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Mar 04, 2021

ExxonMobil Corporation (XOM)

$56.52 (As of 03/03/21)

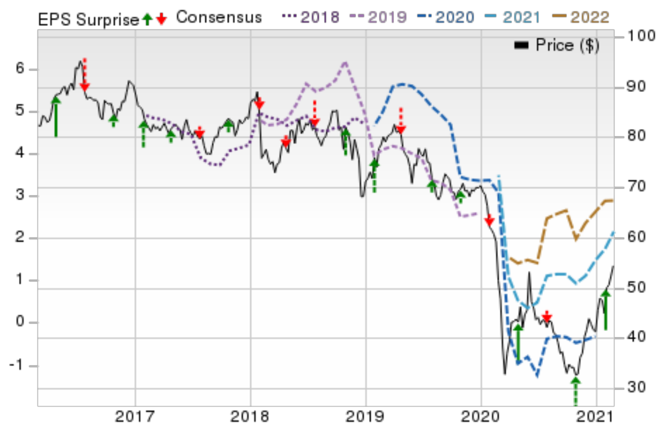
Price Target (6-12 Months): **$60.00**

Long Term: 6-12 Months	**Zacks Recommendation:** (Since: 01/15/21) Prior Recommendation: Outperform	**Neutral**
Short Term: 1-3 Months	**Zacks Rank:** (1-5) Zacks Style Scores: Value: D | Growth: F | Momentum: A	**2-Buy** VGM:D

Summary

ExxonMobil's bellwether status in the energy space, optimal integrated capital structure that has historically produced industry-leading returns and management's track record of capex discipline across the commodity price cycle make it a relatively lower-risk energy sector play. Notably, the company estimates gross recoverable resource of nearly 9 billion oil-equivalent barrels from offshore Guyana discoveries. Moreover, compared to 2019, this energy firm projects annual structural expense savings of $6 billion by 2023, aiding the bottom line. However, lower refining margin, owing to the coronavirus pandemic, has been hurting the firm's downstream unit. Owing to huge counter-cyclical capital spending program, which has been affecting its cash flow generation capabilities, the firm may need to compromise on balance sheet strength.

Price, Consensus & Surprise

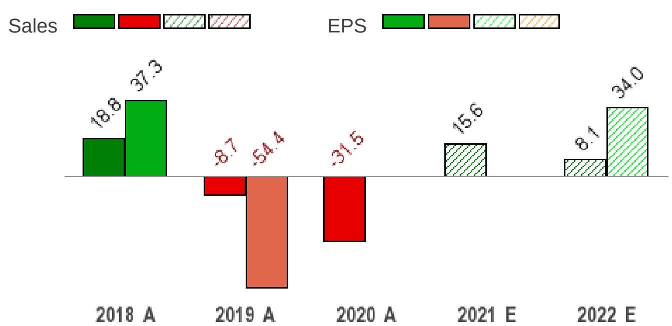


Source: Zacks Investment Research

Data Overview

52-Week High-Low	**$57.96 - $30.11**
20-Day Average Volume (Shares)	**28,092,470**
Market Cap	**$239.3 B**
Year-To-Date Price Change	**37.1%**
Beta	**1.43**
Dividend / Dividend Yield	**$3.48 / 6.2%**
Industry	**Oil and Gas - Integrated - International**
Zacks Industry Rank	**Top 18% (45 out of 254)**
Last EPS Surprise	**200.0%**
Last Sales Surprise	**-4.2%**
EPS F1 Estimate 4-Week Change	**27.4%**
Expected Report Date	**05/07/2021**
Earnings ESP	**-1.0%**
P/E TTM	**NA**
P/E F1	**25.5**
PEG F1	**4.0**
P/S TTM	**1.3**

Sales and EPS Growth Rates (Y/Y %)



Sales Estimates (millions of $)

	Q1	Q2	Q3	Q4	Annual*
2022	58,009 E	60,652 E	62,272 E	61,917 E	226,763 E
2021	52,173 E	52,577 E	54,907 E	55,931 E	209,728 E
2020	56,158 A	32,605 A	46,199 A	46,540 A	181,502 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	$0.71 E	$0.76 E	$0.79 E	$0.72 E	$2.88 E
2021	$0.39 E	$0.49 E	$0.62 E	$0.56 E	$2.15 E
2020	$0.53 A	-$0.70 A	-$0.18 A	$0.03 A	-$0.33 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 03/03/2021. The report's text and the analyst-provided price target are as of 03/04/2021.

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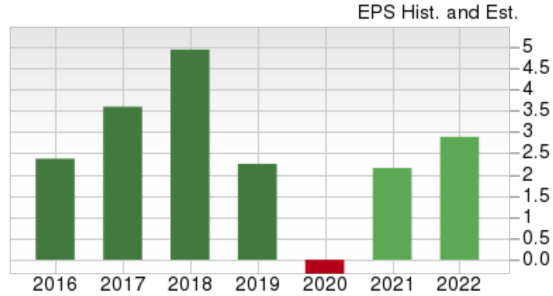
Overview

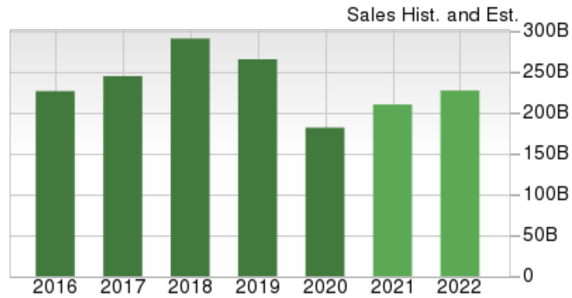
ExxonMobil's bellwether status in the energy space, optimal integrated capital structure that has historically produced industry-leading returns and management's track record of capex discipline across the commodity price cycle make it a relatively lower-risk energy sector play.

The company's upstream portfolio has not generated much production growth in 2019 and the trend isn't expected to change at least in the near term. The company nevertheless owns some of the most prolific upstream assets globally. Other aspects of the company's story include the largest global refining operations, substantial chemicals assets and a dividend history and credit profile that are second to none in the space.

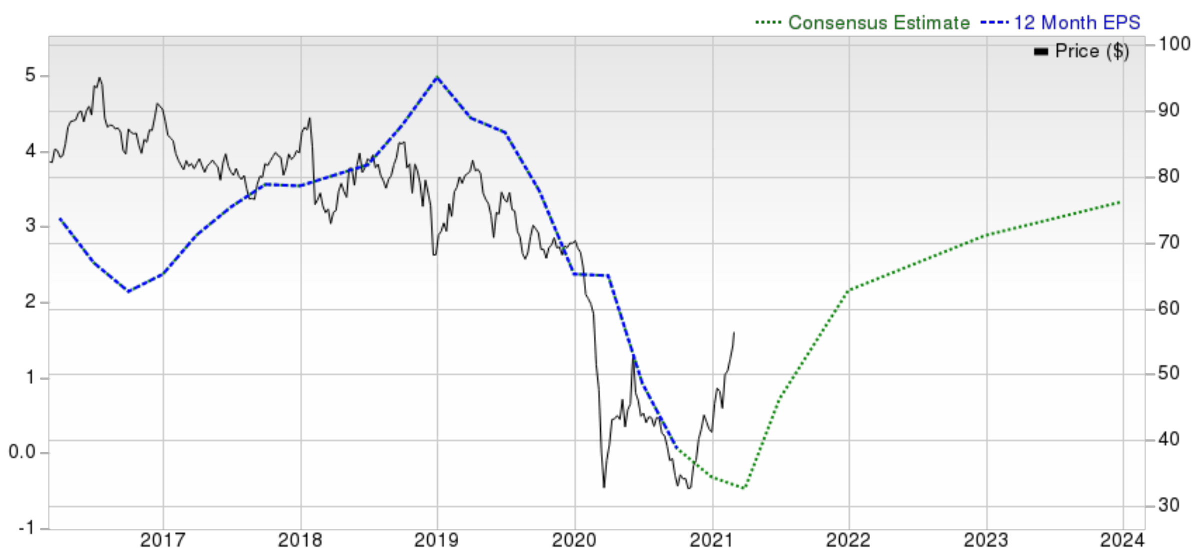
As compared to other energy giants, ExxonMobil's capital spending discipline is quite aggressive. The company has a plan in place to allocate significant proportion of its budget to key oil and gas projects that include offshore Guyana resources and Permian - the most prolific shale play in the United States.

Needless to say, the company's business perspective looks different from most peers since big oil rivals have pledged to lower carbon emissions to tackle climate change. The European oil majors believe that the energy space is evolving, calling for more investment in renewables such as wind and solar. On the contrary, ExxonMobil believes that renewables alone will not be enough to meet energy demand. The company thinks the world needs more oil in the next two decades since people's standard of living is improving over time.





Irving, TX-based ExxonMobil has a market cap of around $202 billion and divides its operations into three main segments: Upstream (exploration & production), Downstream (refining) and Chemical (manufacturing & marketing petrochemicals). In 2020, Upstream and Downstream units generated a loss of $20 billion and $1.1 billion, respectively. The Chemical segment generated a profit of $1.9 billion in 2020.



Source: Zacks Investment Research

Reasons To Buy:

Major discoveries in the Stabroek Block have enhanced prospects for ExxonMobil's upstream businesses.

- ExxonMobil's bellwether status in the energy space, optimal integrated capital structure that has historically produced industry leading returns, and management's track record of capex discipline across the commodity price cycle make it a relatively lower-risk energy sector play.

- The energy giant expects its capital spending for 2021 to get covered by cashflows with the assumption that Brent crude oil price will be at $50 per barrel mark. Moreover, compared to 2019, this integrated energy firm projects annual structural expense savings of $6 billion by 2023.

- The company made world-class oil discoveries at the Stabroek Block, located off the coast of Guyana. In the block, the company estimates gross recoverable resource of nearly 9 billion oil-equivalent barrels. Moreover, the firm projects daily Guyana oil production volumes of more than 750,000 gross barrels by 2025. For the appraisal and development of offshore Guyana resources, the company is carrying on its activities with four rigs. To ramp up activities, the integrated energy company plans to add more rigs by the first half of 2021. Notably, the company is planning to spend $16 billion to $19 billion in 2021. Also, annually through 2025, the company is willing to invest $20 billion to $25 billion. The investments will likely get allocated to profitable growth projects that will generate significant cashflow. Importantly, the company expects to generate more than 30% returns from the investments.

- At the end of fourth-quarter 2020, total cash and cash equivalents were $4.4 billion and debt amounted to $67.6 billion. Notably, the integrated energy firm has significant lower debt exposure as compared to other integrated majors. ExxonMobil has chalked out a new plan to lower greenhouse gas emissions over the next five years after the leading integrated energy firm was recently targeted by activist investors over climate change concerns. The new 2025 targets comprise plans to cut intensity of emissions from upstream operations by 15% to 20% from 2016 levels. Over the five-year span, ExxonMobil will also reduce methane intensity by 40% to 50% and flaring intensity by 35% to 45%. The target for elimination of routine flaring in the next decade is another plan which the energy giant said will align with the initiative of World Bank.

Reasons To Sell:

> Weakness in the firm's downstream business is a concern.

- Unlike the S&P 500 index which evaluates the weight of the component stocks on the basis of market capitalization, the Dow Jones Industrial Average calculates the weight on the basis of share price of the components. With Apple's planned 4-to-1 stock split, the technology sector will have less weightage in the index. Thus, to compensate for the benchmark's lower exposure to the technology sector, the price-weighted index, tracking 30 large publicly-owned companies, has replaced ExxonMobil – plummeting 8% in the past 10 years – with Salesforce.
- Lower refining margin in both U.S. and non-U.S. operations has been hurting the company's downstream operations. Notably, the segment recorded a loss of $1.2 billion against the year-ago profit of $898 million, primarily due to lower margins in both U.S. and non-U.S. operations since market demand was weak. This downside was offset partially by reduction in expenses.
- ExxonMobil has maintained its quarterly dividend at 87 cents per share. Since the coronavirus pandemic has shocked the energy market, many leading energy firms have opted to slash dividend as a measure of preserving cashflows. Hence, the company's decision to maintain dividends is worth appreciating. However, it is expected to be difficult for the energy major to sustain a high payout rate, since the company's overall business is severely affected by the coronavirus pandemic.
- Owing to ExxonMobil's huge counter-cyclical capital spending program, which has been deteriorating its cash flow generation capabilities, the company may need to compromise balance sheet strength in the medium term. Once its balance sheet strength gets compromised, ExxonMobil may be compelled to lower dividend. However, the company is unlikely to take a rash step to lower dividend in the near term since it has a long track record of increasing dividend.

Last Earnings Report

ExxonMobil Q4 Earnings Beat on Solid Chemical Margin

Quarter Ending	12/2020
Report Date	Feb 02, 2021
Sales Surprise	-4.22%
EPS Surprise	200.00%
Quarterly EPS	0.03
Annual EPS (TTM)	-0.32

ExxonMobil's fourth-quarter 2020 earnings per share of 3 cents — excluding identified items — beat the Zacks Consensus Estimate of a penny. However, the bottom line declined from the year-ago quarter's earnings of 41 cents per share.

Total revenues of $46,540 million missed the Zacks Consensus Estimate of $48,591 and also deteriorated from the year-earlier figure of $67,173 million.

The better-than-expected earnings were owing to higher chemical margins, partially offset by lower oil-equivalent production volumes and commodity prices.

Operational Performance

Upstream

The segment reported quarterly loss of $18.5 billion against a profit of $6.1 billion in the prior year. This downside was due to weak oil-equivalent production volumes and commodity prices.

Operations in the United States recorded a loss of $16.8 billion against a profit of $68 million in the December quarter of 2019. Moreover, the company reported a loss of $1.7 billion from non-U.S. operations against a profit of $6.1 billion in the year-ago quarter.

Production: Total production averaged 3.689 million barrels of oil-equivalent per day (MMBoE/D), lower than 4.018 MMBoE/D a year ago, reflecting coronavirus-induced drop in fuel demand and curtailment of volumes as mandated by the government.

Liquid production decreased to 2.325 million barrels per day (MMBbls/D) from 2.436 MMBbls/D in the prior-year quarter. While production from Europe, Africa and Asia declined significantly, it increased in Canada and the United States. Moreover, natural gas production was 8.185 billion cubic feet per day (Bcf/d), down from 9.495 Bcf/d a year ago due to lower output from Asia, Europe and the United States.

Price Realization: In the United States, the company recorded crude price realization of $39.06 per barrel, lower than the year-ago quarter's $55.61. The same metric for non-U.S. operations declined to $37.86 per barrel from the year-ago figure of $56.61. However, natural gas prices in the United States were recorded at $2.20 per thousand cubic feet (Kcf), higher than the year-ago quarter's $2.16. Nonetheless, in the non-U.S. section, the metric declined to $4.85 per Kcf from $5.89 in fourth-quarter 2019.

Downstream

The segment recorded a loss of $1.2 billion against the year-ago profit of $898 million, primarily due to lower margins in both U.S. and non-U.S. operations since market demand was weak. This downside was offset partially by reduction in expenses.

Notably, ExxonMobil's refinery throughput averaged 3.8 MMBbls/D, lower than the year-earlier level of 4.1 MMBbls/D.

Chemical

This unit recorded $691-million profit, up from $355 million of loss in the year-ago quarter on higher margins from U.S. and non-U.S. operations.

Financials

During the quarter under review, ExxonMobil generated cash flow of $4.8 billion from operations and asset divestments. The company's capital and exploration spending declined 43.6% year over year to $4.8 billion.

At the end of fourth-quarter 2020, total cash and cash equivalents were $4.4 billion and debt amounted to $67.6 billion.

Other News

In a separate release, management announced that the former Petronas president and group CEO Tan Sri Wan Zulkiflee Wan Ariffin joined its board of directors. Notably, Petronas is Malaysia's national oil and gas player.

Guidance

The energy giant expects its capital spending for 2021 to get covered by cashflows with the assumption that Brent crude oil price will be at $50 per barrel mark. Moreover, compared to 2019, this integrated energy firm projects annual structural expense savings of $6 billion by 2023.

Recent News

ExxonMobil Lowers Long-term Capex & Output Outlook – Mar 03, 2021

ExxonMobil recently announced a long-term production outlook with intention of boosting profits and cash flows. The long-term plans are expected to enable the company to increase dividend payments and reduce debt. It is also planning to commercialize low-emission technologies through carbon capture and storage, which highlights the company's efforts to abide by the Paris Agreement goals.

Capital Budget

The company estimates its 2021 capital budget to be in the range of $16-$19 billion, lower than the 2020 level of $21.4 billion, indicating a disciplined approach. Notably, capital spending is expected to vary in the range of $20-$25 billion per annum through 2025. Importantly, the energy major anticipates its investments to generate more than 30% in returns. Overall investments in carbon capture are expected to rise in the coming days.

Cost Reduction

Moreover, by 2023-end, the company expects to achieve $6 billion per annum in structural savings. Notably, it recently decided to reduce the workforce in Singapore by 7% or 300 positions. Moreover, the company is focusing on reducing carbon capture costs to boost emission-reductions. Its cost containment initiatives will likely boost its bottom line. In 2020, the company reported a historic loss followed by a dampened energy demand environment due to the coronavirus pandemic.

Production

It has decreased oil and gas production estimate to 3.7 million barrels of oil equivalent per day (MMboe/d) through 2025, indicating a decrease from 5 MMBoe/d in the previous estimate. This means, production for the next few years will remain flat with the 2020 level, even though output from the Permian Basin and Guyana will rise.

In the Permian Basin, production is expected to rise to 700,000 boe/d in 2025 from 370,000 boe/d in 2020. The world-class oil discoveries at the Stabroek Block, located off the coast of Guyana will likely have gross production of 750,000 barrels of oil by 2026. It has Hess Corporation and CNOOC Limited as partners in the block. Moreover, the company's high potential Brazilian deep-water developments will also support production.

The company's moves of focusing on the more profitable assets while divesting less profitable ones will enable it to generate more profits and cashflows while keeping the production line flat. Even in the last month, it divested more than $1 billion of U.K. North Sea upstream assets.

Abiding Paris Agreement Goals

The ExxonMobil Low Carbon Solutions business is expected to commercialize different low-emission technologies. Its R&D efforts will likely focus on those sectors of the economy which are responsible for high emissions and difficult to de-carbonize. Among others, power generation and commercial transportation are expected to be under the scope. The company will capture carbon dioxide from industrial activities and inject it into deep geological formations.

Notably, the integrated energy company produces around 1.3 million tons of hydrogen per annum. It is currently developing technologies to reduce the cost of low-carbon hydrogen and, carbon capture and storage processes. The company reduced 2020 methane emissions by 15% and flaring by 25% from 2016 levels. Furthermore, by 2025, it plans to reduce upstream greenhouse gas intensity by 15-20%, which will be backed by a reduction of 40-50% in methane intensity and 35-45% in flaring, from 2016 levels. These moves are coming at a time when other major industry peers like Royal Dutch Shell plc and BP plc are investing heavily in renewable energy sources and emission reductions.

Valuation

ExxonMobil shares are up 39.5% in the year-to-date period and 22.2% over the trailing 12-month period. Stocks in the Zacks subindustry and the Zacks Oil-Energy sector are up 21.9% and 16.6% in the year-to-date period, respectively. Over the past year, the Zacks subindustry and sector are up 4.4% and 9.4%, respectively.

The S&P 500 index is up 3.8% in the year-to-date and 32.7% in the past year.

The stock is currently trading at 0.81X forward 12-month sales, which compares to 0.6X for the Zacks sub-industry, 0.81X for the Zacks sector and 4.25X for the S&P 500 index.

Over the past five years, the stock has traded as high as 1.2X and as low as 0.61X, with a 5-year median of 0.88X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $60.00 price target reflects 1.08X F12M sales.

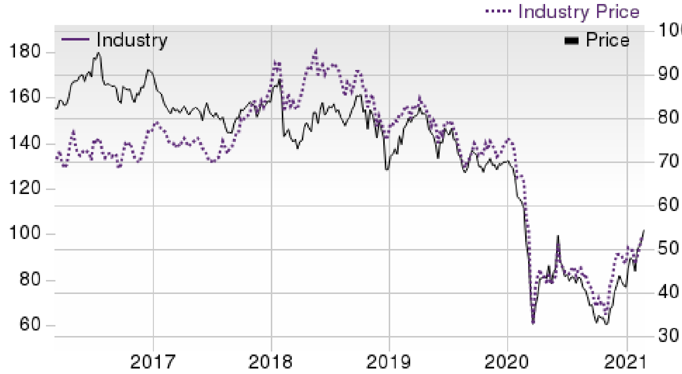
The table below shows summary valuation data for XOM.

Valuation Multiples - XOM					
		Stock	Sub-Industry	Sector	S&P 500
P/S F12M	Current	0.81	0.6	0.81	4.25
	5-Year High	1.2	0.78	0.94	4.29
	5-Year Low	0.61	0.44	0.6	3.2
	5-Year Median	0.88	0.59	0.74	3.91
	Current	9.8	4.46	5	16.34

	Current	9.8	4.46	5	16.34
EV/EBITDA TTM	5-Year High	14.06	9.87	5.68	16.53
	5-Year Low	4.6	2.84	3.09	9.54
	5-Year Median	9.65	6.04	4.35	13.98
P/B TTM	Current	0.97	0.88	1.14	6.21
	5-Year High	1.51	1.23	1.32	6.28
	5-Year Low	0.67	0.51	0.53	3.83
	5-Year Median	0.98	0.79	0.97	5.57

As of 03/03/2021 *Source: Zacks Investment Research*

Industry Analysis **Zacks Industry Rank:** Top 18% (45 out of 254)



Source: Zacks Investment Research

Top Peers

Company (Ticker)	Rec	Rank
Eni SpA **(E)**	Outperform	1
Ecopetrol S.A. **(EC)**	Outperform	1
Royal Dutch Shell PLC **(RDS.A)**	Outperform	1
TOTAL SE **(TOT)**	Outperform	2
BP p.l.c. **(BP)**	Neutral	3
Chevron Corporation **(CVX)**	Neutral	3
Marathon Petroleum Corporation **(MPC)**	Neutral	4
Phillips 66 **(PSX)**	Neutral	3

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

Industry Comparison Industry: Oil And Gas - Integrated - International

Industry Peers

	XOM	X Industry	S&P 500	BP	CVX	RDS.A
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Outperform
Zacks Rank (Short Term)	2	-	-	3	3	1
VGM Score	D	-	-	B	D	D
Market Cap	239.28 B	18.72 B	27.65 B	86.47 B	199.55 B	164.19 B
# of Analysts	8	2	13	7	8	4
Dividend Yield	6.16%	1.22%	1.4%	4.85%	4.98%	2.69%
Value Score	D	-	-	A	C	B
Cash/Price	0.02	0.24	0.06	0.42	0.03	0.23
EV/EBITDA	15.43	4.28	15.61	3.92	18.56	7.36
PEG F1	4.03	3.14	2.34	3.37	5.35	3.18
P/B	1.46	0.90	3.83	1.01	1.46	1.04
P/CF	5.36	3.96	15.50	4.52	10.11	2.87
P/E F1	25.46	15.05	20.73	13.47	26.75	12.73
P/S TTM	1.32	0.83	3.18	0.47	2.11	0.90
Earnings Yield	3.93%	4.97%	4.73%	7.43%	3.74%	7.87%
Debt/Equity	0.29	0.57	0.67	0.74	0.32	0.57
Cash Flow ($/share)	10.55	4.13	6.77	5.66	10.25	14.68
Growth Score	F	-	-	C	F	D
Historical EPS Growth (3-5 Years)	-24.18%	7.00%	9.32%	47.43%	49.59%	7.00%
Projected EPS Growth (F1/F0)	771.97%	151.66%	14.54%	212.34%	2,036.25%	166.53%
Current Cash Flow Growth	55.92%	-4.64%	0.86%	-31.15%	-53.44%	26.85%
Historical Cash Flow Growth (3-5 Years)	5.45%	-2.00%	7.37%	-1.96%	-5.67%	8.91%
Current Ratio	0.80	1.23	1.39	1.22	1.18	1.23
Debt/Capital	22.33%	36.35%	41.42%	42.52%	24.37%	36.50%
Net Margin	NA%	-11.07%	10.59%	NA	NA	NA
Return on Equity	-0.72%	-0.30%	14.75%	-6.67%	-0.30%	2.92%
Sales/Assets	0.52	0.48	0.51	0.69	0.41	0.48
Projected Sales Growth (F1/F0)	%	25.98%	7.02%	NA	NA	NA
Momentum Score	A	-	-	C	A	C
Daily Price Change	0.80%	0.00%	-0.34%	3.27%	1.12%	1.28%
1-Week Price Change	3.82%	0.00%	-1.51%	6.73%	4.38%	3.74%
4-Week Price Change	19.19%	12.58%	3.38%	20.26%	16.45%	14.02%
12-Week Price Change	32.06%	11.91%	5.67%	16.80%	14.54%	11.92%
52-Week Price Change	7.82%	-6.00%	24.18%	-22.81%	5.14%	-7.15%
20-Day Average Volume (Shares)	0	179,137	1,998,609	0	0	0
EPS F1 Estimate 1-Week Change	3.86%	0.00%	0.00%	2.69%	6.55%	0.46%
EPS F1 Estimate 4-Week Change	27.44%	6.05%	0.32%	-0.60%	14.87%	1.07%
EPS F1 Estimate 12-Week Change	95.99%	36.69%	2.13%	21.48%	52.39%	32.73%
EPS Q1 Estimate Monthly Change	48.90%	13.35%	0.00%	5.30%	11.76%	14.50%

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	D
Growth Score	F
Momentum Score	A
VGM Score	D

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

Disclosures

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

Additional Disclosure

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

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

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

Glossary of Terms and Definitions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Periods:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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