

Walmart Inc. (WMT)

\$137.66 (As of 02/18/21)

Price Target (6-12 Months): **\$145.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 11/09/20)

Prior Recommendation: Outperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:B

Value: B

Growth: C

Momentum: B

Summary

Walmart has lagged the industry in the past three months. The stock took a hit following the company's fourth-quarter fiscal 2021 results, wherein earnings missed the Zacks Consensus Estimate. During the quarter, high COVID-19 costs and repayment of property tax relief in the U.K. hurt the adjusted operating income. Additionally, management's fiscal 2022 view suggests a decline in net sales and earnings per share, mainly due to divestitures. Nonetheless, earnings and sales grew year over year in the quarter, with U.S. comp sales rising for the 26th straight time. The company continues to gain on high pandemic-led demand, especially in the e-commerce channel that remained strong in all units. E-commerce sales surged 69% in the U.S. segment, clearly reflecting gains from Walmart's solid efforts to boost pickup and delivery.

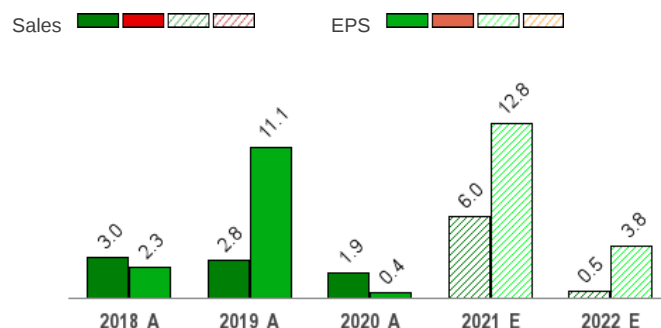
Price, Consensus & Surprise



Data Overview

52-Week High-Low	\$153.66 - \$102.00
20-Day Average Volume (Shares)	7,851,416
Market Cap	\$389.5 B
Year-To-Date Price Change	-4.5%
Beta	0.47
Dividend / Dividend Yield	\$2.16 / 1.6%
Industry	Retail - Supermarkets
Zacks Industry Rank	Top 35% (88 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-8.0%
Last Sales Surprise	2.4%
EPS F1 Estimate 4-Week Change	-0.4%
Expected Report Date	05/18/2021
Earnings ESP	2.8%
P/E TTM	25.2
P/E F1	23.9
PEG F1	5.0
P/S TTM	0.7

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	133,151 E	137,994 E	136,842 E	151,819 E	557,952 E
2021	134,622 A	137,742 A	134,708 A	148,519 E	555,284 E
2020	123,925 A	130,377 A	127,991 A	141,671 A	523,964 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	\$1.28 E	\$1.51 E	\$1.37 E	\$1.57 E	\$5.77 E
2021	\$1.18 A	\$1.56 A	\$1.34 A	\$1.51 E	\$5.56 E
2020	\$1.13 A	\$1.27 A	\$1.16 A	\$1.38 A	\$4.93 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 02/18/2021. The report's text and the analyst-provided price target are as of 02/19/2021.

Overview

Walmart Inc. has evolved from just being a traditional brick-and-mortar retailer into an omnichannel player. In this regard, acquisitions of Bonobos, Moosejaw and Parcel; partnership with Shopify and Goldman Sachs; delivery programs like Walmart + and Express Delivery; and investment in online e-commerce platform Flipkart are noteworthy. These position the company to keep pace with the changing retail ecosystem and stay firm in the presence of rivals like Amazon and Target. Markedly, Walmart's product offerings include almost everything from grocery to cosmetics, electronics to stationery, home furnishings to health and wellness products, and apparel to entertainment products, to name a few.

This Bentonville-based retailer operates variety stores, discount stores, supercenters, Sam's Clubs and Neighborhood Markets, along with the websites – walmart.com and samsclub.com. The company offers merchandise under its private-label store brands, which comprises of Equate, Faded Glory, George, Great Value, Holiday Time, Mainstays, and others. The company also markets merchandise under licensed brands, such as, Better Homes & Gardens, General Electric and more.

The company operates as Walmart in the United States (its largest segment), including the 50 states, Washington D.C. and Puerto Rico. Apart from United States, Walmart has operations in Canada, Chile, China, India, Mexico, Africa and Central America. The company operates in Mexico as Walmex and in India as Best Price. As of Feb 18, 2021, Walmart operated roughly 10,800 stores under 51 banners across 25 countries.

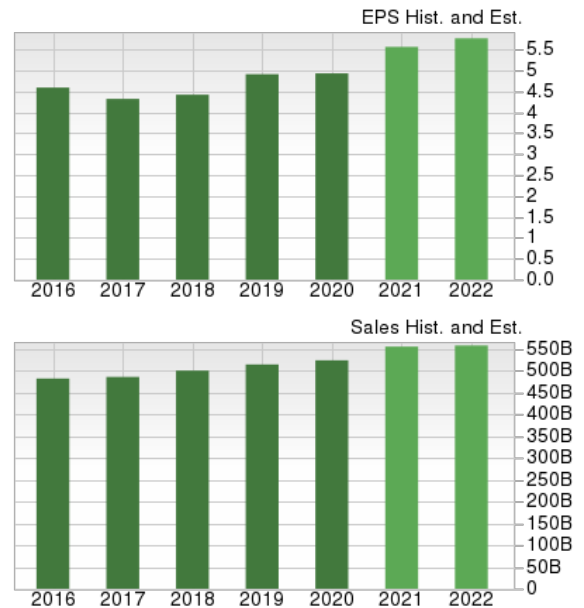
Walmart completed the divestiture of Walmart Argentina in November 2020 and Walmart U.K. in February 2021. Further, management expects the sale of its business in Japan to be concluded in the first quarter of fiscal 2022.

The company conducts its businesses under three segments:

Walmart U.S. (66.6% of fiscal 2021 revenues) operates retail stores in different formats in the U.S. and also in Puerto Rico.

Walmart International (21.9%) consists of retail operations outside the United States.

Sam's Club (11.5%) comprises membership warehouse clubs in



Source: Zacks Investment Research

Reasons To Buy:

- ▲ **High Demand Aids Q4 Results:** The company has been benefiting from burgeoning demand for essential items amid coronavirus. Further, higher stay-at-home trends are boosting e-commerce sales. Such trends drove the company in fourth-quarter fiscal 2021, wherein top and bottom lines grew year over year, reflecting continued rise in demand across categories amid the pandemic. E-commerce sales were favorable across the U.S., International and Sam's Club segments.

Total revenues grew 7.3% to \$152.1 billion. On a constant-currency or cc basis, total revenues advanced 7.5% to \$152.3 billion. The consensus mark stood at \$148.5 billion. Walmart ended fiscal 2021 on a solid note and is on track to strengthen its business on the back of its planned investments. As retail transformation accelerated in 2020, Walmart benefited from its capacities built in the previous years. The company is moving ahead with its integrated omnichannel strategy, which concentrates on being the main destination for customers, undertaking innovation to improve digital customer experience, and investing in workers. In the United States, Walmart is focused on making investments to ensure access to reasonable and high-quality healthcare options. Apart from this, the integrated omnichannel strategy includes focus on active portfolio management and capital deployment.

Walmart is gaining from its sturdy comps record, which in turn is driven by its constant omnichannel efforts. The company has been posting positive comps in the U.S. division for 26 straight quarters.

- ▲ **Solid Comps Record:** Walmart has been gaining from its sturdy comparable store sales (comps) record, which in turn is driven by its constant expansion efforts and splendid e-commerce performance. Walmart has been undertaking several efforts to enhance merchandise assortments. Also, the company has been focused on store remodeling, in an attempt to upgrade them with advanced in-store and digital innovations. Evidently, the company remodeled 145 stores in the fourth quarter. Walmart is also gaining from its compelling pricing strategy, which helps it draw customers. The fourth-quarter fiscal 2021 marked Walmart's 26th consecutive quarter of U.S. comp sales (or comps) growth. U.S. comps, excluding fuel, improved 8.6% on the back of a 21.9% rise in ticket. Comps were fueled by strength in most core categories, with general merchandise, grocery and health & wellness witnessing double-digit increases. Strong holiday season results and growth in January owing to stimulus spending, benefited comps. Walmart continued to see customers consolidating their shopping trips, leading to a bigger average basket size. Further, transaction volumes increased, thanks to extended store hours. Also, the company continued seeing an increased shift toward e-commerce, which boosted comps by 620 bps.
- ▲ **Robust E-Commerce Initiatives:** Walmart's e-commerce business and omni-channel penetration have been increasing, all the more amid the pandemic-led social distancing. Management had earlier said that it expects these trends to stay even after the current crisis dissipates. The company has long been trying every means to evolve with the changing consumer environment and stay firm amid the growing competition from Amazon. In this regard, Walmart has been taking several e-commerce initiatives, including buyouts, alliances, and improved delivery and payment systems. The company's investment in Ninjabart; contracts with Goldman Sachs, Shopify, Green Dot and Microsoft; buyouts of ShoeBuy, Moosejaw and Bonobos among others, underscore its intention to build an impressive digital brand portfolio. Further, the buyout of major stake in Flipkart has been bolstering its International segment. Walmart, in fact, revealed its strategic partnership with Flipkart, and Aditya Birla Fashion and Retail in the third quarter to improve the fashion experience in India. Apart from this, Walmart is making aggressive efforts to expand in the booming online grocery space, which has long been a major contributor to e-commerce sales. U.S. e-commerce sales soared 69% in the fourth quarter with strength across all channels and solid holiday sales at Walmart.com. Notably, marketplace and pickup & delivery sales jumped at a triple-digit rate. At Sam's Club, e-commerce sales jumped 42% on the back of a robust direct-to-home show and solid curbside performance.
- ▲ **Focus on Delivery Services & Driving Growth Amid Pandemic:** Given the rising demand for online grocery, Walmart remains committed to enrich consumers' experiences by providing easy shopping methods and seamless grocery deliveries. In fact, the company's delivery service has become all the more vital amid coronavirus-led social distancing. Walmart has taken robust strides to strengthen its delivery arm, as evident from its pilot with HomeValet, introduction Carrier Pickup by FedEx, launch of Walmart + membership program; drone delivery pilots in the United States with Flytrex, Zipline and DroneUp; and a pilot with Cruise to test grocery delivery through self-driven all-electric cars. Walmart had also unveiled an alliance with Door Dash in the third quarter of fiscal 2021 to deliver prescriptions from pharmacies of Sam's Club, alongside expanding Scan & Go to all fuel stations at U.S. Sam's Clubs. Prior to this, Walmart unveiled Express Delivery during the first quarter at several stores, which helps it deliver orders to customers in less than two hours. In earlier developments, Walmart joined hands with Point Pickup, Roadie and Postmates, alongside acquiring Parcel to enhance its delivery service. Furthermore, the company's store and curbside pickup options add to customers' convenience. As of the fiscal fourth quarter, Walmart U.S. had 3,750 pickup locations and 3,000 same-day delivery locations.
- ▲ **Financial Flexibility & Solid Dividend Track:** Walmart appears financially stable. The company's long-term debt (including lease obligations) of about \$58 billion as of the end of third-quarter fiscal 2021 (Jan 31, 2021) declined 5.8% from \$61.6 billion as of Oct 31, 2020. Further, Walmart's debt-to-capitalization ratio of nearly 0.38 at the end of the fiscal fourth quarter has improved slightly from the previous quarter level. Additionally, Walmart's cash and cash equivalents stood at \$17.7 billion as of the fourth-quarter end compared with short-term borrowings and current debt (including lease obligations) of \$5.3 billion.

Notably, Walmart looks well placed on the dividend-payout front. The company allocated \$6.1 billion toward dividend payments and \$2.6 billion toward share buybacks during the fiscal. Further, management raised its annual dividend by nearly 2%, taking it to \$2.20 per share for fiscal 2022. This reflects the company's 48th straight year of a dividend hike. Additionally, Walmart authorized a new share buyback plan of \$20 billion. Walmart has a dividend payout of 39.5%, a dividend yield of 1.6% and a free cash flow yield of 6.2%. With an annual free cash flow return on investment of 19.8%, the dividend is likely to be sustainable. As of Oct 31, 2020, S&P's, Moody's and Fitch had assigned credit ratings of AA, Aa2 and AA, respectively on Walmart's long-term debt and commercial paper, which reflects a stable outlook.

Reasons To Sell:

▼ **Lower-than-Expected Q4 Earnings & Soft View, Stock Underperforms:** Shares of Walmart have declined 8.4% in the past three months compared with the industry's drop of 1.2%. The stock took a hit when the company released fourth-quarter fiscal 2021 results, wherein the bottom line fell short of the Zacks Consensus Estimate after delivering three successive beats. Walmart's adjusted earnings came in at \$1.39 per share, compared with the Zacks Consensus Estimate of \$1.51. Results were somewhat affected by high COVID-19 costs, as well as repayment of property tax relief in the U.K.

Apart from this, management's guidance for fiscal 2022 suggests a decline in net sales, operating income as well as earnings per share, mainly due to divestitures. Incidentally, the company completed the divestiture of Walmart Argentina in November 2020 and Walmart U.K. in February 2021. Further, management expects the sale of its business in Japan to be concluded in the first quarter of fiscal 2022. Consolidated net sales in fiscal 2022 are anticipated to decline at cc. Consolidated operating income and adjusted earnings per share are also likely to see marginal declines. Excluding divestitures, management expects a low-single-digit rise in consolidated net sales. Both consolidated operating income and adjusted EPS growth are envisioned between flat to slightly up, excluding divestitures. However, this still suggests deceleration from an 11.2% jump in the EPS witnessed in fiscal 2021. This apart, increased wages for frontline workers may dent margins to an extent.

High COVID-19 expenses are a threat to margins. Further, management's fiscal 2022 view suggests a decline in net sales, operating income as well as earnings per share, mainly due to divestitures.

▼ **COVID-19-Related Costs:** Walmart has been incurring high COVID-19 costs. In fourth-quarter fiscal 2021, the company incurred roughly \$1.1 billion as additional costs related to COVID-19. This, along with repayment of property tax relief in the U.K. weighed on the company's adjusted operating income, which declined 3.2% to \$5.5 billion at cc. During the quarter, consolidated operating expenses, as a percentage of sales, increased 41 bps to 20.8% due to the abovementioned factors.

Additionally, in its fourth-quarter earnings release, management said that it remains focused on investing in its workers and creating opportunities. To this end, it is raising wages of another 425,000 frontline workers, following wage hikes for 165,000 workers, last fall. This may exert pressure on margins.

▼ **Stock Appears Overvalued:** On considering price-to-earnings (P/E) ratio, Walmart looks overvalued when compared with the industry. The stock has a trailing 12-month P/E ratio of 25.21, which is below the high level of 27.98 scaled in a year. Meanwhile, the trailing 12-month P/E ratio for the industry is currently pegged at 25.17.

▼ **Macroeconomic Issues:** The company's customers remain sensitive to macroeconomic factors including interest rate hikes, increase in fuel and energy costs, credit availability, unemployment levels, and high household debt levels, which may negatively impact their discretionary spending, and in turn, the company's growth and profitability. Apart from this, Walmart generates significant net sales outside the United States. Due to high exposure to international markets, the company remains prone to currency fluctuations, which adversely impacted Walmart International segment sales by \$0.3 million during the fiscal fourth quarter. Volatility in currency movements remains a threat.

▼ **Intense Competition:** Walmart faces intense competition from other department, discount, dollar, variety, drug and specialty stores, warehouse clubs, e-commerce businesses and supermarkets, at national, regional and global levels. The company competes on the basis of merchandise assortment, price and quality, among other factors, which may affect its results.

Last Earnings Report

Walmart Q4 Earnings Miss Estimates, Sales Increase Y/Y

Walmart posted fourth-quarter fiscal 2021 numbers. Adjusted earnings came in at \$1.39 per share, which lagged the Zacks Consensus Estimate of \$1.51. Nonetheless, the figure grew 0.7% from adjusted earnings per share of \$1.38 reported in the year-ago period. Total revenues grew 7.3% to \$152.1 billion. On a constant-currency or cc basis, total revenues advanced 7.5% to \$152.3 billion. The consensus mark stood at \$148.5 billion. Net sales increased across all three segments of the company.

Quarter Ending 01/2021

Report Date	Feb 18, 2021
Sales Surprise	2.40%
EPS Surprise	-7.95%
Quarterly EPS	1.39
Annual EPS (TTM)	5.47

Consolidated gross profit margin expanded 29 basis points (bps) to 23.7%, including favorable contributions from all operating segments, especially the Walmart U.S. gross margin, which grew 20 bps on prudent sourcing efforts, reduced markdowns, better e-commerce margins, enhanced product mix and gains from a combined omni-merchandise organization. Consolidated operating income advanced 3.1% to \$5.5 billion. However, adjusted operating income at cc dipped 3.2% to \$5.7 billion due to elevated COVID-19 costs, along with repayment of property tax relief in the U.K. Incidentally, consolidated operating expenses, as a percentage of sales, increased 41 bps to 20.8%. The company incurred roughly \$1.1 billion as additional costs related to COVID-19.

Walmart U.S.: The segment's net sales grew 7.9% to \$99.6 billion in the quarter. U.S. comp sales (or comps), excluding fuel, improved 8.6% on the back of a 21.9% rise in ticket, partly negated by a 10.9% fall in transactions. Comps were fueled by strength in most core categories, with general merchandise, grocery and health & wellness witnessing double-digit increases. Strong holiday season results and growth in January owing to stimulus spending benefited comps. Walmart continued to see customers consolidating their shopping trips, leading to a bigger average basket size. Further, transaction volumes increased, thanks to extended store hours. Also, the company continued seeing an increased shift toward e-commerce. E-commerce sales drove comps by 620 bps. E-commerce sales in the segment soared 69% with strength across all channels and solid holiday sales at Walmart.com. Notably, marketplace and pickup & delivery sales jumped at a triple-digit rate. As of the fourth quarter, Walmart U.S. had 3,750 pickup locations and 3,000 same-day delivery locations. The company remodeled 145 stores during the quarter. Adjusted operating income at the Walmart U.S. segment grew 6.5% to \$5.2 billion.

Walmart International: Segment net sales rose 5.5% to \$34.9 billion, including currency headwinds of about \$0.3 billion. At cc, net sales grew 6.3% to \$35.1 billion on the back of Walmex, Canada and Flipkart. The company saw seven out of nine markets registering positive comps. However, pandemic-related selling limitations weighed on operations in the second half of the quarter. E-commerce sales had a contribution of 18% to total segment sales. Adjusted operating income (at cc) declined 18.3% to \$1 billion.

Sam's Club: The segment, which comprises membership warehouse clubs, witnessed a net sales rise of 8.1% to \$16.5 billion. Sam's Club comps, excluding fuel, grew 10.8% on the back of broad-based category strength, mainly led by food and consumables. Comps were partially hurt by lower tobacco sales to the tune of around 410 bps. While transactions grew 8.4%, ticket climbed 2.2%. Membership income rose 12.9% in the fourth quarter, depicting the highest growth in six years. This, in turn, was a result of increased member count, overall renewal rates, Plus renewal rates and Plus penetration rates. Markedly, new member count improved roughly 28% in the quarter. E-commerce fueled comps by 280 bps. Markedly, e-commerce sales jumped 42% at Sam's Club on the back of a robust direct-to-home show and solid curbside performance. Segment operating income came in at \$0.4 billion, up 1.3% year over year.

Other Updates & Outlook

Walmart ended the quarter with cash and cash equivalents of \$17.7 billion, long-term debt (including lease obligations) of nearly \$58 billion and total equity of \$87.5 billion. In fiscal 2021, the company generated operating cash flow of \$36.1 billion and incurred capital expenditures of \$10.3 billion, resulting in a free cash flow of \$25.8 billion. The company allocated \$6.1 billion toward dividend payments and \$2.6 billion toward share buybacks during the fiscal. During fiscal 2021, the company raised its dividend for the 48th straight year and authorized a new share buyback plan of \$20 billion. In fiscal 2022, the company expects capital expenditures of roughly \$14 billion, with a focus on the supply chain, customer-facing efforts, technology and automation.

Walmart is moving ahead with its integrated omnichannel strategy, which concentrates on being the main destination for customers, undertaking innovation to improve digital customer experience, and investing in workers and creating opportunities by increasing wages for another 425,000 frontline workers. In the United States, Walmart is focused on making investments to ensure access to reasonable and high-quality healthcare options. Apart from this, the integrated omnichannel strategy includes focusing on active portfolio management and capital deployment. Walmart issued its guidance for fiscal 2022, which is based on the expectation that the sale of its business in Japan will be concluded in the first quarter of fiscal 2022. Incidentally, the company completed the divestiture of Walmart Argentina in November 2020 and Walmart U.K. in February 2021. Further, the view depends on the intensity and duration of the pandemic, effectiveness and timing of the vaccine, employment trends, consumer confidence, along with scale as well as the duration of the economic stimulus.

Consolidated net sales in fiscal 2022 are anticipated to decline at cc. Excluding divestitures, management expects a low-single-digit rise in consolidated net sales. Comp sales at both Walmart U.S. (excluding fuel) and Sam's Club (excluding fuel and tobacco) are expected to rise at a low-single-digit rate. Net sales in the Walmart International segment are anticipated to decrease at cc. Excluding the impact of divestitures, the growth rate is likely to be higher in the International segment than in the U.S. segment. Consolidated operating income is expected to drop marginally at cc, while it is anticipated to be flat to slightly up on excluding divestiture impacts. Consolidated operating income in Walmart U.S. is anticipated to grow slightly. Finally, Walmart envisions a marginal decline in adjusted earnings per share for fiscal 2022. Excluding divestitures, the same is anticipated to be flat to slightly up.

Recent News

Walmart Concludes Sale of Major Stake in UK-Based Asda - Feb 16, 2021

Walmart unveiled that the U.K.-based tycoons, the Issa brothers (Mohsin and Zuber Issa), and TDR Capital have concluded the previously announced acquisition of a major stake in Walmart's wholly-owned U.K. business, Asda. The deal was closed at an enterprise value of £6.8 billion, following which the company retains an equity investment in Asda. Walmart U.S. E-Comm

Walmart U.S. E-commerce CEO Steps Down - Jan 15, 2021

Walmart unveiled that the executive vice president, president and chief executive officer of its U.S. e-commerce business, Marc Lore, unveiled his intention to step down from the roles, with effect from Jan 31, 2020. Nonetheless, Lore will continue to serve the company as a strategic advisor till September 2021.

Walmart Tests Delivery With HomeValet's Smart Box Technology - Jan 12, 2021

Walmart unveiled its latest pilot with HomeValet, which will help Walmart deliver fresh groceries to shoppers' doors at any point, regardless of whether they are home or not. Notably, participating customers across Bentonville, AR, can get items delivered from their local Walmart stores straight to their door in a temperature-controlled HomeValet-powered smart box, starting this spring. This will enable shoppers to get fresh, safe and contactless deliveries, which has become the need of the hour.

Powered by an Internet of Things (IoT) platform, HomeValet's smart box possesses three distinct temperature-controlled areas, which can help it store refrigerated, frozen as well as pantry items properly. Further, at the time of delivery, this smart box communicates with the devices of the delivery providers and lends them access to the smart box to conclude the delivery process. Certainly, HomeValet's smart box is likely to benefit both Walmart and its customers. As customers can get groceries delivered even in their absence, the company will get the opportunity to make deliveries at any time of the day on all days of the week.

Walmart Unveils New Fintech Startup With Ribbit Capital - Jan 11, 2021

Walmart unveiled a new fintech startup, in alliance with Ribbit Capital, which is a leading fintech investment firm. The new venture, which will combine Walmart's retail knowhow and Ribbit's fintech expertise, is likely to offer tech-driven modern, innovative and reasonable financial solutions suited for customers and workers of the former. Markedly, the new company will be majorly owned by Walmart and is likely to help the supermarket giant cater to its customers' growing demand in the financial services space.

Walmart Unveils Returns Service Called Carrier Pickup by FedEx - Dec 21, 2020

Walmart has unveiled that customers can return products that have been shopped online, through its new service called Carrier Pickup by FedEx. This free service, which will be extended beyond the holiday season, includes products sold and shipped by Walmart.com. Customers can seamlessly initiate the return process through the Walmart App or online, by choosing "Drop off at FedEx" as the return option and dropping their return packages at any FedEx Office location. Certainly, Walmart's alliance with FedEx is likely to make returns easier and improve the experience of customers shopping online.

Apart from this, the company also announced some alterations to the process for customers who still prefer to return their products in store. Per this, even if customers have purchased items in store, from a third-party vendor or online, they can initiate returns online (through the app or Walmart.com). Additionally, Walmart informed that irrespective of how customers prefer to return products, the company will remain focused on accelerating their refunds.

Walmart To Host Livestream Shopping Event With TikTok - Dec 17, 2020

Walmart announced its partnership with TikTok to host an hour-long livestream event today – Dec 18, 2020. This will enable the TikTok community to purchase Walmart fashion items. Notably, users can shop products featured by 10 TikTok creators in the livestream without having to leave the platform. Walmart will be showcasing national brands such as Champion, Jordache, Kendall + Kylie in the event. Along with these, a number of private brands like Free Assembly, Scoop and Sofia Jeans will be featured in the livestream. Impressively, this livestream — Holiday Shop-Along Spectacular — will mark the first time that TikTok will host a shoppable livestream in the United States.

Walmart Offers Bonuses, Supports Workers Amid Pandemic - Dec 3, 2020

Walmart announced that it will reward its U.S.-based associates with more than \$700 million in additional cash bonuses. Additionally, the company extended its COVID-19 emergency leave policy for associates. The latest cash bonus includes \$319 million paid to associates in their Nov 25 paychecks, following the sturdy third-quarter fiscal 2021 performance. It also consists of nearly \$388 million in special cash bonuses to be paid on Dec. 24 in appreciation of associates' continued commitment toward customers during the pandemic.

Management pointed out that both full and part-time associates are eligible for the aforementioned bonuses. Markedly, the special cash bonus on Dec 24 will be received by nearly 1.5 million full- and part-time Walmart and Sam's Club associates working across stores, clubs, distribution centers and fulfillment centers. This will mark the company's fourth special cash bonus paid to its U.S. based associates since the beginning of the pandemic. As a result, Walmart's total quarterly and special cash bonuses in 2020 for its associates now amount to more than \$2.8 billion.

The company also stated that its U.S.-based hourly associates will be eligible for the special cash bonuses. The bonus amounts for its hourly associates will be similar to the previous three special cash bonuses provided during the pandemic. Accordingly, part-time and temporary hourly associates will be receiving \$150 while full-time hourly associates will be provided \$300 worth special cash bonus. Notably, more than 60% of the company's hourly associates work full-time. Moreover, drivers, coaches and assistant managers will be provided with a special cash bonus.

Walmart Boosts Walmart+ Program, Removes Shipping Minimum - Dec 2, 2020

Walmart is eliminating the shipping minimum of \$35 from its recently rolled out Walmart+ program, from Dec 4. Members of Walmart+ can get items shipped for free the next day or within two days, irrespective of the basket total. Also, the prices of all products will remain unchanged, further underscoring the company's everyday low-price commitment. However, delivery of items like groceries from Walmart's stores will continue to carry the \$35 minimum.

Additionally, Walmart unveiled that it is increasing the number of locations that can be used for fuel savings by its Walmart+ members and will include Sam's Club fuel stations across the nation. Consequently, customers can now access fuel discounts at more than 2,000 Walmart, Murphy USA and Murphy Express fuel stations, alongside having access to Sam's Club member pricing at more than 500 Sam's Club locations.

Valuation

Walmart shares are down 4.5% in the year-to-date period and up 17% over the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Retail-Wholesale sector are up 2.6% and 5.8%, respectively in the year-to-date period. Over the past year, the Zacks sub-industry was up 24.4%, while the sector gained 34%.

The S&P 500 index is up 5.2% in the year-to-date period and 18.5% in the past year.

The stock is currently trading at 23.67X forward 12-month earnings, which compares to 23.35X for the Zacks sub-industry, 31.87X for the Zacks sector and 22.9X for the S&P 500 index.

Over the past five years, the stock has traded as high as 27.24X and as low as 14.98X, with a 5-year median of 20.19X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$145 price target reflects 24.85X forward 12-month earnings.

The table below shows summary valuation data for WMT

Valuation Multiples - WMT					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	23.67	23.35	31.87	22.9
	5-Year High	27.24	24.32	34.11	23.8
	5-Year Low	14.98	15.4	19.1	15.3
	5-Year Median	20.19	19.19	23.72	17.84
P/S F12M	Current	0.7	0.52	1.39	4.59
	5-Year High	0.78	0.52	1.33	4.59
	5-Year Low	0.41	0.35	0.84	3.21
	5-Year Median	0.53	0.42	1.02	3.68
EV/EBITDA TTM	Current	11.7	12.23	19.63	16.67
	5-Year High	15.94	12.54	20.81	16.99
	5-Year Low	7.12	6.35	11.17	9.56
	5-Year Median	8.48	7.4	13.17	13.27

As of 02/18/2021

Source: Zacks Investment Research

Industry Analysis Zacks Industry Rank: Top 35% (88 out of 253)



Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
Target Corporation (TGT)	Outperform	2
Companhia Brasileira de Distribuicao (CBD)	Neutral	3
Costco Wholesale Corporation (COST)	Neutral	3
Carrefour SA (CRRFY)	Neutral	3
Jeronimo Martins SGPS SA (JRONY)	Neutral	3
J. Sainsbury PLC (JSAIY)	Neutral	3
The Kroger Co. (KR)	Neutral	3
WalMart de Mexico SAB de CV (WMMVY)	Neutral	2

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

Industry Comparison Industry: Retail - Supermarkets				Industry Peers		
	WMT	X Industry	S&P 500	CBD	CRRFY	KR
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	B	-	-	C	A	A
Market Cap	389.48 B	2.57 B	27.78 B	NA	14.27 B	25.76 B
# of Analysts	15	4.5	13	2	2	9
Dividend Yield	1.57%	1.14%	1.41%	0.72%	1.01%	2.13%
Value Score	B	-	-	B	A	A
Cash/Price	0.04	0.12	0.06	NA	0.24	0.13
EV/EBITDA	12.47	6.95	14.78	NA	NA	5.86
PEG F1	5.04	2.11	2.37	0.69	1.31	1.94
P/B	4.45	1.31	3.81	1.40	1.20	2.61
P/CF	14.56	6.78	15.45	8.26	3.80	5.34
P/E F1	23.86	19.34	20.87	14.72	10.42	12.30
P/S TTM	0.70	0.22	3.07	NA	NA	0.20
Earnings Yield	4.19%	5.23%	4.71%	6.83%	9.74%	8.13%
Debt/Equity	0.51	0.52	0.68	0.69	0.71	1.19
Cash Flow (\$/share)	9.45	3.94	6.70	1.92	0.92	6.34
Growth Score	C	-	-	C	B	A
Historical EPS Growth (3-5 Years)	3.78%	3.78%	9.32%	NA	NA	6.09%
Projected EPS Growth (F1/F0)	5.24%	5.88%	13.98%	37.82%	15.52%	-14.79%
Current Cash Flow Growth	6.44%	11.16%	2.56%	-12.81%	25.56%	20.55%
Historical Cash Flow Growth (3-5 Years)	-0.31%	3.24%	7.55%	-13.56%	3.24%	6.44%
Current Ratio	0.97	0.84	1.38	0.91	0.79	0.83
Debt/Capital	33.97%	34.26%	41.31%	40.85%	41.63%	54.28%
Net Margin	NA%	2.05%	10.60%	NA	NA	2.29%
Return on Equity	18.85%	14.14%	14.86%	3.36%	NA	27.26%
Sales/Assets	2.30	2.30	0.51	1.27	NA	2.78
Projected Sales Growth (F1/F0)	%	0.00%	6.46%	NA	6.62%	-3.73%
Momentum Score	B	-	-	C	C	C
Daily Price Change	-6.48%	0.89%	-0.05%	-2.10%	-0.85%	-1.54%
1-Week Price Change	0.08%	0.97%	1.44%	4.18%	0.58%	2.41%
4-Week Price Change	-4.96%	0.11%	1.42%	11.49%	-3.86%	1.90%
12-Week Price Change	-9.33%	8.18%	6.38%	19.85%	6.40%	4.70%
52-Week Price Change	16.97%	18.69%	8.82%	-14.21%	0.29%	13.63%
20-Day Average Volume (Shares)	0	115,026	2,013,641	0	300,551	13,331,239
EPS F1 Estimate 1-Week Change	-0.47%	0.00%	0.00%	0.00%	0.00%	0.00%
EPS F1 Estimate 4-Week Change	-0.43%	0.00%	0.68%	0.00%	3.61%	1.77%
EPS F1 Estimate 12-Week Change	-0.10%	1.23%	1.97%	0.00%	5.79%	2.14%
EPS Q1 Estimate Monthly Change	1.12%	0.35%	0.27%	NA	NA	0.25%

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	C
Momentum Score	F
VGM Score	C

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

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

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

Glossary of Terms and Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Periods:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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