

Urban Outfitters Inc. (URBN)

\$39.31 (As of 05/27/21)

Price Target (6-12 Months): **\$45.00**

Long Term: 6-12 Months

Zacks Recommendation: **Outperform**

(Since: 05/27/21)

Prior Recommendation: Neutral

Short Term: 1-3 Months

Zacks Rank: (1-5)

1-Strong Buy

Zacks Style Scores:

VGM:A

Value: B

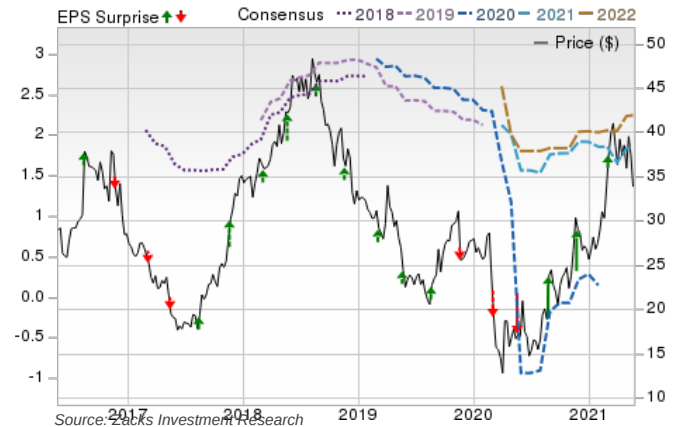
Growth: A

Momentum: A

Summary

Shares of Urban Outfitters have outperformed the industry in the past three months. Markedly, it reported robust results for first-quarter fiscal 2022 wherein the top and the bottom line beat the Zacks Consensus Estimate and also grew year over year. All the brands and segments prospered year over year and drove quarterly sales. Also, margins were impressive. We note that sturdy consumer demand at majority of the product categories with solid execution aided the retail segment comps. It also witnessed strength in the digital channel. Its FP Movement appears encouraging. Management expects the fiscal second quarter to show a steady sales improvement from the fiscal 2020 actuals. However, selling, general and administrative (SG&A) expenses shot up. Higher marketing and creative spend to fuel digital growth might increase SG&A going forward.

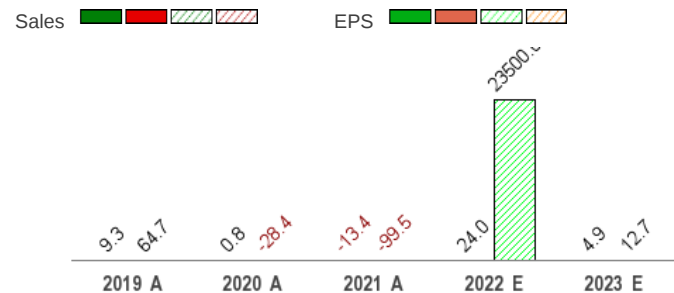
Price, Consensus & Surprise



Data Overview

52-Week High-Low	\$41.95 - \$14.41
20-Day Average Volume (Shares)	2,243,995
Market Cap	\$3.9 B
Year-To-Date Price Change	53.6%
Beta	1.59
Dividend / Dividend Yield	\$0.00 / 0.0%
Industry	Retail - Apparel and Shoes
Zacks Industry Rank	Top 23% (58 out of 250)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	237.5%
Last Sales Surprise	3.3%
EPS F1 Estimate 4-Week Change	0.7%
Expected Report Date	08/24/2021
Earnings ESP	13.3%
P/E TTM	20.0
P/E F1	16.7
PEG F1	1.5
P/S TTM	1.0

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2023	978 E	1,124 E	1,095 E	1,267 E	4,488 E
2022	927 A	1,032 E	1,080 E	1,253 E	4,279 E
2021	588 A	803 A	970 A	1,088 A	3,450 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2023	\$0.65 E	\$0.90 E	\$0.76 E	\$0.65 E	\$2.66 E
2022	\$0.54 A	\$0.70 E	\$0.65 E	\$0.58 E	\$2.36 E
2021	-\$1.31 A	\$0.35 A	\$0.78 A	\$0.30 A	\$0.01 A

*Quarterly figures may not add up to annual.

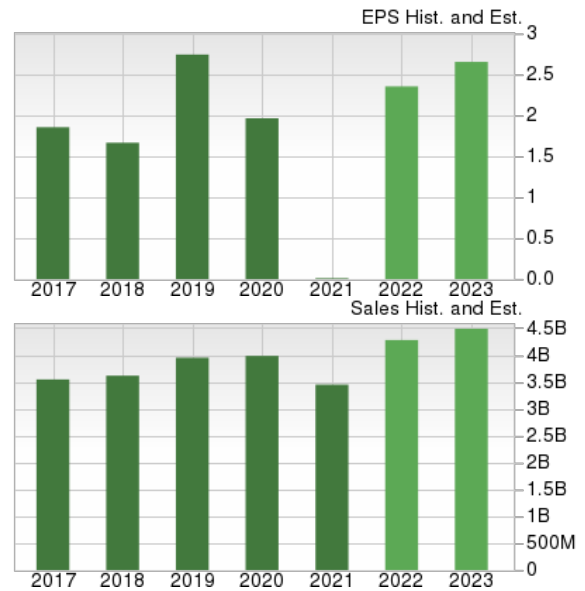
The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 05/27/2021. The report's text and the analyst-provided price target are as of 05/28/2021.

Overview

Founded in 1970 and based in Philadelphia, Pennsylvania, Urban Outfitters Inc. (URBN) is a lifestyle specialty retailer that offers fashion apparel and accessories, footwear, home décor and gifts products. The company's merchandises are generally sold directly to consumers through stores, catalogs, call centers and e-commerce platforms. The company has operations in the United States, Canada and Europe.

The company primarily reports through two segments: 1) Retail segment (93.6% of fiscal 2021 total sales), which comprises brands such as Urban Outfitters, Anthropologie, Free People, Terrain and BHLDN, and 2) Wholesale segment (5.7% of fiscal 2021 total sales), which is better described through Free People wholesale division (established in 1984) that designs, develops and markets contemporary casual attire for women. Free People, Anthropologie Group and Urban Outfitters wholesale sell their products through approximately 2,300 department and specialty stores worldwide, digital businesses and the Company's Retail segment.

As of Apr 30, 2021, the company operated 251 Urban Outfitters stores in the United States, Canada and Europe, offering apparel, footwear and accessories to younger men and women in the age bracket of 18 to 28 years; 238 Anthropologie Group stores in the United States, Canada and Europe, offering casual clothes and accessories, shoes, home furnishings targeted at women in the age group of 28 to 45 years; 153 Free People stores in the United States, Canada and Europe, offering private-label branded merchandise that includes apparel, intimates, shoes, accessories and gifts for women aged between 25 and 30 years; 11 Menus & Venues restaurants, and one Urban Outfitters franchisee-owned store.



Reasons To Buy:

▲ **Robust Q1 Results:** We note that shares of Urban Outfitters have gained 12.2% over the past three months and outperformed the industry's 1.4% dip. Meanwhile, the company reported sturdy first-quarter fiscal 2022 results wherein both the top and the bottom line outpaced the Zacks Consensus Estimate and also improved year over year. Also, both sales and earnings compared favorably with the respective tallies of fiscal 2020. Markedly, the company's all brands and segments grew year over year during first-quarter fiscal 2022. In the reported quarter, net sales increased 57.6% year over year. Brandwise, the metric was up 47.4% year over year at Urban Outfitters, 51% at Anthropologie Group and 97.6% at Free People. Also, Menus & Venues net sales jumped 12.5% from the prior-year quarter while Nuuly's sales grew 23.8%. Again, segmentwise, Urban Outfitters' net sales at the Retail Segment increased 53% while the same at the Wholesale Segment was up 196% year over year. In addition, margins were impressive in the quarter.

We expect Urban Outfitters to experience growth on the back of its technological advancements and merchandising improvements plus store-rationalization efforts. Its FP Movement also bodes well.

We note that sturdy consumer demand across majority of the product categories along with solid execution boosted the retail segment comps at all brands. Also, the North American stores experienced a significant improvement as the quarter progressed and witnessed consistent strength in the digital channel. Markedly, the company saw progress in its full-priced selling and the corresponding decline in markdown sales across each brand.

▲ **Outlook:** Management expects the fiscal second quarter to continue witnessing a steady sales improvement from the fiscal 2020 reading. It believes that retail segment comp sales will grow in the mid-teens range, pushing up the overall company sales to the low double-digit range. We note that the Anthropologie brand's positive momentum was sustained in the fiscal second quarter with store traffic and sales exhibiting substantial advancement. Also, the brand's retail segment comps for the ongoing quarter are a double-digit positive. Given the current sales performance and projection, gross profit margins for the period might improve above 100 basis points from the fiscal 2020 actuals. This growth can be mainly driven by lower markdown rates on improving consumer demand, solid product performance and disciplined inventory control.

We note that results in Europe for May to date (until May 25) reflect that stores are performing better than expected along with the digital business continuing to witness triple digit gains. Together, the overall European retail segment sales in May are experiencing double-digit positive comps.

▲ **FP Movement Initiative:** Urban Outfitters' strategic growth initiative, FP Movement, bodes well. Management has been making investments in the Movement with digital and creative brand prospects along with the FP Movement ambassador program. Notably, the FP Movement initiative appears encouraging with strength in activewear. Management believes that the FP Movement will lure a wider base of customers at the Free People brand. So far, the company opened seven locations for the FP Movement to bolster the brand. Markedly, these stores are outpacing expectations from the overall sales volume. Going forward, the company intends to add about 16 Free People Movement stores in fiscal 2022. Having a differentiated position in the fitness and wellness space, the FP Movement offers a major growth opportunity and is expected to boost Free People's brand revenues. Management had earlier anticipated Movement's revenues to grow in excess of \$250 million in fiscal 2024.

During the first quarter of fiscal 2022, net sales were up 97.6% to \$212.8 million at Free People. The Free People's product category showed a robust comp increase, buoyed by the FP Movement brand of activewear that registered about 300% sales rise from the fiscal 2020 actuals. The overall Free People brand delivered triple-digit direct comps that countered the negative store comps. Notably, comparable Retail segment net sales at Free People grew 77% in the quarter.

▲ **Multi-brand and Multi-channel Retailer:** Being a multi-brand and multi-channel retailer, Urban Outfitters offers flexible merchandising strategy. The company also has a significant domestic and international presence with rapidly expanding e-commerce activities. The company remains committed to improve comparable-store sales performance, sustain investments in direct-to-consumer business, enhance productivity in existing channels, add new brands and optimize inventory level. The company made an unprecedented move by acquiring Philadelphia's The Vetri Family group of restaurants, including the Pizzeria Vetri chain. The attempt is seen as a part of the company's strategy to target and attract millennials to the stores. Further, the company's Anthropologie and Nordstrom had earlier entered into a partnership, whereby more than 200 items from Anthropologie Home are now available at selected Nordstrom full-line stores and on Nordstrom.com.

▲ **Nuuly Prospects Look Bright:** Urban Outfitters introduced a subscription rental service for women's clothes called Nuuly. The subscribers have to shell out \$88 each month for one six-item box. Shoppers can choose from Anthropologie, Free People and Urban Outfitters brands, third-party brand and designer labels, and rare vintage items for rent via a custom-built, digital platform. They may either worn clothes temporarily and returned them or can even buy it. Nuuly contributed \$7.8 million to net sales during the first quarter of fiscal 2022, reflecting an increase of 23.8% from the year-ago period. Going forward, management remains optimistic about the prospects of Nuuly.

▲ **Rational Store-Growth Efforts:** The company remains rational in opening stores. Encouragingly, during the first quarter of fiscal 2022, the company opened 12 retail outlets consisting of four Urban Outfitters, two Anthropologie Group stores and six Free People Group stores (including one FP Movement store). Meanwhile, it shuttered two Free People Group stores and one Anthropologie Group outlet. In the reported quarter, no franchisee-owned stores were opened or closed. For fiscal 2022, management plans opening about 54 stores and closing 18 outlets.

Risks

- **Higher SG&A Expenses:** During the first quarter of fiscal 2022, SG&A expenses grew 7.9% to \$227.1 million. Growth might probably be due to increased digital marketing expenses to drive digital sales and customer growth. With respect to SG&A, the company expects the metric to rise just below its sales growth rate for the fiscal second quarter. Higher marketing and creative spend to support digital growth as well as a planned incentive-based compensation are likely to add up to SG&A. Lower direct store controllable expenses on improved labor management are anticipated to offset the spike in SG&A costs.
 - **Financial Analysis:** Urban Outfitters ended first-quarter fiscal 2022 (as of Apr 30, 2021) with cash and cash equivalents of \$364.2 million, which reflects a decrease of 7.9% from the end of the preceding quarter. Also, the metric shows a plunge of 38.1% on a year-over-year basis. In fact, the company's cash position looks insufficient to meet the non-current portion of operating lease liabilities of about \$1,060.2 million as of Apr 30, 2021.
 - **Fashion Obsolescence:** Fashion obsolescence remains the key concern for Urban Outfitters' business model, which includes sustained focus on product and design innovation. The taste and preferences of people are ever changing, and thus one which is in fashion may become out of fashion, with the entrance of new trendier assortments in the market. So, there remains a challenge to constantly revamp its assortments for the fear of losing market share against other big players who may pour the market with more in trend collections. If the company is not successful in its approach, there is a fear that this may have an adverse impact on the company's sales and margins.
 - **Competitive Threat:** Urban Outfitters faces stiff competition in the retail segment from other department stores, discounters, home furnishing stores, specialty retailers, and direct-to-consumer businesses on attributes, such as merchandise assortment, price, quality, location, and credit facility. Aggressive pricing by competitors, may dent the company's top and bottom-line results as well as strain margins.
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Last Earnings Report

Urban Outfitters Q1 Earnings & Sales Beat, Rise Y/Y

Urban Outfitters reported sturdy first-quarter fiscal 2022 results wherein the top and the bottom line outshone the Zacks Consensus Estimate and also improved on a year-over-year basis. We note that sales across the company's all brands and segments grew year over year.

This lifestyle-specialty retail company delivered earnings per share of 54 cents that not only beat the Zacks Consensus Estimate of 16 cents but also rebounded from the year-ago quarter's loss of \$1.41. Moreover, the bottom line improved 74.2% from 31 cents per share reported in the quarter ended Apr 30, 2019.

Quarter Ending **04/2021**

Report Date	May 25, 2021
Sales Surprise	3.29%
EPS Surprise	237.50%
Quarterly EPS	0.54
Annual EPS (TTM)	1.97

In the reported quarter, net sales of \$927.4 million soared 57.6% year over year and also surpassed the Zacks Consensus Estimate of \$898 million. Also, the metric grew 7.3% from the figure reported in the quarter ended Apr 30, 2019. Brandwise, net sales were up 47.4% year over year to \$349.7 million at Urban Outfitters, 51% to \$353.6 million at Anthropologie Group and 97.6% to \$212.8 million at Free People. Again, Menus & Venues net sales amounted to \$3.6 million, up 12.5% from the prior-year quarter. Markedly, Nuuly, the subscription-based rental service for women's clothes, contributed \$7.8 million to net sales, reflecting an increase 23.8% from the year-ago period.

Deeper Insight

Segmentwise, Urban Outfitters' net sales at the Retail Segment surged 53% to \$857.5 million, while the same at the Wholesale Segment skyrocketed 196% to \$62.1 million. Comparable Retail segment net sales rose 51% on account of double-digit growth in both retail store and digital channel sales. By brand, the comparable Retail segment net sales jumped 77% at the Free People Group, 50% at the Anthropologie Group and 42% at Urban Outfitters.

We note that sturdy consumer demand across majority of the product categories along with solid execution boosted the retail segment comps at all brands. Also, the North American stores experienced a significant improvement as the quarter progressed and witnessed consistent strength in the digital channel. Markedly, the company saw growth in its full-priced selling and the corresponding decline in markdown sales across each brand.

In the quarter under review, gross profit climbed to \$300.7 million from \$11.8 million reported in the year-ago quarter. Further, gross margin expanded to 32.4% from 2%, primarily due to the adverse COVID-19 store closure impacts on the company's Retail and the Wholesale segments that were there in the year-earlier quarter.

Meanwhile, selling, general and administrative (SG&A) expenses shot up 7.9% to \$227.1 million. However, as a percentage of net sales, the metric fell to 24.5% from 35.8% recorded in the year-earlier quarter. This decline was primarily attributed to leverage in store and field management expense. Further, the company recorded an operating income of \$73.5 million against an operating loss of \$198.7 million reported in the year-ago quarter.

Other Financial Details

Urban Outfitters ended the quarter with cash and cash equivalents of \$364.2 million and total shareholders' equity of \$1,534.5 million. As of Apr 30, 2021, total inventory increased 42.3% year over year to \$477.8 million.

Further, the Philadelphia, PA-based company generated net cash of \$37.1 million from operating activities during the first quarter of fiscal 2022. For fiscal 2022, management projects capital expenditures worth \$250 million, mainly related to expanded distribution and fulfillment capacity to boost digital growth as well as store launches.

Urban Outfitters did not buy back shares in the fiscal first quarter. However, during the last fiscal year, it repurchased and subsequently retired 0.5 million shares for roughly \$7 million. As of Apr 30, 2021, the company had 25.9 million shares remaining under these programs.

Outlook

Management expects the fiscal second quarter to continue reflecting a steady sales improvement in comparison to fiscal 2020. It believes that retail segment comp sales will grow in the mid-teens range, supporting the overall company sales in the low double-digit range. The retail segment comp is likely to be partly offset by negative wholesale segment sales. We note that the Anthropologie brand's positive momentum continued in the fiscal second quarter with store traffic and sales exhibiting meaningful improvement. Also, the brand's retail segment comps for the quarter are currently a double-digit positive.

Given the current sales performance and projection, gross profit margins for the fiscal second quarter might grow more than 100 basis points from the figure registered in fiscal 2020. This growth can be mainly driven by lower markdown rates on buoyant consumer demand, a solid product performance and disciplined inventory control. Favorable markdowns are expected to offset lower initial markups weighed on by commodity and freight price increases, and deleveraged delivery and logistics costs owing to higher penetration of the digital channel.

Valuation

Urban Outfitters shares are up 40.8% in the year-to-date period and 87.8% in the trailing 12-month period. Stocks in the Zacks sub-industry are up 25% but the Zacks Retail-Wholesale sector is down 2.2%. Over the past year, the Zacks sub-industry and the sector are up 149.8% and 25.2%, respectively.

The S&P 500 index is up 12.2% in the year-to-date period and 41.2% in the past year.

The stock is currently trading at 0.8X forward 12-month sales, which compares to 1.24X for the Zacks sub-industry, 1.32X for the Zacks sector and 4.69X for the S&P 500 index.

Over the past five years, the stock has traded as high as 1.32X and as low as 0.31X, with a 5-year median of 0.78X. Our Outperform recommendation indicates that the stock will perform better than the market. Our \$45 price target reflects 0.92X forward 12-month sales.

The table below shows summary valuation data for URBN

Valuation Multiples - URBN					
		Stock	Sub-Industry	Sector	S&P 500
P/S F12M	Current	0.8	1.24	1.32	4.69
	5-Year High	1.32	1.3	1.34	4.74
	5-Year Low	0.31	0.34	0.84	3.21
	5-Year Median	0.78	0.83	1.02	3.71
P/B TTM	Current	2.31	9.42	4.85	6.7
	5-Year High	3.86	10.5	6.48	6.7
	5-Year Low	0.86	1.39	3.78	3.83
	5-Year Median	2.11	4.43	5.09	4.97
EV/EBITDA TTM	Current	23.53	27.88	17.95	16.8
	5-Year High	67.31	28.29	20.81	17.71
	5-Year Low	2.05	3.28	11.17	9.62
	5-Year Median	6.44	6.42	13.2	13.41

As of 05/27/2021

Source: Zacks Investment Research

Industry Analysis Zacks Industry Rank: Top 23% (58 out of 250)



Top Peers

Company (Ticker)	Rec	Rank
American Eagle Outfitters, Inc. (AEO)	Outperform	1
Capri Holdings Limited (CPRI)	Outperform	3
DICKS Sporting Goods, Inc. (DKS)	Outperform	1
L Brands, Inc. (LB)	Outperform	1
Abercrombie & Fitch Company (ANF)	Neutral	3
Burberry Group PLC (BURBY)	Neutral	3
Designer Brands Inc. (DBI)	Neutral	3
The Gap, Inc. (GPS)	Neutral	3

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

Industry Comparison Industry: Retail - Apparel And Shoes				Industry Peers		
	URBN	X Industry	S&P 500	AEO	ANF	DBI
Zacks Recommendation (Long Term)	Outperform	-	-	Outperform	Neutral	Neutral
Zacks Rank (Short Term)	1	-	-	1	3	3
VGM Score	A	-	-	B	A	B
Market Cap	3.86 B	1.35 B	30.19 B	6.01 B	2.73 B	1.35 B
# of Analysts	11	4	12	9	9	4
Dividend Yield	0.00%	0.00%	1.3%	1.53%	0.00%	0.00%
Value Score	B	-	-	C	A	D
Cash/Price	0.17	0.15	0.06	0.16	0.48	0.05
EV/EBITDA	24.86	4.91	17.47	-48.50	10.61	-3.09
PEG F1	1.45	1.92	2.18	NA	1.60	NA
P/B	2.52	4.17	4.19	5.12	2.87	5.13
P/CF	28.55	18.67	17.45	27.30	19.18	NA
P/E F1	16.66	21.54	21.77	18.28	28.88	39.81
P/S TTM	1.02	0.84	3.48	1.42	0.80	0.55
Earnings Yield	6.00%	3.92%	4.52%	5.48%	3.46%	2.53%
Debt/Equity	0.00	0.05	0.66	0.30	0.36	1.12
Cash Flow (\$/share)	1.18	0.85	6.82	1.20	1.94	-2.67
Growth Score	A	-	-	A	A	A
Historical EPS Growth (3-5 Years)	-33.51%	-5.16%	9.39%	-2.51%	21.17%	4.93%
Projected EPS Growth (F1/F0)	23,500.00%	101.96%	20.29%	883.90%	308.22%	111.99%
Current Cash Flow Growth	-64.22%	-34.23%	0.74%	-54.06%	-45.47%	-196.36%
Historical Cash Flow Growth (3-5 Years)	-20.61%	-4.14%	7.37%	-11.26%	-14.40%	NA
Current Ratio	1.44	1.63	1.39	2.01	1.82	1.08
Debt/Capital	0.00%	17.04%	41.55%	21.90%	26.60%	51.12%
Net Margin	5.10%	1.03%	11.79%	3.38%	5.02%	-10.42%
Return on Equity	13.39%	8.94%	16.10%	21.66%	22.88%	-43.70%
Sales/Assets	1.08	1.08	0.51	1.22	1.06	1.15
Projected Sales Growth (F1/F0)	24.05%	19.09%	9.23%	28.78%	12.81%	30.87%
Momentum Score	A	-	-	C	A	A
Daily Price Change	-0.91%	0.00%	0.09%	-0.09%	-0.67%	0.22%
1-Week Price Change	-9.48%	0.00%	-0.49%	-10.42%	-10.00%	-7.65%
4-Week Price Change	-12.16%	0.68%	0.85%	-13.52%	-5.88%	4.05%
12-Week Price Change	-0.24%	12.15%	12.34%	27.43%	35.77%	45.96%
52-Week Price Change	96.97%	126.87%	46.29%	265.11%	214.65%	227.29%
20-Day Average Volume (Shares)	2,243,995	205,628	1,936,476	3,636,095	1,977,077	1,225,231
EPS F1 Estimate 1-Week Change	0.70%	0.00%	0.00%	-1.93%	0.37%	22.22%
EPS F1 Estimate 4-Week Change	0.70%	0.00%	1.65%	-1.20%	4.77%	22.22%
EPS F1 Estimate 12-Week Change	-0.52%	2.65%	2.64%	40.85%	32.41%	90.82%
EPS Q1 Estimate Monthly Change	0.61%	0.00%	0.83%	2.77%	47.37%	26.09%

Source: Zacks Investment Research

Zacks Stock Rating System

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

Zacks Recommendation

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

Zacks Rank

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

Zacks Style Scores

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

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

Value Score	B
Growth Score	A
Momentum Score	A
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

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

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

Glossary of Terms and Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Periods:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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