3.20

Valuation

Sealed Air Corporation's shares are up 6.0% in the trailing 6-month period and 46.7% over the trailing 12-month period. Stocks in the Zacks Containers – Paper and Packaging industry and the Zacks Industrial Products sector are up 16.8% and 48.7% in the trailing six-month period, respectively. Over the past year, the Zacks sub-industry and the sector are up 43.8% and 100.7%, respectively.

The S&P 500 index is up 18.6% in the trailing 6-month period and 49.3% in the past year.

The stock is currently trading at 13.10X forward 12-month earnings, which compares with 16.98X for the Zacks sub-industry, 22.73X for the Zacks sector and 22.90X for the S&P 500 index.

Over the past five years, the stock has traded as high as 27.38X and as low as 5.93X, with a 5-year median of 15.49X.

Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$48 price target reflects 13.91X forward 12-month earnings.

The table below shows summary valuation data for SEE:

Valuation Multiples - SEE					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	13.1	16.98	22.73	22.9
	5-Year High	27.38	18.98	23.02	23.83
	5-Year Low	5.93	7.2	12.69	15.3
	5-Year Median	15.49	16.04	18.15	18
P/S F12M	Current	1.35	2.92	4.62	4.71
	5-Year High	2.39	5.08	4.62	4.71
	5-Year Low	0.55	1.49	1.89	3.21
	5-Year Median	1.33	1.97	2.48	3.71
EV/EBITDA TTM	Current	10.46	22.53	33.33	18.2
	5-Year High	14.21	28.59	33.97	18.2
	5-Year Low	6.91	13.28	12.85	9.62
	5-Year Median	10.85	16.12	18.67	13.35

As of 04/07/2021

Source: Zacks Investment Research

Industry Analysis Zacks Industry Rank: Bottom 19% (204 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
AptarGroup, Inc. (ATR)	Neutral	3
Avery Dennison Corporation (AVY)	Neutral	3
Crown Holdings, Inc. (CCK)	Neutral	2
Greif, Inc. (GEF)	Neutral	3
Graphic Packaging Holding Company (GPK)	Neutral	3
Packaging Corporation of America (PKG)	Neutral	3
Silgan Holdings Inc. (SLGN)	Neutral	3
Sonoco Products Company (SON)	Neutral	3

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

Industry Comparison Industry: Containers - Paper And Packaging				Industry Peers		
	SEE	X Industry	S&P 500	CCK	GEF	GPK
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	2	3	3
VGM Score	A	-	-	A	A	A
Market Cap	7.16 B	6.68 B	29.90 B	13.88 B	2.80 B	5.34 B
# of Analysts	8	5	12	8	3	8
Dividend Yield	1.38%	2.16%	1.3%	0.78%	3.05%	1.60%
Value Score	A	-	-	A	A	A
Cash/Price	0.08	0.05	0.06	0.09	0.04	0.04
EV/EBITDA	10.37	11.26	16.78	11.99	9.21	9.65
PEG F1	2.07	1.92	2.38	2.99	1.60	0.59
P/B	41.59	3.66	4.00	5.32	2.22	2.76
P/CF	10.43	10.56	16.82	10.65	6.34	6.33
P/E F1	13.40	18.40	21.96	14.95	15.96	14.83
P/S TTM	1.46	1.36	3.43	1.20	0.62	0.81
Earnings Yield	7.29%	5.44%	4.46%	6.69%	6.27%	6.76%
Debt/Equity	21.63	1.40	0.66	3.08	1.87	1.71
Cash Flow (\$/share)	4.34	4.15	6.78	9.48	8.95	2.93
Growth Score	A	-	-	A	C	A
Historical EPS Growth (3-5 Years)	5.59%	10.15%	9.39%	9.76%	11.10%	9.49%
Projected EPS Growth (F1/F0)	5.72%	15.19%	15.29%	16.28%	12.42%	13.06%
Current Cash Flow Growth	14.10%	1.62%	0.44%	6.15%	-1.52%	12.14%
Historical Cash Flow Growth (3-5 Years)	-2.14%	9.59%	7.37%	11.67%	10.57%	8.34%
Current Ratio	1.38	1.55	1.39	1.15	1.36	1.09
Debt/Capital	95.58%	58.62%	41.26%	75.50%	65.41%	63.10%
Net Margin	10.26%	6.12%	10.59%	5.00%	2.20%	2.55%
Return on Equity	-3,624.73%	15.97%	14.86%	34.67%	15.78%	16.16%
Sales/Assets	0.84	0.83	0.51	0.73	0.82	0.86
Projected Sales Growth (F1/F0)	5.44%	5.24%	7.36%	9.69%	5.82%	3.71%
Momentum Score	C	-	-	F	A	D
Daily Price Change	-2.23%	-1.63%	-0.22%	-1.89%	-1.80%	-1.17%
1-Week Price Change	-2.58%	-0.37%	0.35%	2.45%	-0.96%	0.88%
4-Week Price Change	-3.50%	0.97%	3.66%	2.99%	-0.72%	6.91%
12-Week Price Change	-0.57%	3.86%	8.52%	2.60%	12.14%	3.86%
52-Week Price Change	58.13%	57.16%	54.42%	68.76%	69.29%	43.43%
20-Day Average Volume (Shares)	1,203,806	256,784	2,089,350	1,002,131	179,483	2,525,164
EPS F1 Estimate 1-Week Change	-0.18%	0.00%	0.00%	0.00%	0.00%	-0.30%
EPS F1 Estimate 4-Week Change	-0.18%	-0.11%	0.00%	0.00%	0.28%	-0.59%
EPS F1 Estimate 12-Week Change	3.65%	1.49%	2.27%	8.09%	4.62%	5.08%
EPS Q1 Estimate Monthly Change	0.00%	0.00%	0.00%	0.00%	0.00%	-0.58%

Source: Zacks Investment Research

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we maintain a balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	A
Growth Score	A
Momentum Score	C
VGM Score	A

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

Disclosures

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

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Additional Disclosure

This material represents an assessment of the market and economic environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. Forward-looking statements are subject to certain risks and uncertainties. Any statements that refer to expectations, projections or characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. Actual results, performance, or achievements may differ materially from those expressed or implied.

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

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

Glossary of Terms and Definitions

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

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

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

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

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

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