J. M. Smucker(SJM)

$114.40 (As of 10/21/20)

Price Target (6-12 Months): **$121.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 06/07/20) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5) Zacks Style Scores: Value: C | Growth: A | Momentum: B	**3-Hold** VGM:A

Summary

Smucker's shares have outpaced the industry year to date. It has been benefiting from increased demand stemming from coronavirus-led higher at-home consumption. This boosted the company's first-quarter fiscal 2021 performance, with earnings and sales increasing year over year and beating the Zacks Consensus Estimate. Notably, volume/mix improved in U.S. Retail Coffee, U.S. Retail Pet Foods and U.S. Retail Consumer Foods segments. Also, management raised its fiscal 2021 outlook. Apart from this, Smucker is benefiting from its brand-enhancement efforts. However, higher stay-at home trends have been marring the company's away from home business. Also, the company expects to see higher selling, distribution and administrative (SD&A) costs in fiscal 2021. Also, adverse impact of unfavorable foreign currency rates cannot be ignored.

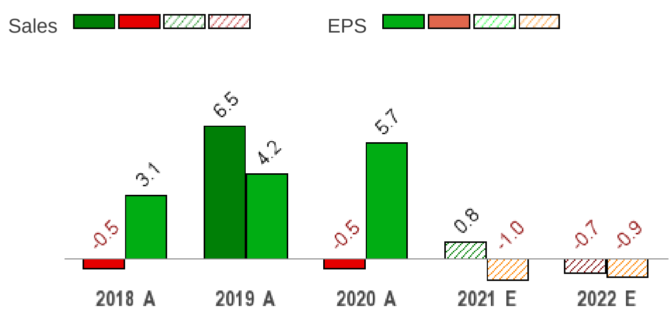
Price, Consensus & Surprise

Source: Zacks Investment Research

Data Overview

52-Week High-Low	**$125.62 - $91.88**
20-Day Average Volume (Shares)	**654,233**
Market Cap	**$13.1 B**
Year-To-Date Price Change	**9.9%**
Beta	**0.24**
Dividend / Dividend Yield	**$3.60 / 3.1%**
Industry	**Food - Miscellaneous**
Zacks Industry Rank	**Top 46% (117 out of 254)**
Last EPS Surprise	**41.1%**
Last Sales Surprise	**8.5%**
EPS F1 Estimate 4-Week Change	**0.0%**
Expected Report Date	**11/27/2020**
Earnings ESP	**0.0%**
P/E TTM	**12.0**
P/E F1	**13.2**
PEG F1	**3.3**
P/S TTM	**1.6**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2022	1,844 E	2,005 E	2,023 E	1,935 E	7,812 E
2021	1,972 A	2,008 E	1,983 E	1,901 E	7,864 E
2020	1,779 A	1,958 A	1,972 A	2,092 A	7,801 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	$1.83 E	$2.35 E	$2.36 E	$2.07 E	$8.59 E
2021	$2.37 A	$2.24 E	$2.18 E	$1.90 E	$8.67 E
2020	$1.58 A	$2.26 A	$2.35 A	$2.57 A	$8.76 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 10/21/2020. The reports text is as of 10/22/2020.

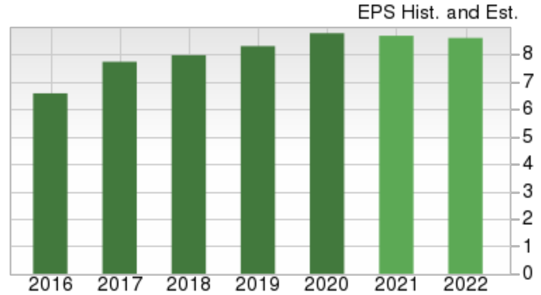
Overview

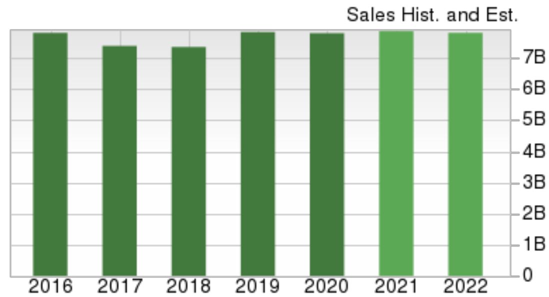
Headquartered in Orrville, OH, the J.M. Smucker Company is a leading marketer and manufacturer of consumer food and beverage products and pet food and pet snacks in North America. Although majority of the company's operations are concentrated in the United States, it also operates on an international basis.

The company boasts a strong portfolio of iconic food and beverages. It mainly caters in the areas of coffee, pet food, peanut butter, fruit spreads, baking products, ready-to-spread frostings, frozen sandwiches, flour, juices and beverages as well as portion control products.

In consumer foods and beverages, some of the renowned brands include Smucker's, Folgers, Jif, Dunkin' Donuts, Crisco, Pillsbury, R.W. Knudsen Family, Hungry Jack, Café Bustelo, Martha White, truRoots, Sahale Snacks, Robin Hood, and Bick's. In pet food and pet snacks, its brands include Meow Mix, Milk-Bone, Kibbles 'n Bits, Natural Balance, and 9Lives. We note that the acquisitions of Big Heart Pet Brands (in March 2015) and Ainsworth Pet Nutrition, LLC (in May 2018) have strengthened the company's portfolio.

The company's operations are dependent on the effective sourcing of raw materials, which are largely agriculture-based. Some of the primary input materials are green coffee, peanuts, oils and fats, protein meals, sweeteners, grains and fruits among others.





Products of the company are sold to customers through direct sales, brokers to food retailers and wholesalers. Moreover, it also sells products through club stores, pet specialty stores, discount stores, drug stores, natural foods stores, military commissaries, mass merchandisers, online retailers as well as foodservice distributors and operators.

The company has four reportable segments including: U.S. Retail Coffee Market (27.6% of FY20 sales), U.S. Retail Consumer Foods (22.2% of FY20 sales), U.S. Retail Pet Foods (36.8% of FY20 sales) as well as International and Foodservice (13.4% of FY20 sales).

Source: Zacks Investment Research

Reasons To Buy:

Smucker gains from the popularity of its brands and augments its portfolio through product launches and acquisitions. It is also on track with savings initiatives.

- **Coronavirus-Led Demand Aids Q1 Results, Impressive Outlook**: Shares of Smucker have gained 12.5% year to date against the industry's decline of 0.3%. The company posted robust first-quarter fiscal 2021 results, with the top and bottom line surpassing the Zacks Consensus Estimate. Moreover, the metrics increased year over year. Notably, adjusted earnings of $2.37 per share surged 50% driven by higher sales volumes, increased profit margins as well as reduced SD&A expenses in the quarter. Sales rose almost 11% on the back of favorable volume/mix in all retail businesses stemming from higher at-home consumption amid COVID-19.

  Impressed with fiscal first-quarter results, management raised its fiscal 2021 net sales, adjusted earnings per share (EPS) and free cash flow outlook. Smucker now expects net sales to range from flat to 1% growth. Earlier it anticipated the metric to decline 1-2% year over year. The top-line view reflects escalated at-home consumption as well as re-stocking of retailer inventory in the fiscal first quarter. Adjusted EPS for fiscal 2021 are now anticipated in the range of $8.20-$8.60. Prior to this, management expected adjusted EPS in the band of $7.90-$8.30. Free cash flow is expected in the range of $925-$975 million. Earlier, the company envisioned the metric in the band of $900-$950 million.

- **Strategic Partnerships & Acquisitions**: Smucker actively pursues strategic acquisitions both in the U.S. as well as overseas. We note that the company's acquisition of Ainsworth (completed in May 2018) has been aiding performance in the U.S. Retail Pet Foods category. Other noteworthy acquisitions of the company include; Big Heart Pet Brand (pet food maker), Sahale Snacks (branded nut and fruit snacks maker), Enray Inc. (manufacturer of organic, gluten-free ancient grain products) and coffee brands and business operations of Rowland Coffee, among others. These acquisitions have added iconic brands to the company's portfolio and strengthened its presence in the United States.

  Additionally, Smucker has formed key partnerships with quite a few coffee companies. Smucker's agreement with Keurig Green Mountain (KGM) and Dunkin' Brands Group, Inc, to manufacture and sell the K-Cup category of products, has been yielding positive results since fiscal 2016. Also, the company has been consistently extending partnership with KGM to augment K-Cup business opportunities.

- **Strong Brands & Innovation Boosting Portfolio**: Smucker offers moderately priced, exclusive quality products and has a strong brand portfolio with popular brands like Smucker's, Nature's Recipe, Dunkin' Donuts, 1850 coffee, Uncrustables, Jif and Meow Mix among others. The company is also accelerating marketing support for growth brands like Folgers. Notably, the brand increased 13% in the US Retail Coffee segment in the fiscal first quarter. Also, Smucker has effectively launched advertising campaign for ten of its biggest brands in fiscal 2020. Further, the company is on track with making expansions for one of its fastest growing brand Uncrustables.

- **Digital Platform to Boost Sales**: Growing trend of online customers has urged Smucker to take notice of its e-commerce channel to boost sales. In fact, e-commerce is a fast-growing retail channel of the company. In the digital realm, pet business has been steadily expanding. During first-quarter fiscal 2021, overall e-commerce sales have surged 70%. Management expects witnessing continued strength in the e-commerce channel in the forthcoming periods as consumers adapt to online shopping amid the pandemic. Moreover, the company is utilizing the digital platform to enhance consumer engagement.

- **Focus on Cost-Savings Bodes Well**: Smucker resorts to cost savings in order to fuel investments and enhance operating performance. Earlier in fiscal 2018, the company generated synergies of nearly $200 million from its pet food synergy program. In fiscal 2019, the company delivered savings of nearly $30 million through the right-spend program. Going ahead, management is focused on cost reduction and optimization efforts to ensure greater profitability.

  In the first quarter of fiscal 2021, adjusted gross profit increased 13% year over year to $759.2 million and adjusted gross margin expanded 80 basis points (bps) to 38.5%. Adjusted operating income increased 39% year over year to $404.5 million and adjusted operating margin expanded 420 bps to 20.5%.

- **Dividend Hike**: At a juncture where companies are suspending dividends to preserve financial flexibility, Smucker recently announced a 2.3% hike from previous dividend taking it to 90 cents per share. We note that the company's current annualized dividend rate of $3.58 a share reflects a 2.6% increase from the year-ago period's figure. Notably, Smucker has a dividend payout of 37.5%, dividend yield of 3% and free cash flow yield of 8.6%. Also, Smucker's long-term debt (less current portion) of $4,672.8 million as of Jul 31, 2020 reflected a decline of 13% on a sequential basis.

Reasons To Sell:

- **Softness in International and Away From Home Unit**: While coronavirus-led increased stay-at-home trends boosted Smucker's retail business, the same dealt a blow to its International and Away From Home. Segmental net sales decreased 9% from the prior-year quarter's level to $219.1 million led by unfavorable volume/mix to the tune of 8 percentage points in the first quarter of fiscal 2021. Notably, the away-from-home business declined 33% in the quarter, thanks to major fall in demand for coffee and portion control products due to coronavirus outbreak. Further, segment profit fell 4% caused by increased costs stemming from deleverage of fixed costs in the away from home business as well as unfavorable lower volume/mix. We believe that, persistence of this trend is likely to remain a concern for the company.

The International and Away From Home business suffered a 9% sales decline in the fiscal first quarter thanks to the coronavirus outbreak.

- **Lower Net Price Realization**: Smucker's performance has been hurt by lower net price realization for the past few quarters. During the first quarter of fiscal 2021, revenues in U.S. Retail Pet Foods unit was affected by 2 percentage point due to reduced net price realization. The downside can be attributed to higher trade spend for dog as well as cat food. Persistence of such headwinds is a concern for the company's performance.

- **Currency Headwinds**: Smucker's is exposed to unfavorable foreign currency translations owing to the company's significant exposure to international markets. The weakening of foreign currencies against the U.S. dollar may compel the company to either raise prices or lower profit margins in locations outside the country. During the first quarter of fiscal 2021, unfavorable foreign currency exchange lowered net sales by 1 percentage point in the International and Away From Home business. Therefore, volatility in exchange rates pose formidable risks for the periods ahead.

- **Escalated Cost Concerns**: Although Smucker's SD&A expenses decline year over year in the fiscal first quarter, management expects the metric to increase 1-2% in fiscal 2021. Clearly, escalated SD&A expenses remain a threat to the company's performance.

- **Intense Competition**: Smucker operates in the highly competitive food industry. The company competes with other major players on grounds of pricing, product innovation, brand recognition and loyalty, product quality, effectiveness of marketing and promotional activity and responsiveness to consumers' changing preferences. Such competitive pressures may compel the company to lower prices, which is a threat to its profits.

Last Earnings Report

Smucker Q1 Earnings Surpass Estimates, Sales Up Y/Y

Quarter Ending	07/2020
Report Date	Aug 25, 2020
Sales Surprise	8.54%
EPS Surprise	41.07%
Quarterly EPS	2.37
Annual EPS (TTM)	9.55

Smucker posted first-quarter fiscal 2021 results, with the top and the bottom line surpassing the Zacks Consensus Estimate. Moreover, sales and earnings increased year over year. The company raised its fiscal 2021 net sales, adjusted earnings per share and free cash flow outlook.

Quarter in Detail

Adjusted earnings of $2.37 per share rose 50% year over year and beat the Zacks Consensus Estimate of $1.68. The year-over-year increase can be attributed to higher sales in the quarter.

Net sales amounted to $1,971.8 million, which beat the consensus mark of $1,816.7 million. Moreover, the top line increased almost 11% year over year on the back of favorable volume/mix in all retail businesses stemming from higher at-home consumption for the U.S. Retail Coffee and U.S. Retail Consumer Foods units. However, lower volume/mix for the Away From Home business was a drag.

Adjusted gross profit increased 13% year over year to $759.2 million and adjusted gross margin expanded 80 basis points (bps) to 38.5%. Adjusted operating income increased 39% year over year to $404.5 million and adjusted operating margin expanded 420 bps to 20.5%.

Segment Performance

U.S. Retail Pet Foods: Segment sales came in at $692.6 million, up 3% from the prior-year quarter's figure. Volume/mix increased 5 percentage points led by growth in Lives and Meow Mix cat food as well as Milk-Bone dog snacks. However, net price realization was lower in the quarter.

U.S. Retail Consumer Foods: Net sales rose 22% from the year-ago quarter's levels to $489.2 million. Volume/mix improved 19 percentage points driven by higherat-home consumption and re-stocking of retailer inventory amid the COVID-19 outbreak. Moreover, favorable net pricing mostly driven by lower promotions for Jif peanut butter and Smucker's fruit spreads contributed to sales.

U.S. Retail Coffee Market: Sales in the segment increased 23% from the prior-year quarter's figure to $570.9 million. The figure was driven by higher at-home coffee consumption and retailer inventory re-stocking amid the pandemic. While volume/mix increased 23 percentage points, net price realization was neutral.

International and Away From Home: Net sales decreased 9% from the prior-year quarter's level to $219.1 million, thanks to unfavorable volume/mix to the tune of 8 percentage points. Also, unfavorable foreign currency exchange was a drag.

Financials

Smucker exited the quarter with cash and cash equivalents of $396.6 million, long-term debt (less current portion) of $4,672.8 million and total shareholders' equity of $8,345.2 million. Cash flow from operations amounted to $409 million in the fiscal first quarter and free cash flow totaled $332.4 million.

Fiscal 2021 Outlook

Smucker now expects net sales to range from flat to 1% growth. Earlier it anticipated the metric to decline 1-2% year over year. The top-line view reflects escalated at-home consumption as well as re-stocking of retailer inventory in the fiscal first quarter. However, the view includes a decline of $185 million stemming from incremental net sales in the fourth quarter of fiscal 2020 as well as coronavirus-induced decline in the Away From Home segment.

Adjusted earnings per share for fiscal 2021 are now anticipated in the range of $8.20-$8.60. Prior to this, management expected adjusted earnings per share in the band of $7.90-$8.30. Smucker's adjusted earnings came in at $8.76 per share in fiscal 2020. Gross margin is anticipated in the range of 37.5%-38%. SD&A costs are projected to increase 1-2% year over year. Free cash flow is expected in the range of $925-$975 million. Earlier, the company envisioned the metric in the band of $900-$950 million.

Recent News

Smucker Hikes Dividend – Jul 21, 2020

Smucker announced a quarterly dividend of 90 cents per share, reflecting a 2.3% hike year over year. This is payable on Sep 1, 2020, to shareholders of record as on Aug 14.

Valuation

Smucker's shares are up 12.5% in the year-to-date period and 9.5% over the trailing 12-month period. Stocks in the Zacks sub-industry are down 0.3% in the year-to-date period, while the Zacks Consumer Staples sector is 3.5%. Over the past year, the Zacks sub-industry is up 7.1%, while the sector declined 0.6%.

The S&P 500 index is up 8.5% in the year-to-date period and 16.9% in the past year.

The stock is currently trading at 13.26X forward 12-month earnings, which compares to 18.81X for the Zacks sub-industry, 19.66X for the Zacks sector and 22.2X for the S&P 500 index.

Over the past five years, the stock has traded as high as 22.25X and as low as 10.88X, with a 5-year median of 13.84X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $121 price target reflects 14.03X forward 12-month earnings.

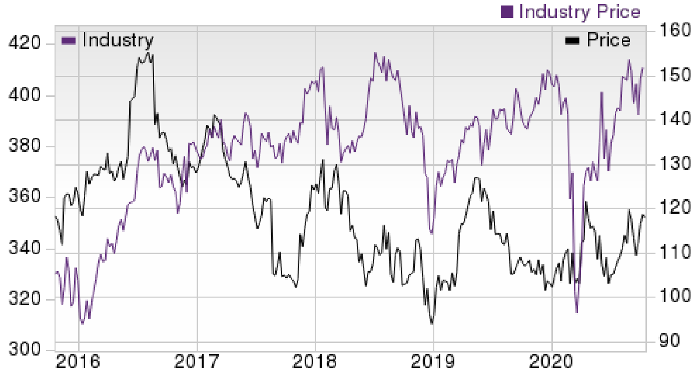
The table below shows summary valuation data for SJM

Valuation Multiples - SJM

		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	13.26	18.81	19.66	22.2
	5-Year High	22.25	22.9	22.37	23.47
	5-Year Low	10.88	14.74	16.62	15.27
	5-Year Median	13.84	18.52	19.64	17.68
P/S F12M	Current	1.67	1.71	9.49	4.11
	5-Year High	2.35	2.05	11.16	4.31
	5-Year Low	1.35	1.4	8.14	3.18
	5-Year Median	1.73	1.72	9.89	3.67
EV/EBITDA F12M	Current	10.79	12.95	35.45	17.26
	5-Year High	13.55	14.65	37.5	18.91
	5-Year Low	9.13	10.81	25.76	13.03
	5-Year Median	10.93	13.08	33.88	15.8

As of 10/21/2020 *Source: Zacks Investment Research*

Industry Analysis Zacks Industry Rank: Top 46% (117 out of 254)



Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
BG Foods, Inc. **(BGS)**	Neutral	3
BRF S.A. **(BRFS)**	Neutral	2
Conagra Brands Inc. **(CAG)**	Neutral	3
Campbell Soup Company **(CPB)**	Neutral	3
General Mills, Inc. **(GIS)**	Neutral	2
Hormel Foods Corporation **(HRL)**	Neutral	3
Post Holdings, Inc. **(POST)**	Neutral	3
Ingredion Incorporated **(INGR)**	Underperform	5

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

Industry Comparison Industry: Food - Miscellaneous

	SJM	X Industry	S&P 500	BGS	CAG	GIS
				Industry Peers		
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	2
VGM Score	A	-	-	A	A	C
Market Cap	13.05 B	3.52 B	23.50 B	1.80 B	18.12 B	37.27 B
# of Analysts	7	3	14	3	8	8
Dividend Yield	3.15%	0.00%	1.61%	6.78%	2.29%	3.35%
Value Score	C	-	-	A	C	C
Cash/Price	0.03	0.07	0.07	0.10	0.02	0.05
EV/EBITDA	10.42	12.62	13.40	12.58	14.40	12.65
PEG F1	3.30	3.93	2.75	NA	2.10	2.26
P/B	1.56	2.29	3.45	2.20	2.21	4.26
P/CF	9.02	12.17	13.17	9.96	12.01	13.28
P/E F1	13.29	18.00	22.05	12.65	14.71	16.94
P/S TTM	1.63	1.35	2.68	0.98	1.60	2.07
Earnings Yield	7.58%	5.06%	4.40%	7.92%	6.79%	5.90%
Debt/Equity	0.56	0.58	0.70	2.29	1.09	1.24
Cash Flow ($/share)	12.68	2.68	6.93	2.81	3.09	4.59
Growth Score	A	-	-	A	B	C
Historical EPS Growth (3-5 Years)	8.16%	4.99%	10.39%	-0.35%	-0.75%	4.24%
Projected EPS Growth (F1/F0)	-1.08%	12.37%	-2.30%	35.16%	10.58%	-0.28%
Current Cash Flow Growth	-2.78%	4.49%	5.49%	-0.56%	22.57%	9.11%
Historical Cash Flow Growth (3-5 Years)	11.88%	6.08%	8.50%	4.81%	4.34%	3.48%
Current Ratio	0.96	1.68	1.37	3.12	0.95	0.70
Debt/Capital	35.90%	36.72%	42.41%	69.64%	52.04%	55.30%
Net Margin	10.78%	2.97%	10.35%	6.22%	8.77%	12.78%
Return on Equity	13.28%	9.73%	14.78%	15.65%	15.77%	28.46%
Sales/Assets	0.48	1.02	0.51	0.55	0.51	0.59
Projected Sales Growth (F1/F0)	0.81%	0.00%	-0.53%	16.17%	-1.23%	-0.53%
Momentum Score	B	-	-	C	A	D
Daily Price Change	0.25%	0.00%	-0.36%	0.25%	-0.08%	-0.25%
1-Week Price Change	-0.67%	0.00%	0.02%	-0.70%	1.58%	0.81%
4-Week Price Change	5.64%	5.00%	6.76%	3.36%	9.54%	5.63%
12-Week Price Change	3.54%	1.26%	4.10%	1.26%	-1.44%	-5.28%
52-Week Price Change	6.11%	3.64%	1.99%	68.96%	34.33%	19.13%
20-Day Average Volume (Shares)	654,233	154,722	1,882,561	676,069	2,701,071	3,320,563
EPS F1 Estimate 1-Week Change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	0.00%	0.00%	0.14%	0.00%	5.33%	2.09%
EPS F1 Estimate 12-Week Change	5.59%	3.32%	3.22%	0.76%	5.33%	1.73%
EPS Q1 Estimate Monthly Change	0.00%	0.00%	0.00%	0.00%	2.10%	-3.12%

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	C
Growth Score	A
Momentum Score	B
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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Additional Disclosure

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

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

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

Glossary of Terms and Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Periods:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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