

HAPPIEST MINDS TECHNOLOGIES (HAPPSTMNDS-IN)

Software & IT Services / Software & IT Services / IT Services & Consulting

DETAILED STOCK REPORT

Report Date: 2024-May-05

Last Close 807.65 (INR)	Avg Daily Vol 303,810	52-Week High 1,023.00	Trailing PE 50.9	Annual Div 5.90	ROE 21.7%	LTG Forecast --	1-Mo Return -1.3%
2024 May 03 NSE Exchange	Market Cap 120.6B	52-Week Low 741.00	Forward PE 50.2	Dividend Yield 0.7%	Annual Rev 15.9B	Inst Own 4.9%	3-Mo Return -7.6%

AVERAGE SCORE

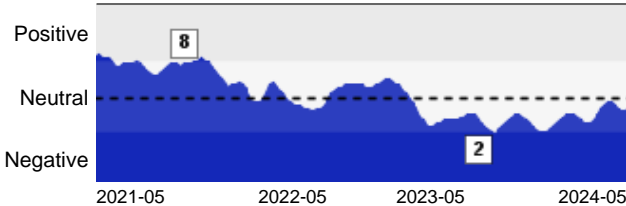
AVERAGE SCORE
6

NEUTRAL OUTLOOK: HAPPSTMNDS's current score is relatively in-line with the market.

Score Averages

Software & IT Services Group:	5.7	Mid Market Cap:	6.7
Software & IT Services Sector:	5.7	BSE Sensex Index:	8.1

Average Score Trend (4-Week Moving Avg)



Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
BSOFT	9	8	8	8	10	
ZENSARTECH	10	9	10	10	10	
NETWEB	3	7	8	8	8	
TANLA	6	4	7	6	8	
HAPPSTMNDS	3	3	4	4	6	

HIGHLIGHTS

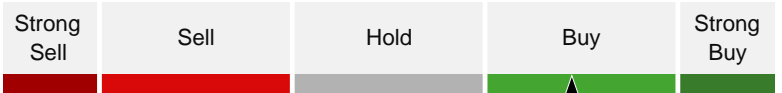
- The score for Happiest Minds Technologies reached 6 this week, its best value over the past year.
- The recent change in the Average Score was primarily due to an improvement in the Price Momentum and Earnings component scores.

I/B/E/S MEAN

Buy

4 Analysts

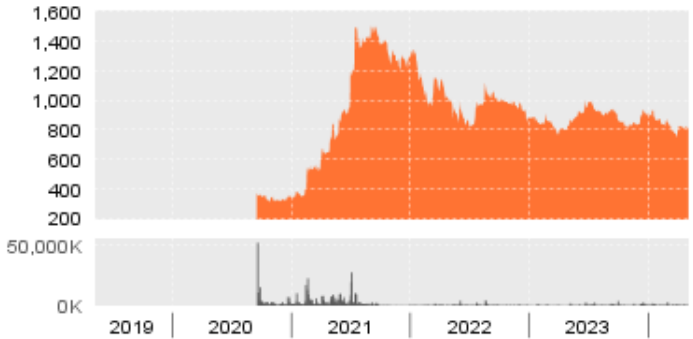
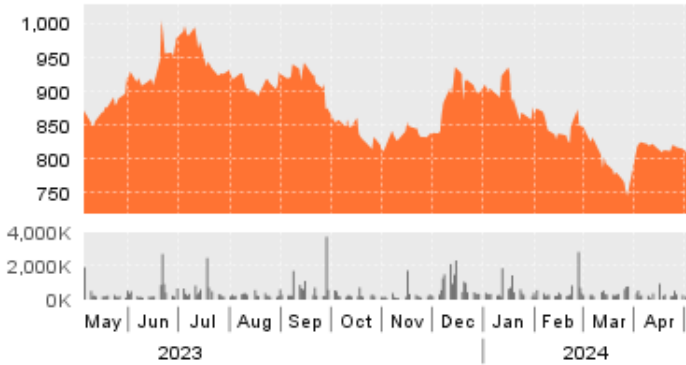
Mean recommendation from all analysts covering the company on a standardized 5-point scale.



PRICE AND VOLUME CHARTS

1-Year Return: -2.6%

5-Year Return: --



BUSINESS SUMMARY

Happiest Minds Technologies Limited is an India-based digital transformation information technology (IT) consulting and services company. Its segments include Infrastructure Management & Security Services (IMSS), Product and Digital Engineering Services (PDES) and Generative AI Business Services (GBS). IMSS provides continuous support and managed security services for mid-sized enterprises and technology companies. It also offers solutions, such as robotic process automation (RPA), software-defined networking/network function virtualization (SDN/NFV), big data and advanced analytics, Internet of things (IoT), cloud, business process management (BPM) and security. PDES focuses on digital modernization and transformation for its customers through digital application development and application modernization. It also offers digital foundry, platform engineering and device engineering. GBS offers full-scale generative artificial intelligence (AI) across multiple domains.

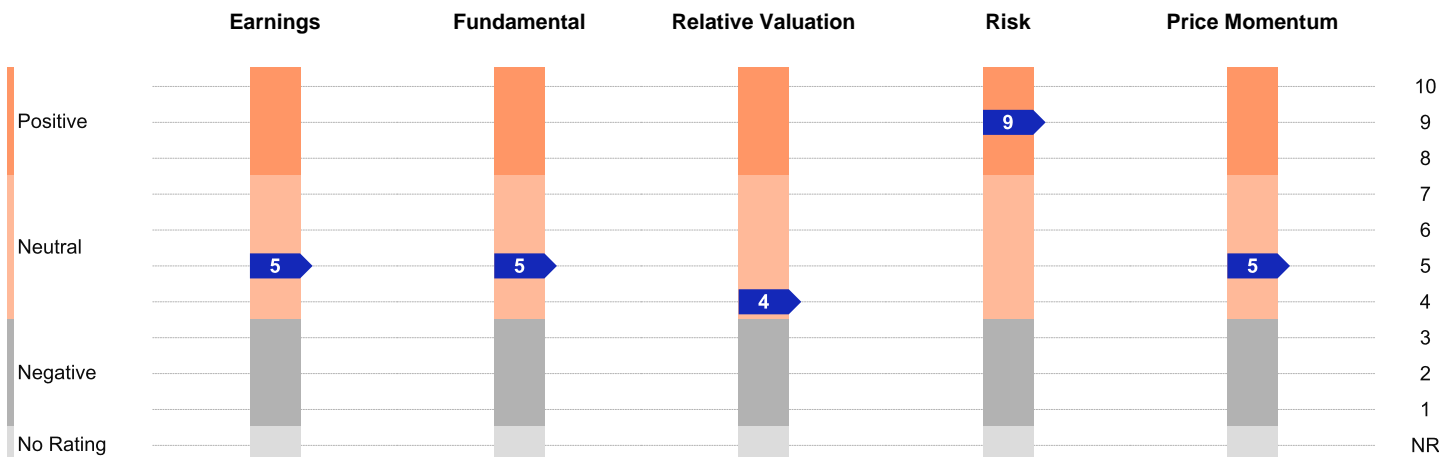


INDICATOR COMPONENTS

AVERAGE SCORE

6

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

Average Score	Ticker	PRICE MOMENTUM				VALUATION		FUNDAMENTAL		ANALYSTS		# of Analysts
		Price (2024-05-03)	1-Mo Return	3-Mo Return	1-Yr Return	Market Cap	Trailing PE	Forward PE	Dividend Yield	Net Margin	LTG Forecast	
5	COFORGE	4,482.55	-20.8%	-30.2%	9.4%	277.1B	34.5	27.3	1.7%	8.8%	-- Hold	27
6	CYIENT	1,798.35	-13.0%	-14.8%	53.9%	197.7B	29.2	24.2	1.6%	9.6%	-- Buy	17
5	SONATSOFTW	672.25	-9.9%	-12.5%	58.1%	186.6B	59.8	41.1	1.2%	3.7%	-- Buy	6
10	BSOFT	634.20	-18.4%	-25.1%	130.2%	175.1B	28.5	25.7	0.71%	11.8%	-- Buy	13
10	ZENSARTECH	636.20	2.7%	13.4%	120.8%	144.2B	21.9	23.1	0.86%	13.6%	-- Buy	10
6	HAPPSTMNDS	807.65	-1.3%	-7.6%	-2.6%	120.6B	50.9	50.2	0.73%	14.8%	-- Buy	4
8	TANLA	893.20	-3.8%	-11.4%	31.8%	120.1B	21.9	18.6	1.1%	14.0%	-- Strong Buy	1
8	NETWEB	1,852.65	11.5%	34.8%	--	104.4B	204.3	164.0	--	10.5%	-- Buy	1
8	LATENTVIEW	494.95	-8.3%	2.0%	38.1%	101.9B	69.1	65.1	--	24.2%	-- Strong Buy	1
9	ROUTE	1,525.50	-5.7%	-3.6%	21.1%	95.8B	24.9	25.2	0.72%	9.7%	-- Buy	5
8	MASTEK	2,586.90	-1.3%	-12.3%	48.8%	79.8B	26.7	21.0	0.73%	9.8%	20.0% Buy	5
7.5	Average	1,489.49	-6.2%	-6.1%	50.9%	145.8B	52.0	44.1	1.0%	11.9%	20.0% Buy	8.2

PEER COMPANIES

BSOFT	Birlasoft	NETWEB	Netweb Technologies India
COFORGE	Coforge	ROUTE	Route Mobile
CYIENT	Cyient	SONATSOFTW	Sonata Software
LATENTVIEW	Latent View Analytics	TANLA	Tanla Platforms
MASTEK	Mastek	ZENSARTECH	Zensar Technologies

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EARNINGS

EARNINGS

5

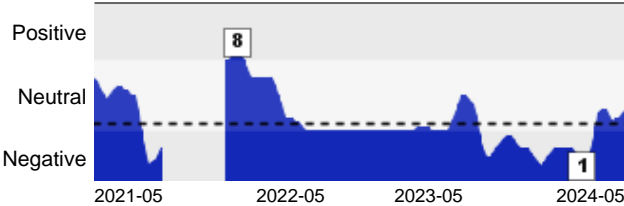
Currency in INR

NEUTRAL OUTLOOK: Mixed earnings expectations and performance.

Earnings Score Averages

Software & IT Services Group: 6.0 Mid Market Cap: 5.4
 Software & IT Services Sector: 6.0 BSE Sensex Index: 6.7

Earnings Score Trend (4-Week Moving Avg)



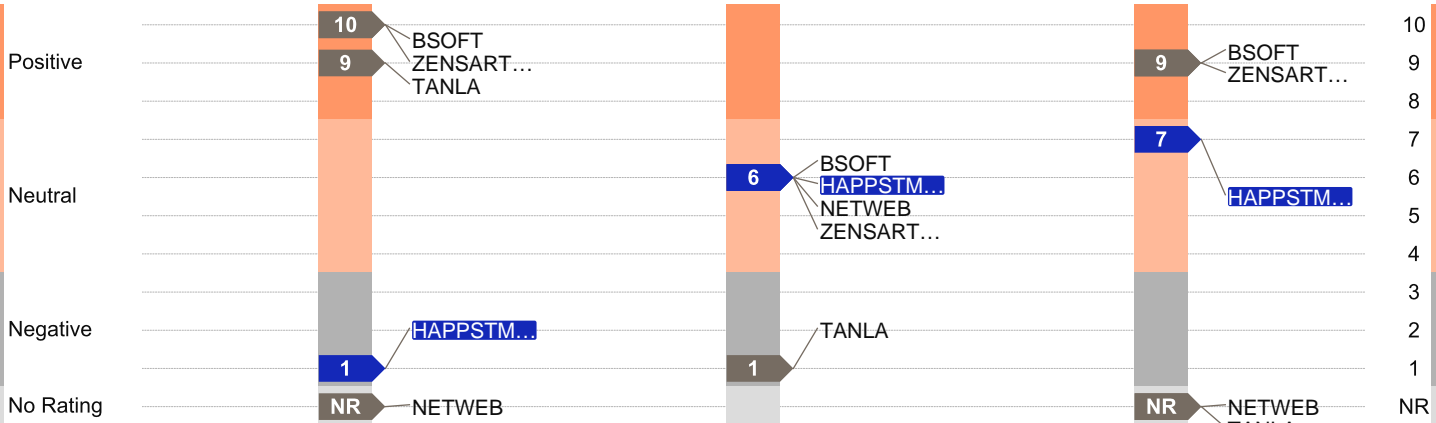
Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
BSOFT	5	9	7	7	10	
ZENSARTECH	9	8	10	10	10	
HAPPSTMNDS	1	1	4	4	5	
TANLA	3	3	8	3	4	
NETWEB	NR	NR	NR	NR	NR	

EARNINGS INDICATORS

Earnings Surprises (33.3% weight)

Estimate Revisions (33.3% weight)

Recommendation Changes (33.3% weight)



Last 4 Quarters

# Positive Surprises (>2%)	0
# Negative Surprises (<-2%)	3
# In-Line Surprises (within 2%)	0
Avg Surprise	-5.5%

Last 4 Weeks

# Up Revisions	0
# Down Revisions	0
Avg Up Revisions	0.00%
Avg Down Revisions	0.00%

Last 120 Days

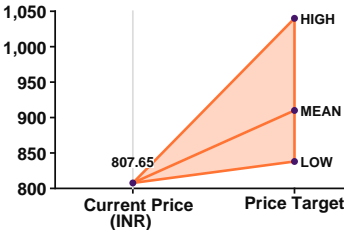
# Broker Upgrades	1
# Broker Downgrades	0

HIGHLIGHTS

- Happiest Minds Technologies currently has a relatively neutral Earnings Rating of 5. The average Earnings Rating for its IT Services & Consulting industry is 5.8 and the S&P BSE SENSEX index average is 6.7.
- During the past four weeks, analysts covering HAPPSTMNDS have made no upward or downward EPS estimate revisions for the current quarter.

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)	910.00
High	1,040.00
Low	838.00
Target vs. Current	12.7%
# of Analysts	4



HAPPIEST MINDS TECHNOLOGIES (HAPPSTMNDS-IN)

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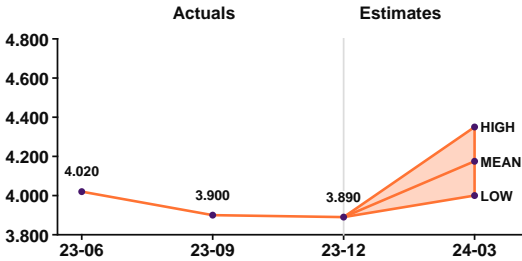
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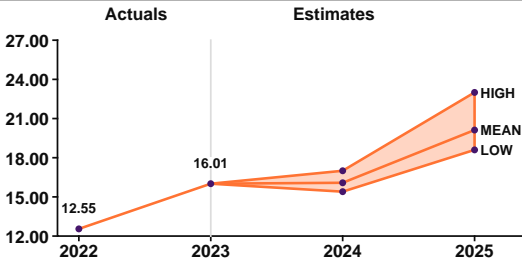
EARNINGS PER SHARE

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	--
Mean	4.175	--
High	4.350	--
Low	4.000	--
# of Analysts	2	--



Annual	2024	2025
Mean	16.080	20.120
High	17.000	23.000
Low	15.400	18.600
# of Analysts	5	5

MEAN ESTIMATE TREND ANALYST RECOMMENDATIONS

	Q 24-03	Q --	Y 2024	Y 2025	Price Target
Current	4.175	--	16.080	20.120	910.00
30 Days Ago	4.000	--	16.200	20.450	910.00
90 Days Ago	--	--	16.000	20.000	938.00
% Change (90 Days)	--	--	0.50%	0.60%	-3.0%

Current Fiscal Year End: 24-03
Next Expected Report Date: 2024-05-06

I/B/E/S Mean: **Buy (4 Analysts)**

Strong Buy	1
Buy	2
Hold	1
Sell	0
Strong Sell	0

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)

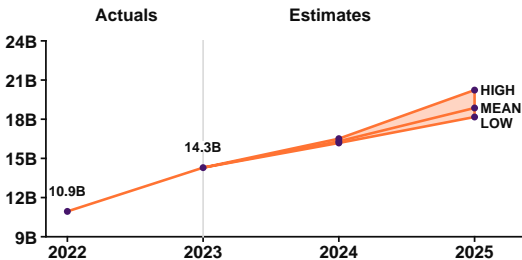
Surprise Type	Amount	Percent
Positive Quarters (> 2%)	0	--
Negative Quarters (< -2%)	3	100.0%
In-Line Quarters (within 2%)	0	--

Surprise Detail (Last 6 Periods)

Surprise Type	Announce Date	Period End Date	Actual EPS	Mean EPS	Surprise (%)
Negative	2024-01-17	2023-12-31	3.890	4.000	-2.8%
Negative	2023-10-17	2023-09-30	3.900	4.200	-7.1%
Negative	2023-08-08	2023-06-30	4.020	4.300	-6.5%

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	16.3B	18.9B
High	16.5B	20.2B
Low	16.2B	18.2B
Forecasted Growth	14.1%	32.0%
# of Analysts	5	5



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FUNDAMENTAL

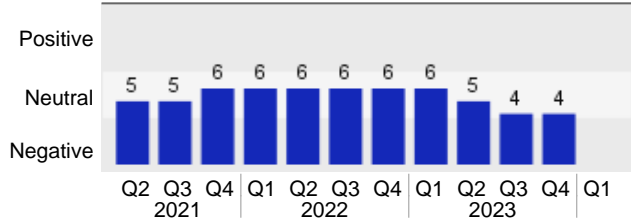
FUND-AMENTAL
5

NEUTRAL OUTLOOK: Fundamentals relatively in-line with the market.

Fundamental Score Averages

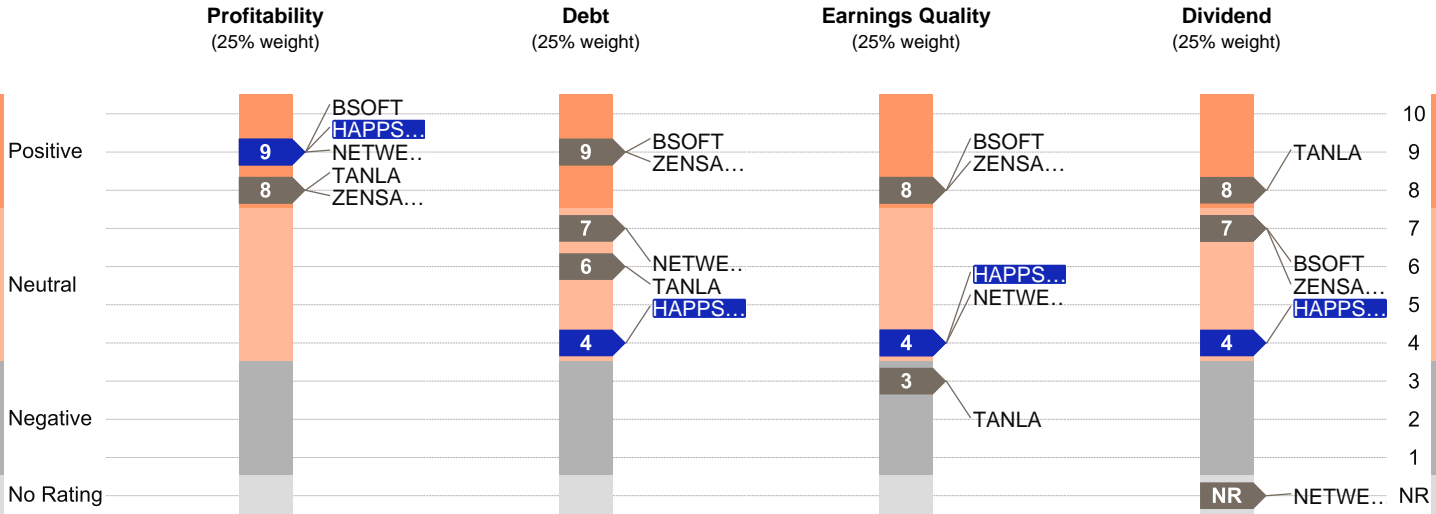
Software & IT Services Group:	6.0	Mid Market Cap:	6.4
Software & IT Services Sector:	6.0	BSE Sensex Index:	7.1

Fundamental Score Trend



Peers	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Current	3Y Trend
BSOFT	8	6	7	NR	10	[Bar Chart]
ZENSARTECH	9	9	9	NR	10	[Bar Chart]
NETWEB	NR	NR	NR	NR	8	[Bar Chart]
TANLA	8	8	9	NR	7	[Bar Chart]
HAPPSTMNDS	5	4	4	NR	5	[Bar Chart]

FUNDAMENTAL INDICATORS



Revenue Growth	17.3%	Current Ratio	2.7	Oper. Cash Yield	-18.4%	Dividend Growth	47.5%
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	
Gross Margin	79.6%	Debt-to-Capital	16.1%	Accruals	297.2%	Dividend Payout	37.1%
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	
Return On Equity	21.7%	Interest Funding	8.3%	Days Sales In Inv.	102.2	Dividend Coverage	4.4
For interim period ending 2023-09		For interim period ending 2023-03		For annual period ending 2023-03		For annual period ending 2023-03	
Net Margin	14.8%	Interest Coverage	8.5	Days Sales In Rec.	51.7	Current Div. Yield	0.7%
For latest 12 months ending 2023-12		For interim period ending 2023-12		For annual period ending 2023-03		For latest 12 months ending 2024-05	

HIGHLIGHTS

- Happiest Minds Technologies currently has a relatively neutral Fundamental Rating of 5. The average Fundamental Rating for its Software & IT Services industry group is 6.0 and the S&P BSE SENSEX index average is 7.1.
- The company's gross margin has been higher than its industry group average for each of the past five years.
- The company's interest funding has been higher than its industry group average for each of the past five years.
- The company's days sales in inventory has been higher than its industry group average for each of the past five years.
- Of the 259 firms within the Software & IT Services industry group, Happiest Minds Technologies is among 70 companies that pay a dividend. The stock's dividend yield is currently 0.73%.



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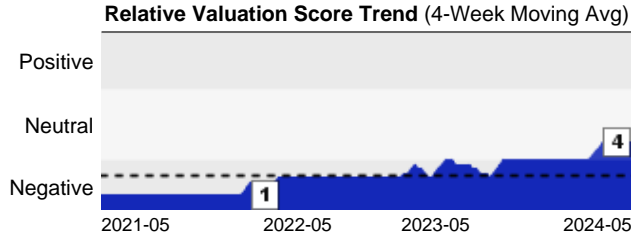
RELATIVE VALUATION

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



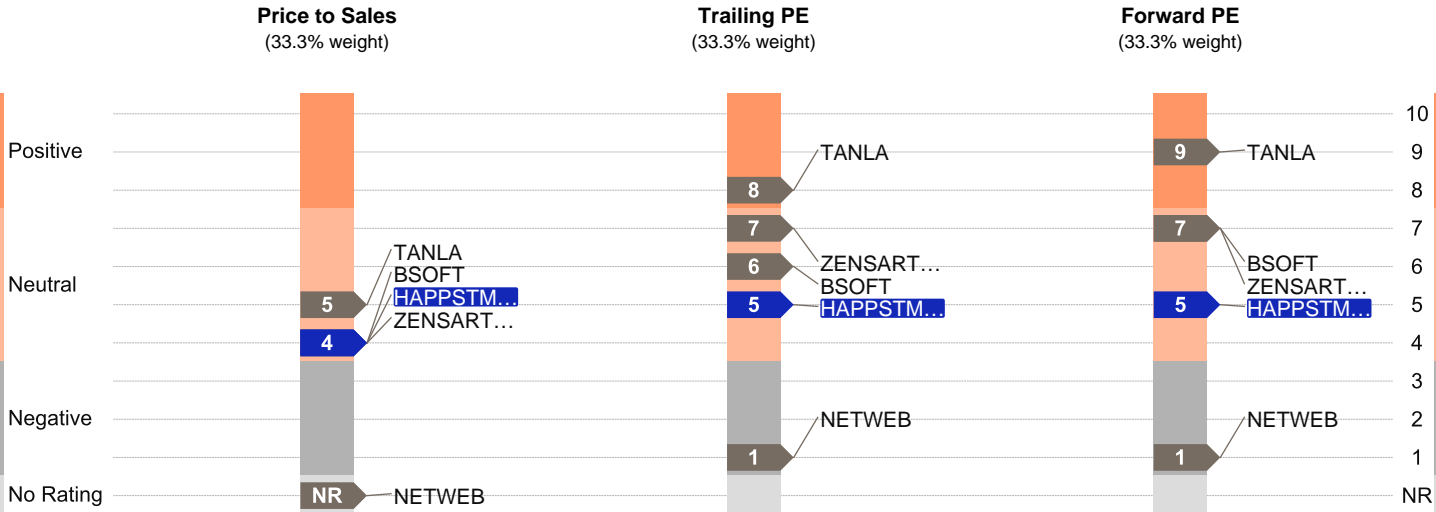
Relative Valuation Score Averages

Software & IT Services Group:	4.5	Mid Market Cap:	4.9
Software & IT Services Sector:	4.5	BSE Sensex Index:	6.0



Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
TANLA	6	7	7	8	8	
BSOFT	3	3	4	5	6	
ZENSARTECH	6	7	6	7	6	
HAPPSTMNDS	3	3	4	4	4	
NETWEB	1	1	1	1	1	

RELATIVE VALUATION INDICATORS



Indicator	HAPPSTMNDS	5-Yr Average	Rel. to 5-Yr Avg.	Indicator	HAPPSTMNDS	5-Yr Average	Rel. to 5-Yr Avg.	Indicator	HAPPSTMNDS	5-Yr Average	Rel. to 5-Yr Avg.
Price to Sales	7.7	12.4	38% Discount	Trailing PE	50.9	72.6	30% Discount	Forward PE	50.2	63.3	21% Discount
BSE Sensex Index	3.5	6.0	>100% Premium	BSE Sensex Index	24.9	63.3	>100% Premium	BSE Sensex Index	22.8	63.3	>100% Premium

HIGHLIGHTS

- Happiest Minds Technologies currently has a Relative Valuation Rating of 4 which is significantly below the S&P BSE SENSEX index average rating of 6.0.
- HAPPIEST MINDS TECHNOLOGIES's Price to Sales, Trailing P/E, and Forward P/E multiples are all significantly below (less expensive than) their 5-year averages.
- HAPPIEST MINDS TECHNOLOGIES's current Price to Sales ratio of 7.7 represents a 71% Premium to its Software & IT Services industry group average.
- Based on Trailing P/E, HAPPIEST MINDS TECHNOLOGIES currently trades at a 64% Premium to its Software & IT Services industry group peers. On average, the company has traded at a >100% Premium over the past five years.
- Based on Forward P/E, HAPPIEST MINDS TECHNOLOGIES currently trades at a 77% Premium to its Software & IT Services industry group peers. On average, the company has traded at a >100% Premium over the past five years.



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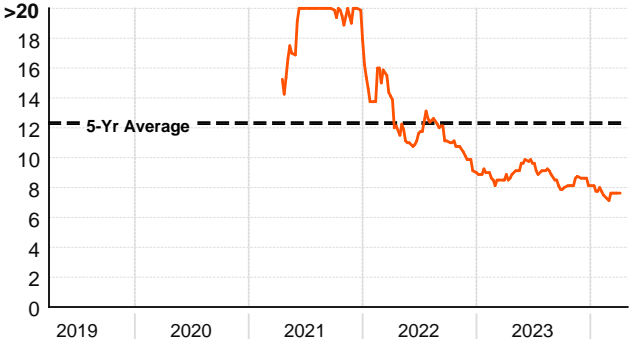
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PRICE TO SALES

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

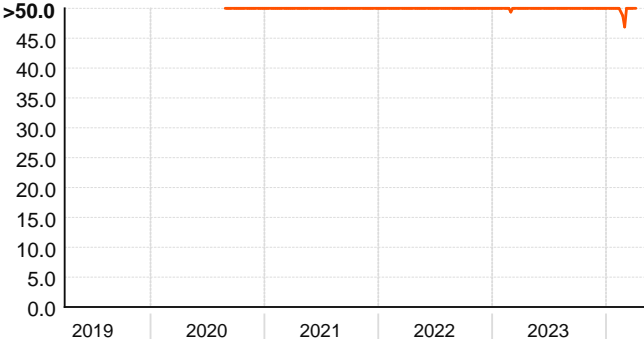
Price to Sales: 7.7
5-Year Average: 12.4
BSE Sensex Index Average: 3.5
Software & IT Services Group Average: 4.5



TRAILING PE

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

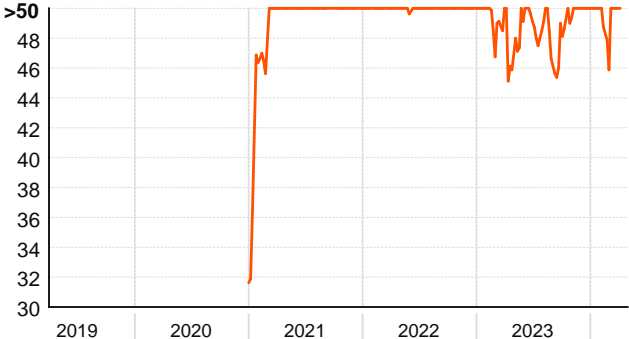
Trailing PE: 50.9
5-Year Average: 72.6
BSE Sensex Index Average: 24.9
Software & IT Services Group Average: 31.1



FORWARD PE

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

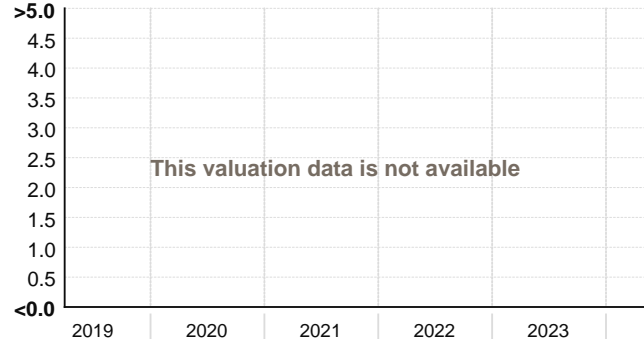
Forward PE: 50.2
5-Year Average: 63.3
BSE Sensex Index Average: 22.8
Software & IT Services Group Average: 28.4



FORWARD PEG

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

Forward PEG: --
5-Year Average: --
BSE Sensex Index Average: 1.5
Software & IT Services Group Average: 1.7



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RISK

POSITIVE OUTLOOK: Consistent return patterns (low volatility).

RISK

9

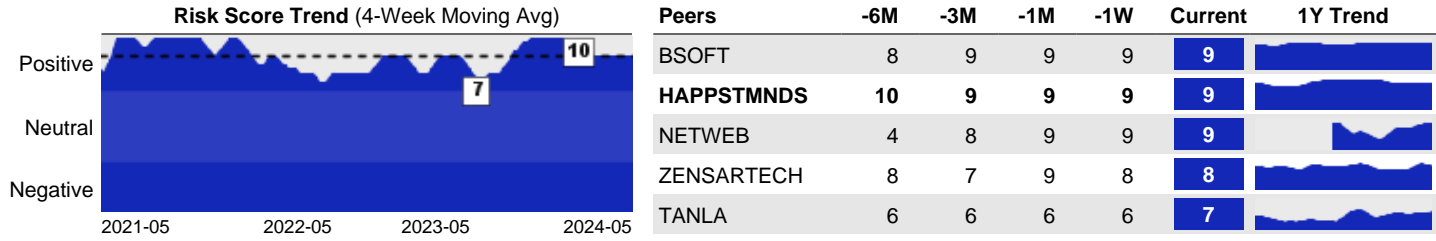
Risk Score Averages

Software & IT Services Group: **5.0**

Software & IT Services Sector: **5.0**

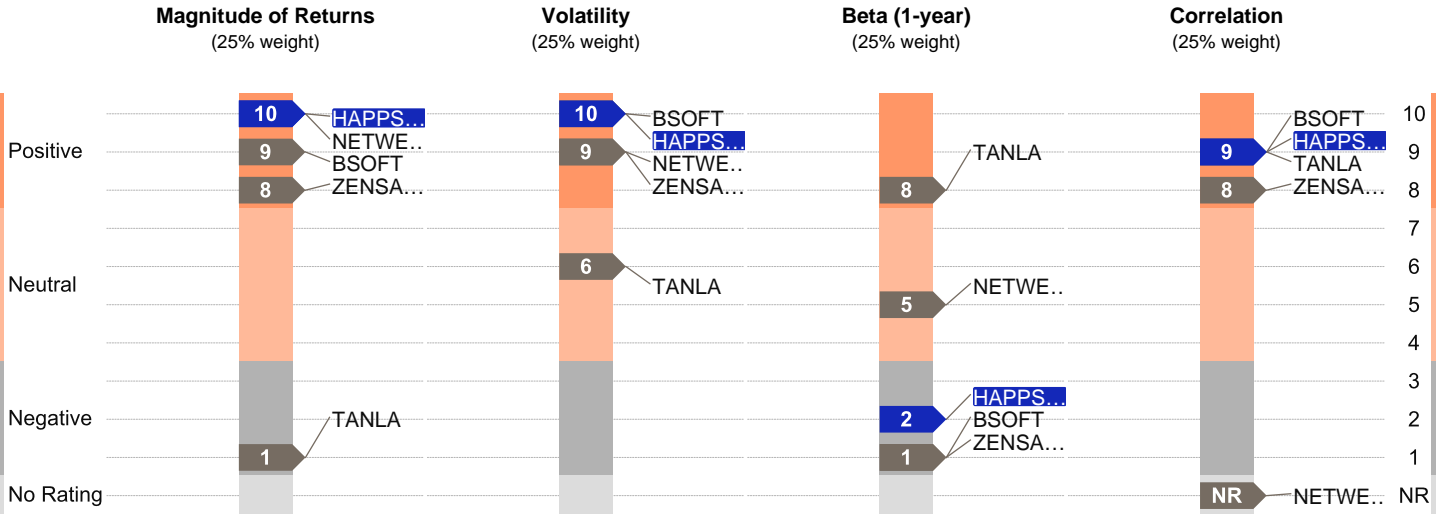
Mid Market Cap: **7.7**

BSE Sensex Index: **9.4**



Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
BSOFT	8	9	9	9	9	Stable
HAPPSTMNDS	10	9	9	9	9	Stable
NETWEB	4	8	9	9	9	Stable
ZENSARTECH	8	7	9	8	8	Stable
TANLA	6	6	6	6	7	Stable

RISK INDICATORS



Daily Returns (Last 90 Days)		Standard Deviation		Beta vs. BSE Sensex		Correlation vs. BSE Sensex	
Best	7.0%	Last 90 Days	1.61	Positive Days Only	0.64	Last 90 Days	33%
Worst	-2.7%	Last 60 Months	13.03	Negative Days Only	1.08	Last 60 Months	37%
Monthly Returns (Last 60 Months)		Intra-Day Swing (Last 90 Days)		Beta vs. Group		Correlation vs. Group	
Best	47.9%	Average	2.7%	Positive Days Only	1.42	Last 90 Days	69%
Worst	-15.0%	Largest	7.0%	Negative Days Only	0.75	Last 60 Months	46%

HIGHLIGHTS

- Happiest Minds Technologies currently has a Risk Rating of 9 while the S&P BSE SENSEX index has an average rating of 9.4.
- On days when the market is up, HAPPSTMNDS tends to lag the S&P BSE SENSEX index. On days when the market is down, the stock generally performs in-line with the index.
- In both short-term and long-term periods, HAPPSTMNDS has shown average correlation (> 0.2 and < 0.4) with the S&P BSE SENSEX index. Thus, this stock would provide only average levels of diversification to a portfolio similar to the broader market.
- Over the last 90 days, HAPPSTMNDS shares have been more volatile than the overall market, as the stock's daily price fluctuations have exceeded that of 75% 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
HAPPSTMNDS	7.0%	-2.7%	25 / 35	7.0%	47.9%	-15.0%
BSOFT	5.6%	-4.9%	26 / 34	9.4%	34.5%	-32.0%
NETWEB	5.7%	-5.0%	31 / 29	9.5%	31.8%	-9.5%
TANLA	10.9%	-10.2%	20 / 40	15.8%	117.8%	-31.0%
ZENSARTECH	8.0%	-6.9%	28 / 32	9.5%	42.6%	-35.6%
BSE Sensex	1.7%	-1.2%	36 / 23	2.1%	14.4%	-23.1%



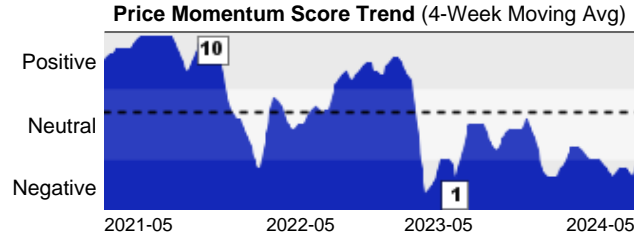
PRICE MOMENTUM Currency in INR

NEUTRAL OUTLOOK: Performance relatively in-line with the market.



Price Momentum Score Averages

Software & IT Services Group:	6.6	Mid Market Cap:	6.2
Software & IT Services Sector:	6.6	BSE Sensex Index:	5.5

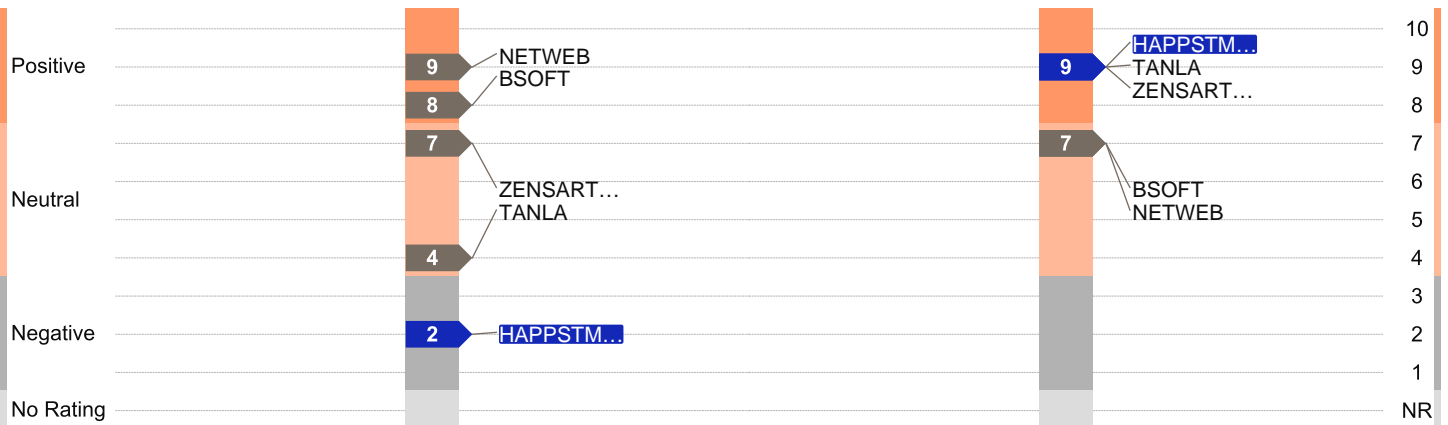


Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
BSOFT	10	6	7	6	9	
NETWEB	7	8	10	10	9	
ZENSARTECH	9	4	7	7	9	
TANLA	8	2	4	4	8	
HAPPSTMNDS	2	3	2	2	5	

PRICE MOMENTUM INDICATORS

Relative Strength
(50% weight)

Seasonality
(50% weight)



Relative Strength Indicator (Scale from 1 to 100)

	HAPPSTMNDS	Industry Avg
Last 10 Days	45	53
Last 50 Days	47	53
Last 200 Days	48	54

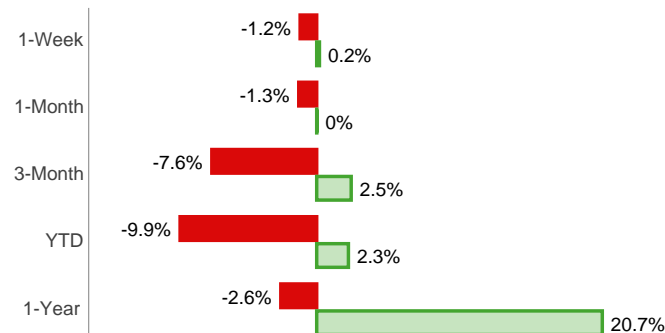
Average Monthly Return (Last 10 Years)

	May	Jun	Jul
Company Avg	7.4%	4.5%	15.0%
Industry Avg	2.3%	5.7%	4.0%
Industry Rank	42 of 99	28 of 98	48 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.

■ HAPSTMNDS
■ BSE Sensex



	HAPPSTMNDS	BSE Sensex
Close Price (2024-05-03)	807.65	73,880
52-Week High	1,023.00	75,038
52-Week Low	741.00	61,054

- Happiest Minds Technologies has a Price Momentum Rating of 2, which is significantly below the S&P BSE SENSEX index average rating of 4.7.
- On 2024-05-03, HAPPSTMNDS closed at 807.65, 21.1% below its 52-week high and 9.0% above its 52-week low.
- HAPPSTMNDS shares are currently trading 0.20% below their 50-day moving average of 809.13, and 6.1% below their 200-day moving average of 860.40.

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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