

EICHER MOTORS (EICHERMOT-IN)

Automobiles & Auto Parts / Automobiles & Auto Parts / Auto & Truck Manufacturers

DETAILED STOCK REPORT

Report Date: 2024-Mar-06

Last Close <b>3,793.20 (INR)</b>	Avg Daily Vol <b>622,480</b>	52-Week High <b>4,200.00</b>	Trailing PE <b>27.1</b>	Annual Div <b>37.00</b>	ROE <b>24.5%</b>	LTG Forecast <b>16.3%</b>	1-Mo Return <b>-3.8%</b>
2024 March 06 NSE Exchange	Market Cap <b>1.1T</b>	52-Week Low <b>2,836.00</b>	Forward PE <b>23.7</b>	Dividend Yield <b>1.0%</b>	Annual Rev <b>160.8B</b>	Inst Own <b>30.0%</b>	3-Mo Return <b>-6.3%</b>

AVERAGE SCORE

**POSITIVE OUTLOOK:** EICHERMOT's current score of 9 places it within the top 15% of stocks scored.

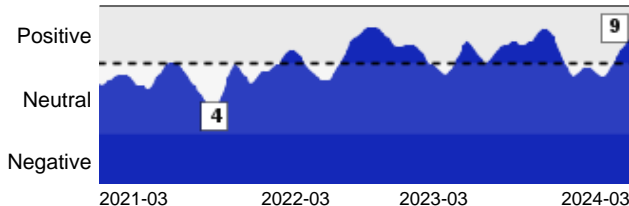
AVERAGE  
SCORE

9

Score Averages

Automobiles & Auto Parts Group:	7.0	Large Market Cap:	6.8
Automobiles & Auto Parts Sector:	7.0	BSE Sensex Index:	7.9

Average Score Trend (4-Week Moving Avg)



HIGHLIGHTS

- The score for Eicher Motors has been on a positive trend from 6 to 9 over the past 13 weeks.
- The recent change in the Average Score was primarily due to an improvement in the Price Momentum and Earnings component scores.

I/B/E/S MEAN

Hold

32 Analysts

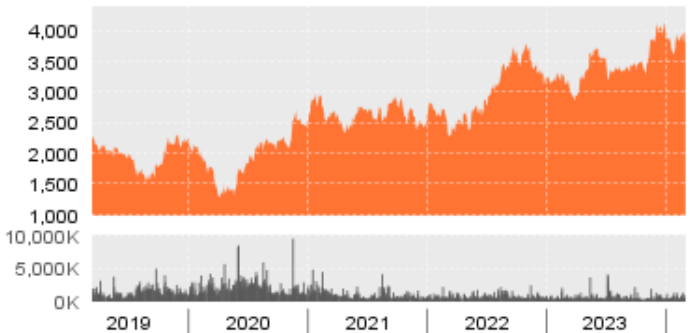
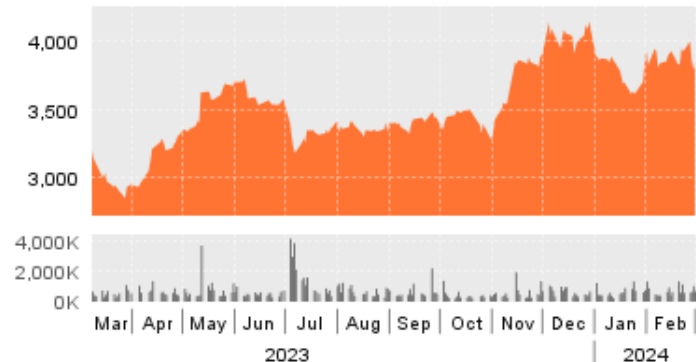
Mean recommendation from all analysts covering the company on a standardized 5-point scale.

Strong Sell	Sell	Hold	Buy	Strong Buy
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PRICE AND VOLUME CHARTS

1-Year Return: 19.8%

5-Year Return: 76.4%



BUSINESS SUMMARY

Eicher Motors Limited is an India-based multinational automobile company. The Company is engaged in the manufacturing and selling of motorcycles, spare parts and related services. The Company primarily operates in the automotive segment. The automotive segment includes all activities related to development, design, manufacture, assembly and sale of two-wheelers as well as sale of related parts and accessories. Its flagship brand Royal Enfield, which is engaged in motorcycle business. Royal Enfield's motorcycle products include Interceptor 650, Continental GT 650, Classic, Bullet and Himalayan. Royal Enfield's portfolio also includes apparels and motorcycle accessories, including protective riding apparel, riding accessories, protective seats, bodywork, controls, wheels, luggage and engine. Its commercial vehicle business is led by VE Commercial Vehicles. Its joint venture with AB Volvo, VE Commercial Vehicles Limited (VECV), includes a range of Eicher branded trucks and buses.

EICHER MOTORS (EICHERMOT-IN)

Automobiles & Auto Parts / Automobiles & Auto Parts / Auto & Truck Manufacturers

DETAILED STOCK REPORT

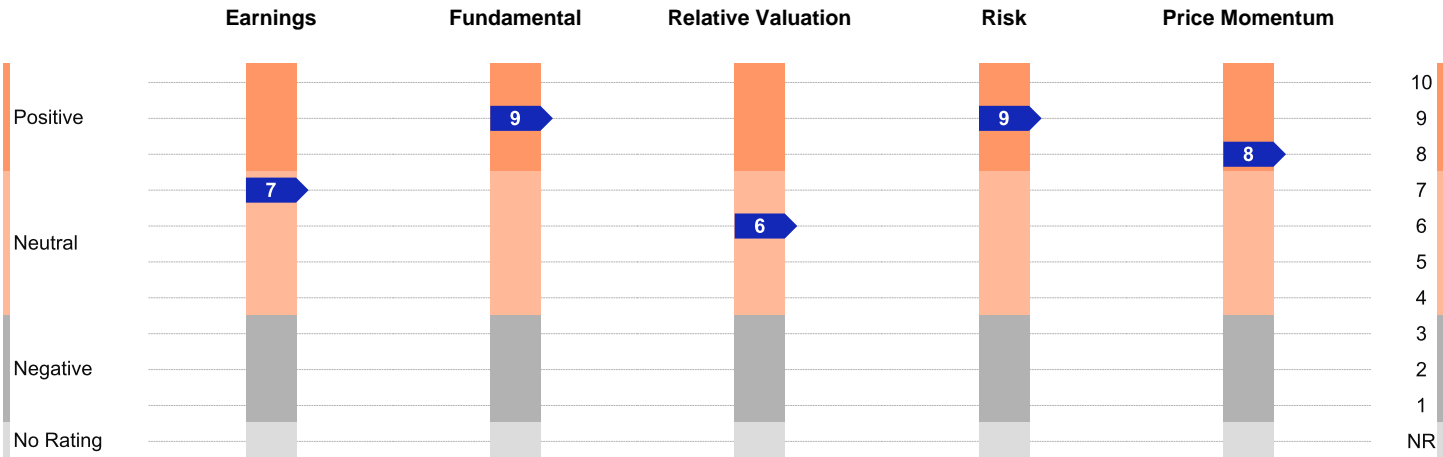
Report Date: 2024-Mar-06

INDICATOR COMPONENTS

AVERAGE  
SCORE

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The **AVERAGE SCORE** combines the quantitative analysis of five widely-used investment decision making tools: Earnings, Fundamental, Relative Valuation, Risk, and Price Momentum. A simple average of the underlying component ratings is normally distributed to rank stocks on a 1-10 scale (10 being awarded to the most favorable). These factors may be evaluated differently using alternative methodologies and the importance of individual factors varies across industries, market capitalization and investment styles. Additional criteria should always be used to evaluate a stock.



PEER ANALYSIS

Currency in INR

		PRICE MOMENTUM					VALUATION		FUNDAMENTAL		ANALYSTS		
Average Score	Ticker	Price (2024-03-06)	1-Mo Return	3-Mo Return	1-Yr Return	Market Cap	Trailing PE	Forward PE	Dividend Yield	Net Margin	LTG Forecast	I/B/E/S Mean	# of Analysts
10	MARUTI	11,567.05	6.7%	8.9%	34.0%	3.7T	29.3	25.4	0.78%	9.0%	23.7%	Buy	37
10	TATAMOTORS	1,017.65	8.3%	40.9%	131.2%	3.2T	20.2	14.0	0.20%	4.6%	--	Buy	29
9	M&M	1,970.65	14.1%	15.8%	55.1%	2.4T	19.5	28.5	0.82%	8.2%	--	Buy	36
10	BAJAJ.AUTO	8,605.80	11.5%	41.8%	131.2%	2.3T	31.9	27.1	1.6%	17.5%	19.6%	Hold	36
6	TVSMOTOR	2,280.00	11.4%	20.7%	107.6%	1.1T	66.3	44.2	0.22%	4.4%	--	Hold	34
9	EICHERMOT	3,793.20	-3.8%	-6.3%	19.8%	1.1T	27.1	23.7	0.98%	23.9%	16.3%	Hold	32
10	HEROMOTOCO	4,635.30	-3.1%	23.2%	86.9%	901.1B	24.3	21.4	2.4%	9.9%	--	Buy	35
9	FORCEMOT	5,900.40	43.0%	48.8%	362%	89.5B	21.5	--	0.17%	6.1%	--	--	--
3	ATULAUTO	522.10	-10.1%	-13.9%	47.4%	15.2B	226.9	--	--	1.4%	--	Strong Sell	1
4	SCOOTER	70.77	-12.6%	-2.8%	158.2%	5.9B	787.8	--	--	-2862%	--	--	--
6	HINDMOTORS	17.80	-12.8%	3.5%	29.0%	3.8B	39.6	--	--	697.4%	--	--	--
7.8	Average	3,670.97	4.8%	16.4%	105.7%	1.3T	117.7	26.3	0.90%	-189.0%	19.9%	Hold	30

PEER COMPANIES

ATULAUTO	Atul Auto	M&M	Mahindra and Mahindra
BAJAJ.AUTO	Bajaj Auto	MARUTI	Maruti Suzuki India
FORCEMOT	Force Motors	SCOOTER	Scooters India
HEROMOTOCO	Hero MotoCorp	TATAMOTORS	Tata Motors
HINDMOTORS	Hindustan Motors	TVSMOTOR	TVS Motor Co

## EARNINGS

## EARNINGS

7

Currency in INR

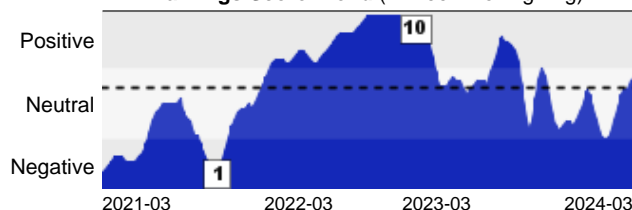
**NEUTRAL OUTLOOK:** Mixed earnings expectations and performance.

## Earnings Score Averages

Automobiles & Auto Parts Group: **5.9**  
Automobiles & Auto Parts Sector: **5.9**

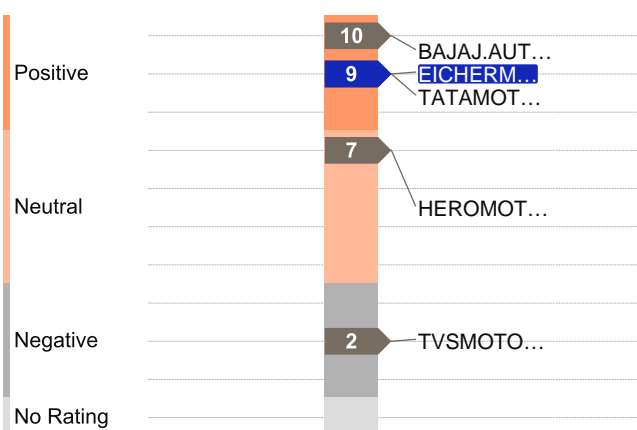
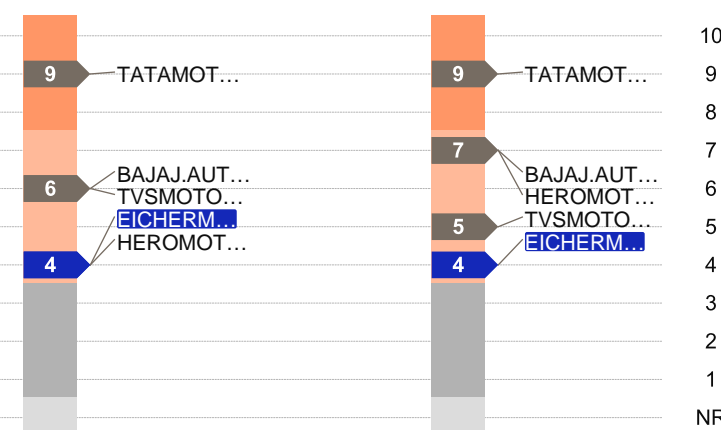
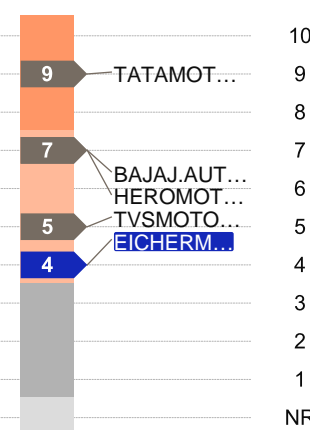
Large Market Cap: **6.0**  
BSE Sensex Index: **6.8**

## Earnings Score Trend (4-Week Moving Avg)



Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
TATAMOTORS	8	10	10	10	10	
BAJAJ.AUTO	9	10	9	9	9	
<b>EICHERMOT</b>	<b>5</b>	<b>4</b>	<b>6</b>	<b>8</b>	<b>7</b>	
HEROMOTOCO	8	10	10	7	7	
TVSMOTOR	3	2	2	3	3	

## EARNINGS INDICATORS

Earnings Surprises  
(33.3% weight)Estimate Revisions  
(33.3% weight)Recommendation Changes  
(33.3% weight)

## Last 4 Quarters

# Positive Surprises (>2%)	3
# Negative Surprises (<-2%)	0
# In-Line Surprises (within 2%)	1
Avg Surprise	9.4%

## Last 4 Weeks

# Up Revisions	0
# Down Revisions	2
Avg Up Revisions	0.00%
Avg Down Revisions	-6.3%

## Last 120 Days

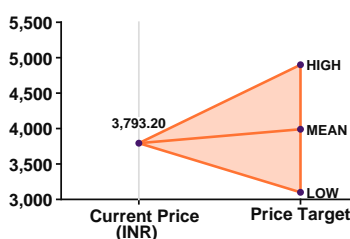
# Broker Upgrades	2
# Broker Downgrades	4

## HIGHLIGHTS

- Eicher Motors currently has an Earnings Rating of 7. The average Earnings Rating for its Auto & Truck Manufacturers industry is 7.7 and the S&P BSE SENSEX index average is 6.8.
- On 2024-02-13, the company announced quarterly earnings of 36.31 per share, relatively in-line with the consensus 36.59. Over the past 4 quarters, the company has reported 3 positive, 0 negative, and 1 in-line surprises. The average surprise for this time period has been 9.4%.
- EICHERMOT's current quarter consensus estimate has increased over the past 90 days from 39.44 to 40.79, a rise of 3.4%. Consensus estimates for the Auto & Truck Manufacturers industry have moved an average 2.0% during the same time period.

## PRICE TARGET

The chart indicates where analysts predict the stock price will be within the next 12 months, as compared to the current price.



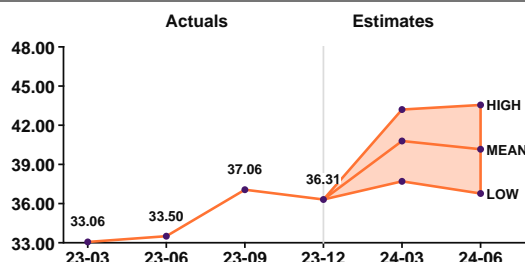
## 12-Month Price Target

Mean (INR)	3,990.00
High	4,900.00
Low	3,100.00
Target vs. Current	5.2%
# of Analysts	35

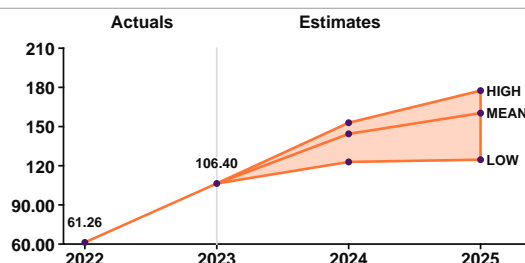
## EARNINGS PER SHARE

Earnings per share (EPS) is calculated by dividing a company's earnings by the number of shares outstanding. Analysts tend to interpret a pattern of increasing earnings as a sign of strength and flat or falling earnings as a sign of weakness.

The charts provide a comparison between a company's actual and estimated EPS, including the high and low forecasts.



Quarterly	24-03	24-06
Mean	40.790	40.160
High	43.200	43.550
Low	37.700	36.770
# of Analysts	3	2



Annual	2024	2025
Mean	144.4	160.3
High	152.9	177.5
Low	122.9	124.6
# of Analysts	25	25

## MEAN ESTIMATE TREND

	Q 24-03	Q 24-06	Y 2024	Y 2025	Price Target
Current	40.790	40.160	144.4	160.3	3,990.00
30 Days Ago	41.350	39.770	141.7	158.8	3,920.00
90 Days Ago	39.440	37.740	140.1	156.0	3,810.00
% Change (90 Days)	3.4%	6.4%	3.1%	2.8%	4.7%

Current Fiscal Year End: 24-03

Next Expected Report Date: 2024-05-09

## ANALYST RECOMMENDATIONS

I/B/E/S Mean: **Hold (32 Analysts)**

Strong Buy	6
Buy	6
Hold	12
Sell	4
Strong Sell	4

## EARNINGS SURPRISES

Comparing a company's actual earnings to the mean expectation of analysts results in a difference referred to as a 'positive' or 'negative' surprise. Research has shown that when a company reports a surprise, it is often followed by more of the same surprise type.

## Surprise Summary (Last 12 Quarters)

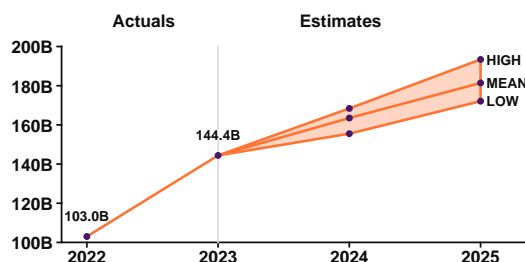
Surprise Type	Amount	Percent
Positive Quarters (> 2%)	6	50.0%
Negative Quarters (< -2%)	3	25.0%
In-Line Quarters (within 2%)	3	25.0%

## Surprise Detail (Last 6 Periods)

Surprise Type	Announce Date	Period End Date	Actual EPS	Mean EPS	Surprise (%)
In-Line	2024-02-13	2023-12-31	36.310	36.590	-0.80%
Positive	2023-11-10	2023-09-30	37.060	32.800	13.0%
Positive	2023-08-03	2023-06-30	33.500	29.550	13.4%
Positive	2023-05-11	2023-03-31	33.060	29.500	12.1%
Negative	2023-02-14	2022-12-31	27.040	70.000	-61.4%
In-Line	2022-11-10	2022-09-30	23.980	23.580	1.7%

## ANNUAL REVENUE

A pattern of increasing sales in conjunction with a rising EPS may influence a buy recommendation, while flat or falling sales and faltering earnings may explain a sell recommendation. A rising EPS with flat or falling sales may result from increased cost efficiency and margins, rather than market expansion. This chart shows the sales forecast trend of all analysts and the highest and lowest projections for the current and next fiscal year.



	2024	2025
Mean	163.5B	181.4B
High	168.4B	193.4B
Low	155.5B	172.1B
Forecasted Growth	13.2%	25.6%
# of Analysts	26	26

## FUNDAMENTAL

FUND-  
AMENTAL

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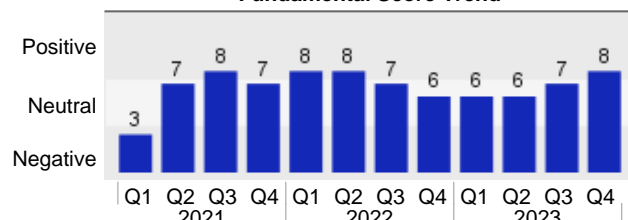
**POSITIVE OUTLOOK:** Strong fundamentals such as high profit margins, low debt levels, or growing dividends.

## Fundamental Score Averages

Automobiles & Auto Parts Group: **6.2**  
Automobiles & Auto Parts Sector: **6.2**

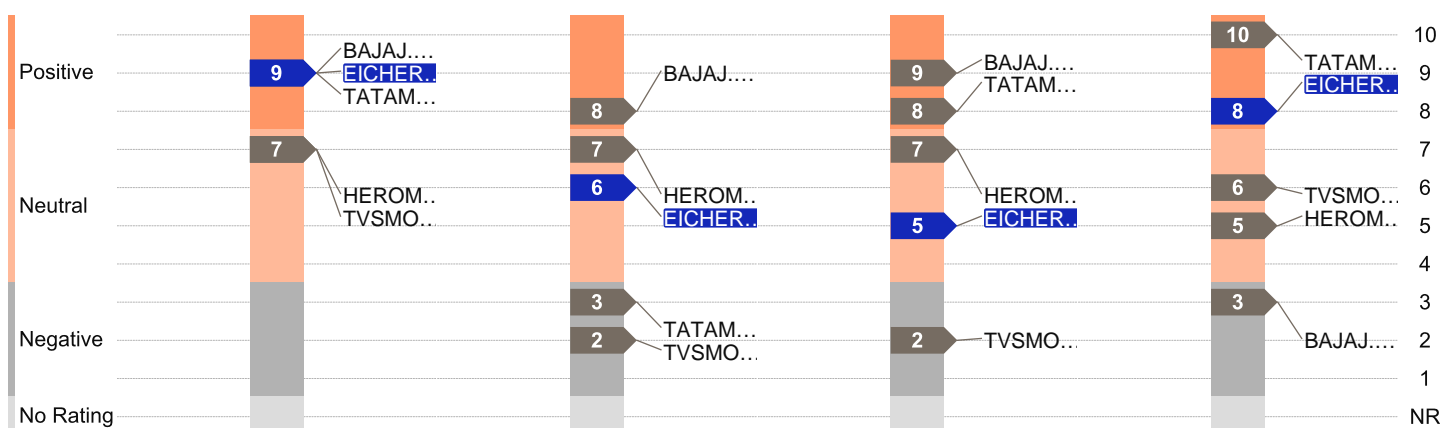
Large Market Cap: **6.4**  
BSE Sensex Index: **6.9**

## Fundamental Score Trend



Peers	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Current	3Y Trend
TATAMOTORS	3	3	5	4	10	
BAJAJ.AUTO	8	8	8	8	9	
<b>EICHERMOT</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	
HEROMOTOCO	5	6	7	7	8	
TVSMOTOR	1	2	3	3	3	

## FUNDAMENTAL INDICATORS

Profitability  
(25% weight)Debt  
(25% weight)Earnings Quality  
(25% weight)Dividend  
(25% weight)

<b>Revenue Growth</b>	16.3%	<b>Current Ratio</b>	1.2	<b>Oper. Cash Yield</b>	-19.9%	<b>Dividend Growth</b>	76.2%
For year over year ending 2023-12		For interim period ending 2023-09		For latest 12 months ending --		For year over year ending 2023-12	
<b>Gross Margin</b>	29.3%	<b>Debt-to-Capital</b>	0.9%	<b>Accruals</b>	21.3%	<b>Dividend Payout</b>	26.4%
For latest 12 months ending 2023-12		For annual period ending 2023-03		For latest 12 months ending 2023-03		For latest 12 months ending 2023-12	
<b>Return On Equity</b>	24.5%	<b>Interest Funding</b>	0.8%	<b>Days Sales In Inv.</b>	58.7	<b>Dividend Coverage</b>	5.2
For interim period ending 2023-09		For interim period ending 2023-03		For annual period ending 2023-03		For annual period ending 2023-03	
<b>Net Margin</b>	23.9%	<b>Interest Coverage</b>	105.4	<b>Days Sales In Rec.</b>	28.2	<b>Current Div. Yield</b>	1.0%
For latest 12 months ending 2023-12		For interim period ending 2023-12		For annual period ending 2023-03		For latest 12 months ending 2024-03	

## HIGHLIGHTS

- The Fundamental Rating for Eicher Motors improved significantly over the last quarter from 7 to 9. The current rating is considerably more bullish than the Automobiles & Auto Parts industry group average of 6.2.
- The company's gross margin has been higher than its industry group average for each of the past five years.
- The company's interest coverage has been higher than its industry group average for each of the past five years.
- The company's accruals ratio has been higher than its industry group average for each of the past five years.
- Of the 146 firms within the Automobiles & Auto Parts industry group, Eicher Motors is among 96 companies that pay a dividend. The stock's dividend yield is currently 0.98%.

## RELATIVE VALUATION

**NEUTRAL OUTLOOK:** Multiples relatively in-line with the market.

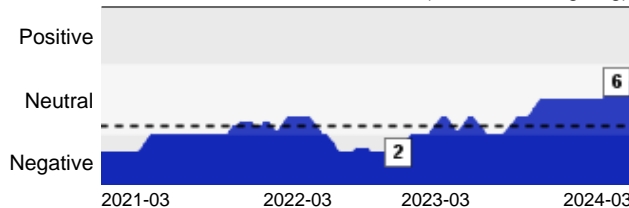
RELATIVE  
VALUATION

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## Relative Valuation Score Averages

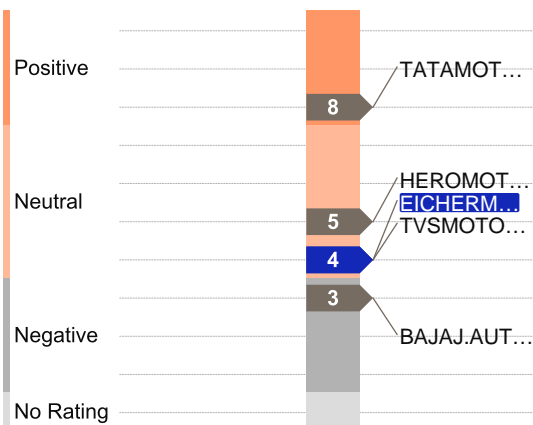
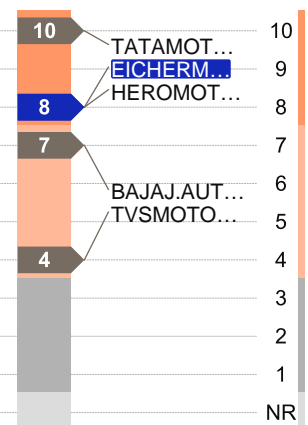
Automobiles & Auto Parts Group: **5.9** Large Market Cap: **4.6**  
Automobiles & Auto Parts Sector: **5.9** BSE Sensex Index: **5.8**

## Relative Valuation Score Trend (4-Week Moving Avg)



Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
TATAMOTORS	9	9	9	9	9	
HEROMOTOCO	7	7	6	7	7	
<b>EICHERMOT</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>6</b>	
BAJAJ.AUTO	6	5	5	4	4	
TVSMOTOR	4	3	4	4	3	

## RELATIVE VALUATION INDICATORS

Price to Sales  
(33.3% weight)Trailing PE  
(33.3% weight)Forward PE  
(33.3% weight)

Price to Sales	6.5	Trailing PE	27.1	Forward PE	23.7
5-Yr Average	7.0	5-Yr Average	38.2	5-Yr Average	29.8
Rel. to 5-Yr Avg.	7% Discount	Rel. to 5-Yr Avg.	29% Discount	Rel. to 5-Yr Avg.	20% Discount
BSE Sensex Index	3.6	BSE Sensex Index	25.4	BSE Sensex Index	23.9
Rel. to BSE Sensex	82% Premium	Rel. to BSE Sensex	7% Premium	Rel. to BSE Sensex	0.6% Discount

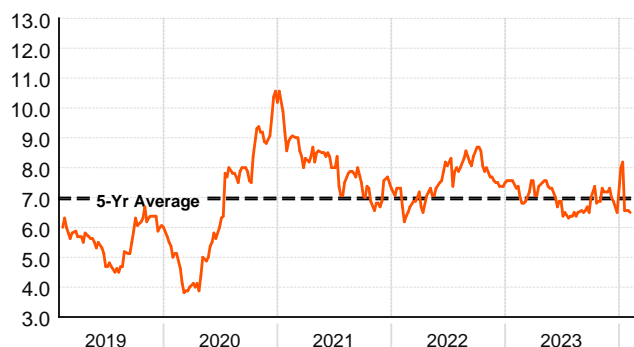
## HIGHLIGHTS

- Eicher Motors currently has a Relative Valuation Rating of 6 while the S&P BSE SENSEX index has an average rating of 5.8.
- EICHERMOT's Trailing P/E and Forward P/E are both significantly below (less expensive than) their 5-year averages.
- EICHERMOT's Price to Sales ratio of 6.5 represents a 7% Discount to its 5-year average of 7.0.
- Based on Trailing P/E, EICHERMOT currently trades at a 2% Discount to its Automobiles & Auto Parts industry group peers. On average, the company has traded at a 24% Discount over the past five years.
- At 23.7, EICHERMOT's current Forward P/E is at a 0.6% Discount to the S&P BSE SENSEX index average of 23.9.

**PRICE TO SALES**

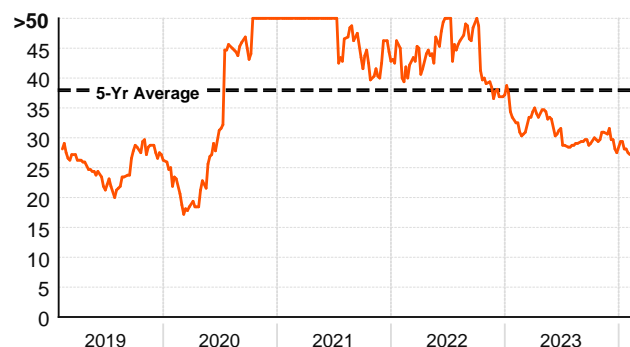
The most recent week's close price divided by the revenue per share.

Price to Sales: 6.5  
5-Year Average: 7.0  
BSE Sensex Index Average: 3.6  
Automobiles & Auto Parts Group Average: 1.5


**TRAILING PE**

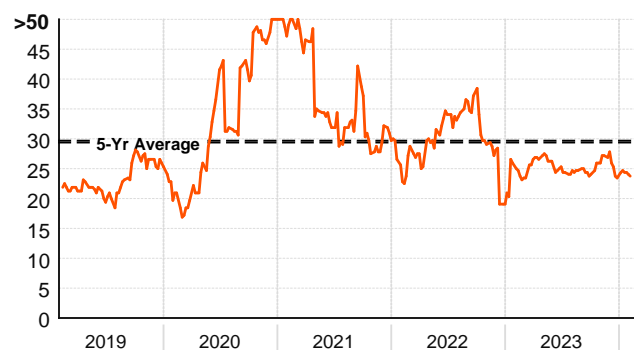
The most recent week's close price divided by the sum of the four most recently reported quarterly earnings.

Trailing PE: 27.1  
5-Year Average: 38.2  
BSE Sensex Index Average: 25.4  
Automobiles & Auto Parts Group Average: 27.6


**FORWARD PE**

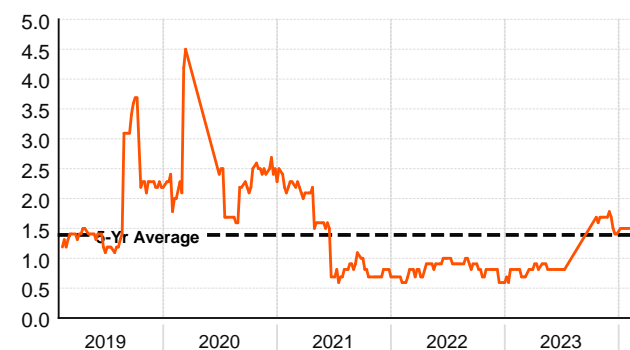
The most recent week's close price divided by the sum of the four upcoming quarterly consensus estimates.

Forward PE: 23.7  
5-Year Average: 29.8  
BSE Sensex Index Average: 23.9  
Automobiles & Auto Parts Group Average: 26.6


**FORWARD PEG**

The Forward P/E divided by the five-year forecasted growth rate.

Forward PEG: 1.5  
5-Year Average: 1.4  
BSE Sensex Index Average: 1.6  
Automobiles & Auto Parts Group Average: 1.2





## RISK

**POSITIVE OUTLOOK:** Consistent return patterns (low volatility).

RISK

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## Risk Score Averages

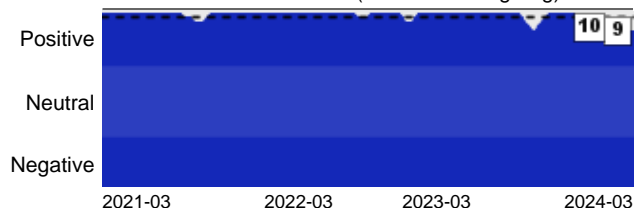
Automobiles &amp; Auto Parts Group: 7.2

Large Market Cap: 8.4

Automobiles &amp; Auto Parts Sector: 7.2

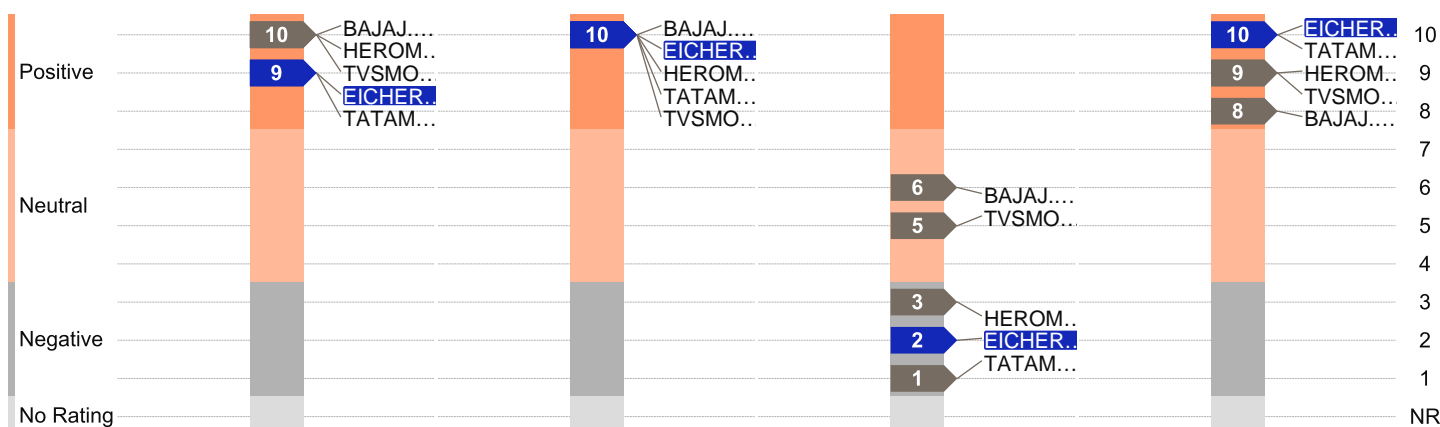
BSE Sensex Index: 9.5

## Risk Score Trend (4-Week Moving Avg)



Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
BAJAJ.AUTO	10	10	10	10	10	
HEROMOTOCO	10	10	10	10	10	
TVSMOTOR	9	10	10	10	10	
<b>EICHERMOT</b>	<b>10</b>	<b>10</b>	<b>9</b>	<b>9</b>	<b>9</b>	
TATAMOTORS	9	9	9	9	9	

## RISK INDICATORS

Magnitude of Returns  
(25% weight)Volatility  
(25% weight)Beta (1-year)  
(25% weight)Correlation  
(25% weight)

## Daily Returns (Last 90 Days)

Best	3.6%
Worst	-3.6%

## Standard Deviation

Last 90 Days	1.59
Last 60 Months	9.54
Intra-Day Swing (Last 90 Days)	
Average	2.4%
Largest	6.2%

## Beta vs. BSE Sensex

Positive Days Only	0.96
Negative Days Only	1.13
<b>Beta vs. Group</b>	0.76
Positive Days Only	0.97
Negative Days Only	0.32

## Correlation vs. BSE Sensex

Last 90 Days	35%
Last 60 Months	51%

## Monthly Returns (Last 60 Months)

Best	26.9%
Worst	-21.3%

## Intra-Day Swing (Last 90 Days)

Average	2.4%
Largest	6.2%

## Beta vs. Group

Positive Days Only	0.97
Negative Days Only	0.32

## Correlation vs. Group

Last 90 Days	37%
Last 60 Months	52%

## HIGHLIGHTS

- Eicher Motors currently has a Risk Rating of 9 while the S&P BSE SENSEX index has an average rating of 9.5.
- On days when the market is up, EICHERMOT tends to perform in-line with the S&P BSE SENSEX index. However, on days when the market is down, the shares generally decrease by more than the index does.
- In the short term, EICHERMOT has shown average correlation ( $\geq 0.2$  and  $< 0.4$ ) with the S&P BSE SENSEX index. The stock has, however, shown high correlation ( $\geq 0.4$ ) with the market in the long term.
- Over the last 90 days, EICHERMOT shares have been more volatile than the overall market, as the stock's daily price fluctuations have exceeded that of 65% of S&P BSE SENSEX index firms.

## RISK ANALYSIS

Peers	Last 90 Days				Last 60 Months		
	Best Daily Return	Worst Daily Return	# Days Up	# Days Down	Largest Intra-Day Swing	Best Monthly Return	Worst Monthly Return
<b>EICHERMOT</b>	<b>3.6%</b>	<b>-3.6%</b>	<b>34</b>	<b>30</b>	<b>6.2%</b>	<b>26.9%</b>	<b>-21.3%</b>
BAJAJ.AUTO	5.3%	-3.4%	41	23	6.5%	29.7%	-30.0%
HEROMOTOCO	4.9%	-4.5%	39	25	6.9%	35.7%	-22.2%
TATAMOTORS	5.5%	-3.3%	34	30	6.3%	51.3%	-44.9%
TVSMOTOR	4.8%	-3.1%	32	32	6.8%	19.6%	-31.7%
<b>BSE Sensex</b>	<b>1.8%</b>	<b>-2.2%</b>	<b>38</b>	<b>24</b>	<b>2.6%</b>	<b>14.4%</b>	<b>-23.1%</b>



EICHER MOTORS (EICHERMOT-IN)

Automobiles & Auto Parts / Automobiles & Auto Parts / Auto & Truck Manufacturers

DETAILED STOCK REPORT

Report Date: 2024-Mar-06

PRICE MOMENTUM

PRICE  
MOMENTUM

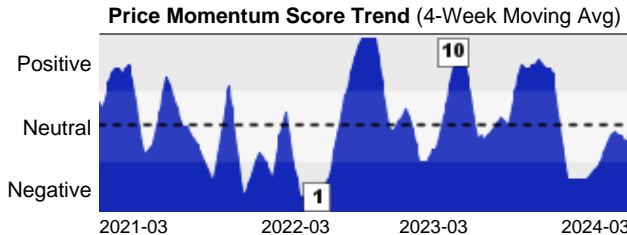
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**POSITIVE OUTLOOK:** Strong recent price performance or entering historically favorable seasonal period.

Currency in INR

Price Momentum Score Averages

Automobiles & Auto Parts Group: **6.8** Large Market Cap: **6.3**  
Automobiles & Auto Parts Sector: **6.8** BSE Sensex Index: **5.6**



Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
HEROMOTOCO	6	3	6	6	10	
BAJAJ.AUTO	9	5	7	7	9	
TVSMOTOR	10	7	8	8	9	
<b>EICHERMOT</b>	<b>8</b>	<b>2</b>	<b>4</b>	<b>4</b>	<b>8</b>	
TATAMOTORS	10	4	6	7	8	

PRICE MOMENTUM INDICATORS

Relative Strength  
(50% weight)

Seasonality  
(50% weight)



Relative Strength Indicator (Scale from 1 to 100)

	EICHERMOT	Industry Avg
Last 10 Days	44	59
Last 50 Days	50	61
Last 200 Days	53	59

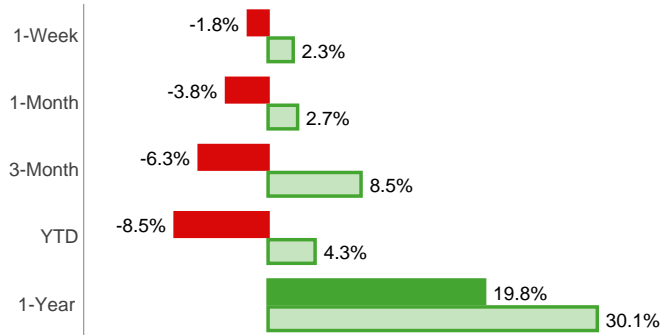
Average Monthly Return (Last 10 Years)

	Mar	Apr	May
Company Avg	0.39%	4.8%	7.3%
Industry Avg	-1.9%	7.0%	4.0%
Industry Rank	46 of 100	64 of 98	14 of 99

PRICE PERFORMANCE

Daily close prices are used to calculate the performance of the stock as compared to a relevant index over five time periods.

EICHERMOT  
BSE 100



	EICHERMOT	BSE 100
Close Price (2024-03-06)	3,793.20	23,360
52-Week High	4,200.00	23,356
52-Week Low	2,836.00	17,180

- The Price Momentum Rating for Eicher Motors improved significantly over the past week from 4 to 8.
- On 2024-03-06, EICHERMOT closed at 3,793.20, 9.7% below its 52-week high and 33.8% above its 52-week low.
- EICHERMOT shares are currently trading 1.3% below their 50-day moving average of 3,843.85, and 4.9% above their 200-day moving average of 3,617.26.

## DETAILED STOCK REPORT TIPS

The Stock Report from LSEG is a comprehensive, company-specific analysis that includes a proprietary Stock Rating along with underlying component indicators and supportive data elements. The report is updated daily, although some of the data elements and the ratings are updated weekly.

### Average Score

The Stock Reports Plus Average Score combines a quantitative analysis of five widely-used investment decision making tools - Earnings, Fundamental, Relative Valuation, Risk, and Price Momentum. First, a simple average of the five underlying component ratings is calculated. Then, a normal distribution is used to rank each stock across the market on a scale of 1 to 10, with 10 being most favorable. A score of 8 to 10 is considered positive, 4 to 7 is neutral, and 1 to 3 is negative. These five factors may be evaluated differently using alternative methodologies, and the importance of individual factors varies across industry groups, market capitalization and investment styles. Additional criteria should always be used to evaluate a stock.

A company must have sufficient data available for at least three of the five component indicators in order to receive an overall Average Score. Approximately 85% of the stocks within the coverage universe meet the criteria to generate a score.

### Indicator Components

The five indicators that comprise the stock rating are displayed. Like the stock rating, the component rating scale is 1 to 10, with 10 being best. A company will receive an 'NR' for No Rating if the required data elements or criteria are not met. A detailed section for each component is included in the report.

### Indicator Trends

Within each component section, historical score trends are displayed, typically using a 4-week moving average over a timeframe of the past three years. The dotted orange line indicates the average of the scores over those three years. The most recent occurrences of the best and worst scores are also displayed on the chart in grey boxes to put the current score into historical context.

Next to the trend chart for the company, current score averages are included, along with peer company comparisons of values from 6 months ago, 3 months ago, 1 month ago, the most recent value from 1 week ago, and the current score. The four closest industry peers are presented based on similar market capitalization.

### Peer Analysis

- The Refinitiv Business Classification (TRBC) schema is used for industry comparisons. It is designed to track and display the primary business of a corporation by grouping together correlated companies that offer products and services into similar end markets. The system includes 10 Economic Sectors, 28 Business Sectors, 54 Industry Groups, and 136 Industries.
- The Peer Analysis section of the report compares the company to its ten closest peers. The peers are selected from the industry based on similar market capitalization. The peer listing may have fewer than ten companies if there are fewer than ten companies classified within that industry.

### Highlights

The automated text-generation system from LSEG creates highlights summarizing the most noteworthy data. The bullets will vary by company and will change from week to week as different criteria are met.

### Earnings

The Earnings Rating is based on a combination of three factors: earnings surprises, estimate revisions, and recommendation changes. Each factor is equally weighted. Then, equal deciles are used to rank each stock across the market on a scale of 1 to 10, with 10 being most favorable. A stock needs to have at least two of the three earnings factors in order to receive a score.

- Earnings Surprises - The number of positive and negative surprises within the last 4 periods (quarters or years).
- Estimate Revisions - The number of up and down revisions and the average percentage change of those revisions within a 4 week period.
- Recommendation Changes - The number of broker upgrades and downgrades in the last 120 days.

### Price Target

The price target is based on the predictions of analysts covering the stock and shows the high, low and mean price expected within the next 12 months.

### Earnings Per Share

The quarterly and annual earnings per share are presented when available, along with the mean, high and low. Quarterly data is displayed for the past 4 quarters (actual) and the next 2 quarters (estimated). Annual data is displayed for the past 2 years (actual) and the next 2 years (estimated).

### Mean Estimate Trend

The mean estimates show how the consensus has changed over the past 30 days and 90 days for the upcoming two quarters (when available) and two years. The percentage change is calculated for the company as a means for comparison by measuring the difference between the current consensus estimate and that of 90 days ago.

### Analyst Recommendations

The I/B/E/S Mean is the average recommendation of all analysts covering the stock, as provided by I/B/E/S, the Institutional Brokers Estimate System, from LSEG. The recommendations are presented on a five-point standardized scale: strong buy, buy, hold, sell, and strong sell.

### Earnings Surprises

- The surprise summary includes the total number of time periods (and percentage) in the last 12 quarters (quarterly) or last 4 years (annual) in which earnings surprises were positive, negative, or in-line. In order to be recognized as a positive or negative surprise, the percent must be greater than 2% above or 2% below the consensus, respectively.
- The surprise detail section includes a listing of the company's quarterly earnings reported for the most recent 6 periods (quarters or years). The consensus analyst estimate is provided to determine if the actual earnings report represented a positive surprise, negative surprise, or in-line result.

### Fundamental

The Fundamental Rating is based on a combination of four fundamental component factors: profitability, debt, earnings quality, and dividend. Companies that do not pay a dividend are not penalized. Each factor is equally weighted. Then, equal deciles are used to rank each stock across the market on a scale of 1 to 10, with 10 being most favorable. A stock needs to have at least two of the four fundamental factors present in order to receive a score.

### Profitability

- Revenue Growth:  $(\text{Net Sales} - \text{Previous Net Sales}) / \text{Previous Net Sales}$
- Gross Margin:  $\text{Gross Profit} / \text{Net Sales}$
- Return on Equity:  $\text{Net Income} / \text{Total Equity}$
- Net Margin:  $\text{Net Profit} / \text{Net Sales}$

### Debt

- Current Ratio:  $\text{Current Assets} / \text{Current Liabilities}$
- Debt-to-Capital:  $\text{Total Debt} / \text{Total Capital}$
- Interest Funding:  $(\text{Interest Expense on Debt} + \text{Preferred Cash Dividends}) / \text{Funds from Operations}$
- Interest Coverage:  $\text{Earnings before Interest and Taxes} / (\text{Interest Expense on Debt} + \text{Preferred Cash Dividends})$

### Earnings Quality

- Operating Cash Yield:  $(\text{Operating Cash Flow} - \text{Net Income}) / \text{Net Income}$
- Accruals:  $(\text{Net Income} - \text{Operating Cash Flow} - \text{Investing Cash Flow}) / \text{Average Net Operating Assets}$
- Days Sales in Inventory:  $365 / (\text{Cost of Goods Sold} / \text{Inventory})$
- Days Sales in Receivables:  $365 / (\text{Net Sales} / \text{Receivables})$

### Dividend

The company must have a current dividend yield.

- Dividend Growth Rate:  $(\text{Dividends per Share} - \text{Previous Dividends per Share}) / \text{Previous Dividends per Share}$
- Dividend Funding:  $\text{Dividends} / \text{Operating Cash Flow}$
- Dividend Coverage:  $(\text{Pre-Tax Income} + \text{Interest Expense}) / (\text{Interest Expense} + \text{Dividends})$
- Dividend Yield:  $\text{Annual Dividends per Share} / \text{Current Market Price per Share}$

### Indicator Trend

The fundamental indicator trend displays either quarterly scores over the past three years or annual scores over the past six years, depending on the reporting periods for the country. The best and worst scores can be easily determined from the values shown on the chart for each quarter or year.

### Relative Valuation

The Relative Valuation Rating is based on a combination of three component factors: Price to Sales, Trailing P/E, and Forward P/E. Each factor is equally weighted. Equal deciles are then used to rank each stock across the market on a scale of 1 to 10, with 10 being most favorable. These common valuation metrics are evaluated against the overall market, the index, and the company's own historic 5-year averages. A stock needs to have at least one of the three relative valuation factors in order to receive a score.

- Price to Sales:  $\text{Close Price} / (\text{Sales for 4 Quarters or 1 Year} / \text{Shares Outstanding})$

- Trailing P/E: Close Price / Most Recent 4 Quarters or 1 Year of Earnings
- Forward P/E: Close Price / Upcoming 4 Quarters or 1 Year of Earnings

#### Valuation Averages

Negative values are excluded when calculating the averages. A maximum value of 100 is placed on Trailing P/E and Forward P/E, a maximum value of 5 is placed on Forward PEG, and a maximum value of 20 is placed on Price to Sales when calculating the averages. Higher values are rounded down to the maximum for the averages.

#### Valuation Multiples

The valuation multiples provide the Trailing P/E, Forward P/E, Forward PEG, and Price to Sales for the company and the relevant index average. In addition, a comparison of the current company's values to its 5-year average and an industry average are presented. A discount occurs when the company's ratio is valued more favorably (lower) than that to which it is compared.

#### Risk

The Risk Rating displays stocks on a scale of 1 to 10 with 10 being awarded to the least risky stocks. It is derived by looking at a series of long-term (5-year) and short-term (90-day) stock performance measures including volatility, magnitude of returns, beta, and correlation. Each factor is equally weighted. Then, equal deciles are used to rank each stock across the market. A stock needs to have at least two of the four risk factors in order to receive a score.

- Magnitude of Returns - The best / worst daily returns in the past 90 days and the best / worst monthly returns in the past 60 months.
- Volatility - The standard deviation of the stock price over the last 90 days and last 60 months, along with the average and largest intra-day stock swing.
- Beta - Measures the tendency of a security's returns to respond to swings in the market, based on the beta of the company versus the relevant index.
- Correlation - Determines how closely the returns of the stock and the relevant index move together, measured over the last 90 days and last 60 months.

#### Risk Analysis

Price analysis for the company and the relevant index is provided over two time periods. Daily analysis is provided for the last 90 days, whereas monthly statistics are used for the last 60 months.

#### Price Momentum

The Price Momentum Rating is based on a combination of two technical performance factors: relative strength and seasonality. The factors are equally weighted. Equal deciles are then used to rank each stock across the market on a scale of 1 to 10, with 10 being most favorable. A stock needs to have data for the relative strength factor in order to receive a score.

- Relative Strength - The relative strength of the company for the last 10 days, 50 days, and 200 days on a scale of 1 to 100.
- Seasonality - The average monthly return (price performance) for the current month and next 2 months for the company and industry, over the past 10 years. A lower industry rank indicates a higher return.

#### Price Performance

Daily close prices are used to calculate the price performance of the stock. The performance of the relevant index is also displayed as a means of comparison.

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