

## SUN PHARMACEUTICAL INDUSTRIES (SUNPHARMA-IN)

Pharma. &amp; Medical Research / Pharmaceuticals / Pharmaceuticals

## DETAILED STOCK REPORT

Report Date: 2023-Apr-01

Last Close <b>983.10 (INR)</b>	Avg Daily Vol <b>2.2M</b>	52-Week High <b>1,072.15</b>	Trailing PE <b>56.2</b>	Annual Div <b>9.00</b>	ROE <b>6.9%</b>	LTG Forecast <b>51.5%</b>	1-Mo Return <b>2.8%</b>
2023 March 31 NSE Exchange	Market Cap <b>2.3T</b>	52-Week Low <b>789.90</b>	Forward PE <b>25.7</b>	Dividend Yield <b>0.9%</b>	Annual Rev <b>386.5B</b>	Inst Own <b>26.4%</b>	3-Mo Return <b>-1.8%</b>

## AVERAGE SCORE

AVERAGE  
SCORE

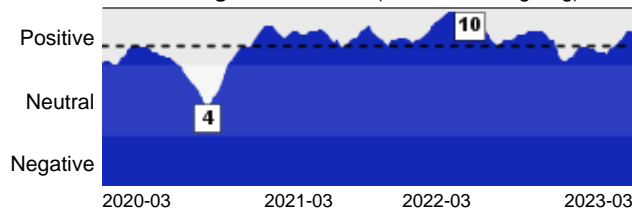
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**POSITIVE OUTLOOK:** SUNPHARMA's current score of 8 places it among the top quartile of stocks scored.

## Score Averages

Pharmaceuticals Group:	<b>5.4</b>	Large Market Cap:	<b>6.6</b>
Pharma. & Medical Research Sector:	<b>5.4</b>	BSE Sensex Index:	<b>7.4</b>

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



Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
SUNPHARMA	8	7	9	9	8	
AJANTPHARM	8	4	6	7	7	
ZYDUSLIFE	6	5	8	6	7	
CIPLA	6	5	8	6	6	
SANOFI	6	7	7	5	5	

## HIGHLIGHTS

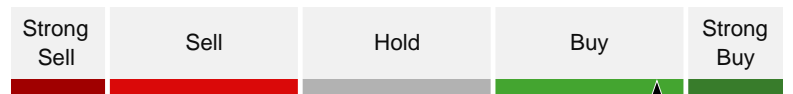
- The score for Sun Pharmaceutical Industries dropped slightly this week from 9 to 8.
- The recent change in Average Score was due to relative changes in other companies within the market as a comparison, even though the underlying component scores did not decline for this company.

## I/B/E/S MEAN

## Buy

39 Analysts

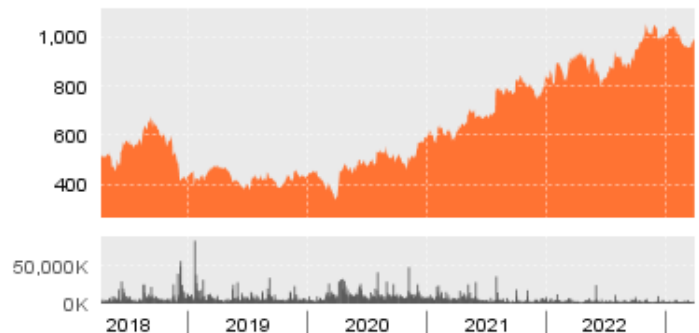
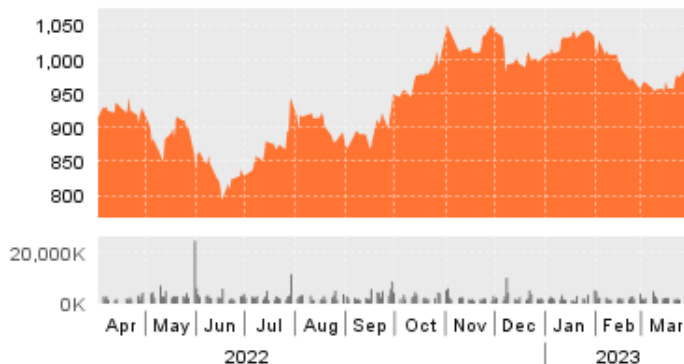
Mean recommendation from all analysts covering the company on a standardized 5-point scale.



## PRICE AND VOLUME CHARTS

1-Year Return: 7.5%

5-Year Return: 98.6%



## BUSINESS SUMMARY

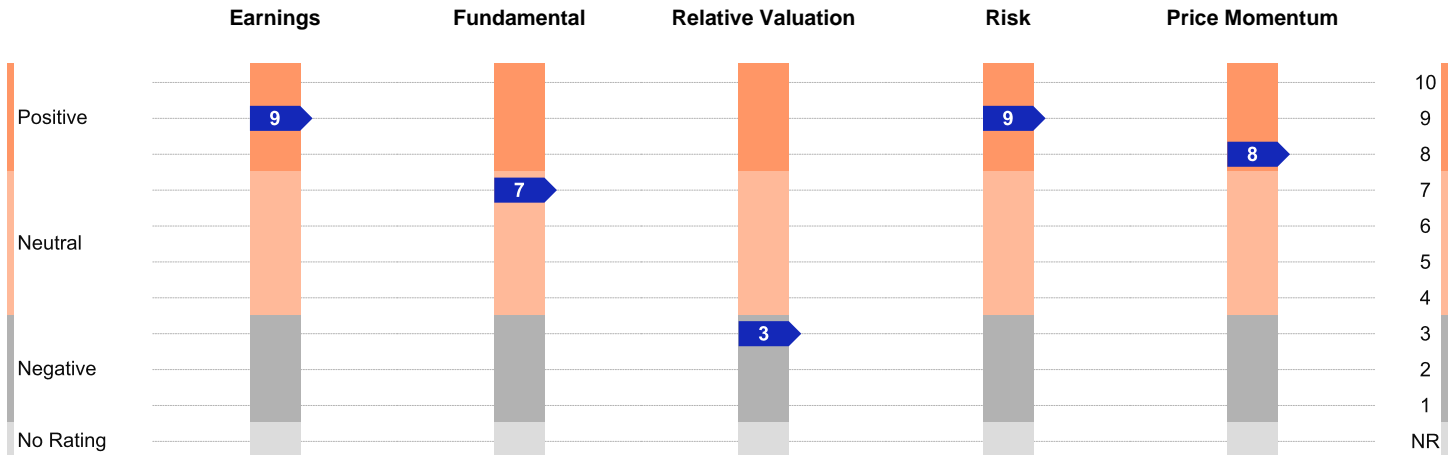
Sun Pharmaceutical Industries Limited is a specialty generic pharmaceutical company. The Company is engaged in the business of manufacturing, developing and marketing a range of generic formulations. It produces a portfolio of generic and specialty medicines targeting a spectrum of chronic and acute treatments. The Company's product portfolio includes generics, branded generics, specialty, over the counter (OTC)/consumer healthcare products, anti-retrovirals (ARVs), active pharmaceutical ingredients (APIs) and intermediates. Its OTC brands includes Faringosept, Revital, and Volini. The Company offers its products in variety of dosage forms, such as tablets, capsules, sprays, injectables, inhalers, ointments, creams and liquids. Its portfolio of specialty products, branded generics are available across 100 countries. The Company operates manufacturing sites across 6 continents.

INDICATOR COMPONENTS

AVERAGE SCORE

8

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 (2023-03-31)	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
8	SUNPHARMA	983.10	2.8%	-1.8%	7.5%	2.3T	56.2	25.7	0.92%	8.5%	51.5%	Buy	39
6	CIPLA	900.50	-0.65%	-16.3%	-11.6%	708.1B	27.6	19.7	0.56%	11.8%	18.4%	Buy	40
7	ZYDUSLIFE	491.55	5.5%	17.1%	41.1%	486.6B	24.3	21.1	0.51%	12.6%	--	Buy	32
7	AJANTPHARM	1,208.80	2.3%	-0.26%	0.14%	151.7B	25.1	24.0	0.58%	16.5%	--	Buy	11
5	SANOFI	5,735.40	-1.9%	-2.0%	-23.5%	130.4B	21.3	23.9	3.4%	22.4%	--	Strong Buy	8
5	GLENMARK	464.70	8.4%	9.6%	5.1%	120.1B	14.9	10.1	0.54%	7.0%	--	Buy	17
8	PGHL	4,686.05	0.19%	18.5%	17.1%	81.4B	33.4	30.6	1.5%	19.9%	--	Buy	1
9	CAPLIPOINT	595.95	-8.8%	-16.5%	-12.1%	45.4B	12.9	12.5	0.67%	24.9%	--	Strong Buy	2
5	STAR	286.35	-4.4%	-18.2%	-17.4%	24.8B	--	--	--	-4.6%	--	Strong Buy	3
5	WOCKPHARMA	153.90	-17.8%	-31.0%	-41.6%	23.2B	--	--	--	-23.2%	--	--	--
6	AMRUTANJAN	576.00	-5.4%	-18.9%	-27.5%	18.2B	40.2	--	0.80%	10.8%	--	--	--
6.5	Average	1,462.03	-1.8%	-5.4%	-5.7%	374.9B	28.4	20.9	1.1%	9.7%	35.0%	Buy	17

PEER COMPANIES

AJANTPHARM	Ajanta Pharma	PGHL	Procter & Gamble Health
AMRUTANJAN	Amrutanjan Health Care	SANOFI	Sanofi India
CAPLIPOINT	Caplin Point Laboratories	STAR	Strides Pharma Science
CIPLA	Cipla	WOCKPHARMA	Wockhardt
GLENMARK	Glenmark Pharmaceuticals	ZYDUSLIFE	Zydus Lifesciences

**SUN PHARMACEUTICAL INDUSTRIES (SUNPHARMA-IN)**

Pharma. & Medical Research / Pharmaceuticals / Pharmaceuticals

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**EARNINGS** Currency in INR

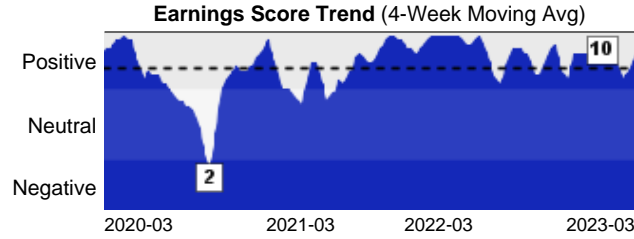
**POSITIVE OUTLOOK:** Strong earnings with recent analyst upgrades or a history of surpassing consensus estimates.

**EARNINGS**

**9**

**Earnings Score Averages**

Pharmaceuticals Group:	<b>5.1</b>	Large Market Cap:	<b>5.7</b>
Pharma. & Medical Research Sector:	<b>5.0</b>	BSE Sensex Index:	<b>6.1</b>



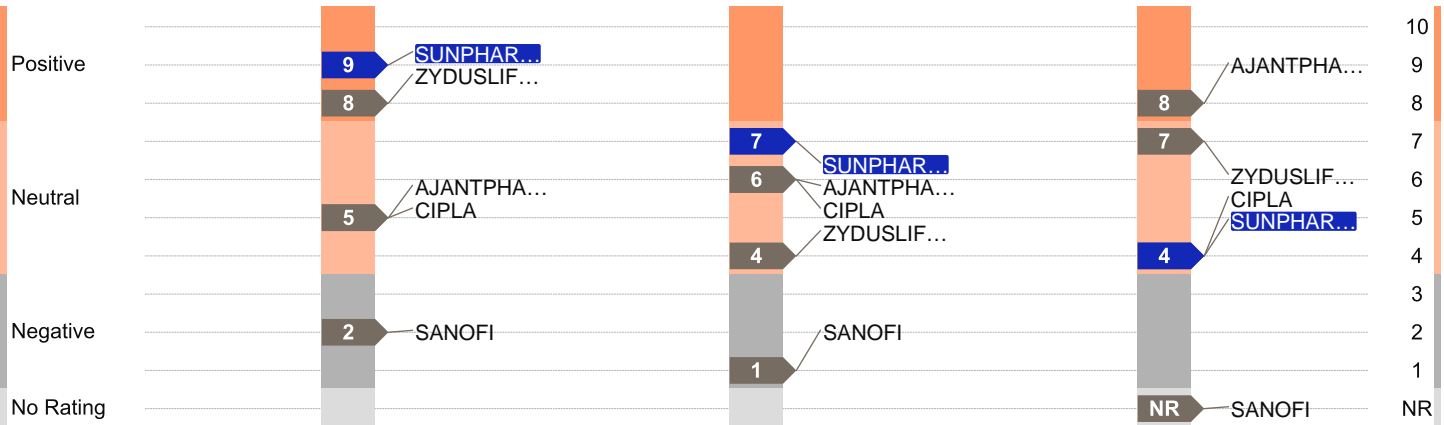
Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
<b>SUNPHARMA</b>	<b>9</b>	<b>9</b>	<b>7</b>	<b>9</b>	<b>9</b>	
ZYDUSLIFE	4	6	10	7	8	
AJANTPHARM	9	6	3	7	7	
CIPLA	4	3	5	5	5	
SANOFI	2	7	4	1	1	

**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	7.0%

**Last 4 Weeks**

# Up Revisions	1
# Down Revisions	0
Avg Up Revisions	2.6%
Avg Down Revisions	0.00%

**Last 120 Days**

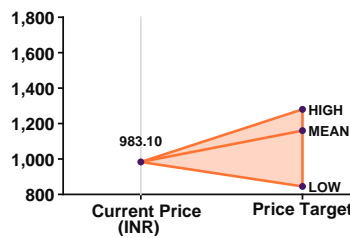
# Broker Upgrades	2
# Broker Downgrades	1

**HIGHLIGHTS**

- Sun Pharmaceutical Industries currently has an Earnings Rating of 9, which is significantly more bullish than the Pharmaceuticals industry average of 5.1. SUNPHARMA scores a bullish 7 or greater for two of three component ratings.
- SUNPHARMA's current quarter consensus estimate has increased over the past 90 days from 7.62 to 8.14, a gain of 6.9%. This improvement is significantly greater than its industry average of -4.0% during the same time period.
- There have been 2 upward and 1 downward broker recommendation changes for Sun Pharmaceutical Industries over the past 120 days.

**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)	1,160.00
High	1,280.00
Low	845.00
Target vs. Current	18.0%
# of Analysts	39

**SUN PHARMACEUTICAL INDUSTRIES (SUNPHARMA-IN)**

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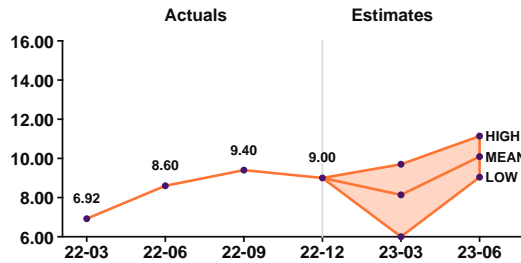
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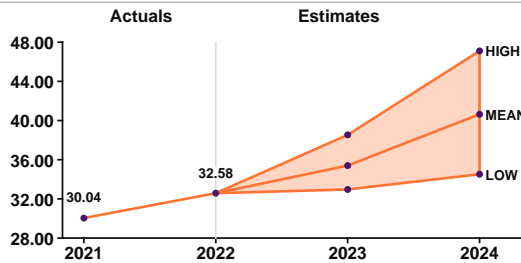
**EARNINGS PER SHARE**

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	23-03	23-06
Mean	8.137	10.090
High	9.700	11.140
Low	6.000	9.040
# of Analysts	4	2



Annual	2023	2024
Mean	35.400	40.640
High	38.540	47.110
Low	32.960	34.520
# of Analysts	38	38

**MEAN ESTIMATE TREND**

	Q 23-03	Q 23-06	Y 2023	Y 2024	Price Target
Current	8.137	10.090	35.400	40.640	1,160.00
30 Days Ago	7.790	10.090	35.440	40.680	1,150.00
90 Days Ago	7.615	9.380	35.700	41.890	1,150.00
% Change (90 Days)	6.9%	7.6%	-0.80%	-3.0%	0.90%

Current Fiscal Year End: 23-03  
Next Expected Report Date: 2023-05-29

**ANALYST RECOMMENDATIONS**

I/B/E/S Mean: **Buy (39 Analysts)**

Strong Buy	18
Buy	17
Hold	3
Sell	1
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)**

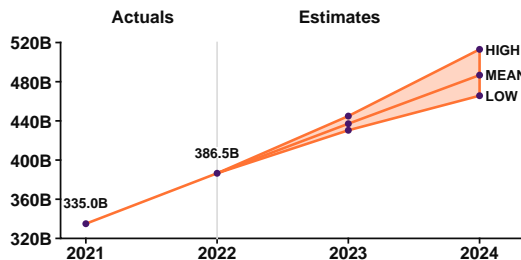
Surprise Type	Amount	Percent
Positive Quarters (> 2%)	9	75.0%
Negative Quarters (< -2%)	2	16.7%
In-Line Quarters (within 2%)	1	8.3%

**Surprise Detail (Last 6 Periods)**

Surprise Type	Announce Date	Period End Date	Actual EPS	Mean EPS	Surprise (%)
Positive	2023-01-31	2022-12-31	9.000	8.753	2.8%
Positive	2022-11-01	2022-09-30	9.400	8.257	13.8%
Positive	2022-07-29	2022-06-30	8.600	7.702	11.7%
In-Line	2022-05-30	2022-03-31	6.920	6.955	-0.50%
Positive	2022-01-31	2021-12-31	8.600	6.952	23.7%
Positive	2021-11-02	2021-09-30	8.500	6.902	23.2%

**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.



	2023	2024
Mean	437.1B	486.7B
High	444.9B	513.0B
Low	430.4B	465.7B
Forecasted Growth	13.1%	25.9%
# of Analysts	38	38

FUNDAMENTAL

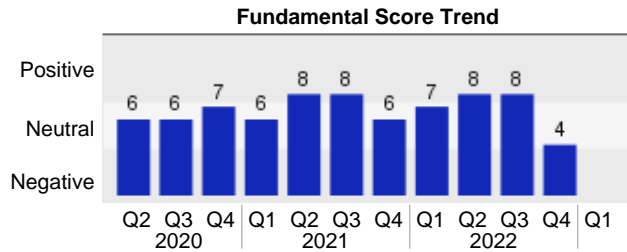
FUND-AMENTAL

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

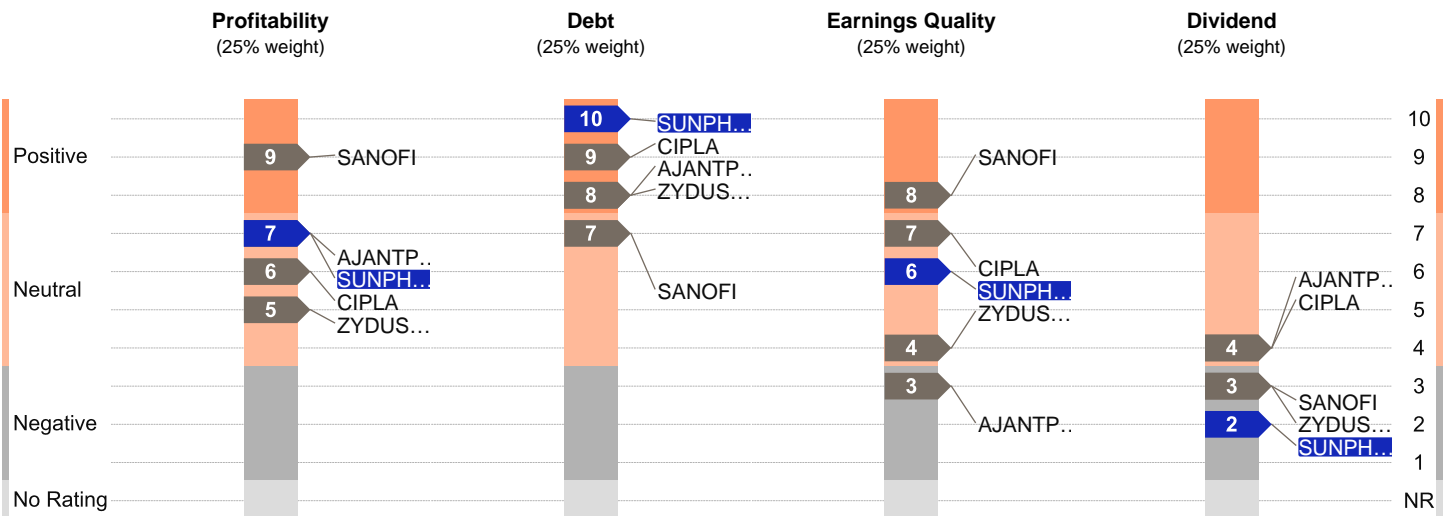
Fundamental Score Averages

Pharmaceuticals Group:	5.4	Large Market Cap:	6.5
Pharma. & Medical Research Sector:	5.4	BSE Sensex Index:	7.0



Peers	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Current	3Y Trend
CIPLA	9	9	7	NR	8	[Bar Chart]
SANOFI	9	9	9	NR	8	[Bar Chart]
<b>SUNPHARMA</b>	<b>8</b>	<b>8</b>	<b>4</b>	<b>NR</b>	<b>7</b>	[Bar Chart]
AJANTPHARM	5	5	6	NR	6	[Bar Chart]
ZYDUSLIFE	10	10	8	NR	5	[Bar Chart]

FUNDAMENTAL INDICATORS



<b>Revenue Growth</b>	15.4%	<b>Current Ratio</b>	2.3	<b>Oper. Cash Yield</b>	180.0%	<b>Dividend Growth</b>	16.7%
For year over year ending 2022-03		For interim period ending 2022-09		For latest 12 months ending --		For year over year ending 2022-12	
<b>Gross Margin</b>	64.2%	<b>Debt-to-Capital</b>	0.9%	<b>Accruals</b>	0.1%	<b>Dividend Payout</b>	77.0%
For latest 12 months ending 2022-03		For annual period ending 2022-03		For latest 12 months ending 2022-03		For latest 12 months ending 2022-03	
<b>Return On Equity</b>	6.9%	<b>Interest Funding</b>	1.0%	<b>Days Sales In Inv.</b>	311.5	<b>Dividend Coverage</b>	3.5
For interim period ending 2022-03		For interim period ending 2022-03		For annual period ending 2021-03		For annual period ending 2022-03	
<b>Net Margin</b>	8.5%	<b>Interest Coverage</b>	54.5	<b>Days Sales In Rec.</b>	105.0	<b>Current Div. Yield</b>	0.9%
For latest 12 months ending 2022-03		For interim period ending 2022-12		For annual period ending 2021-03		For latest 12 months ending 2023-03	

HIGHLIGHTS

- Sun Pharmaceutical Industries currently has a Fundamental Rating of 7. The average Fundamental Rating for its Pharmaceuticals industry group is 5.4 and the S&P BSE SENSEX index average is 7.0.
- The company's gross margin has been higher than its industry group average for each of the past five years.
- The company's current ratio has been higher than its industry group average for each of the past five years.
- The company's accruals ratio has been lower than its industry group average for each of the past five years.
- Of the 184 firms within the Pharmaceuticals industry group, Sun Pharmaceutical Industries is among 83 companies that pay a dividend. The stock's dividend yield is currently 0.91%.

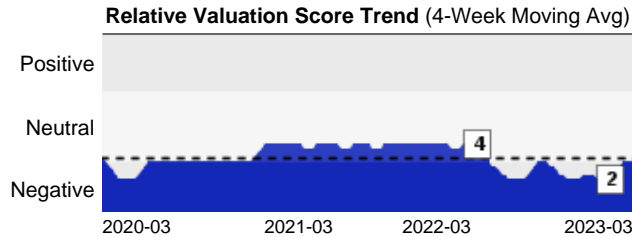
RELATIVE VALUATION

RELATIVE VALUATION  
**3**

**NEGATIVE OUTLOOK:** Multiples significantly above the market or the stock's historic norms.

Relative Valuation Score Averages

Pharmaceuticals Group:	5.2	Large Market Cap:	4.2
Pharma. & Medical Research Sector:	5.2	BSE Sensex Index:	4.6



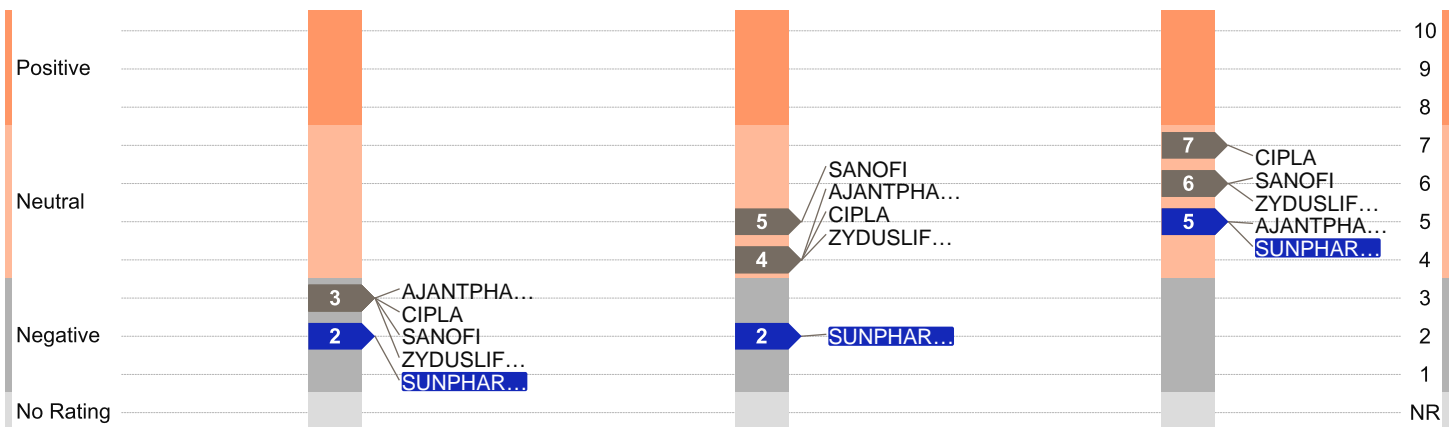
Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
CIPLA	3	3	4	5	5	
AJANTPHARM	4	4	4	4	4	
SANOFI	6	4	5	4	4	
ZYDUSLIFE	7	5	4	4	4	
<b>SUNPHARMA</b>	<b>3</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>	

RELATIVE VALUATION INDICATORS

Price to Sales  
(33.3% weight)

Trailing PE  
(33.3% weight)

Forward PE  
(33.3% weight)



Price to Sales	5.6	Trailing PE	56.2	Forward PE	25.7
5-Yr Average	4.5	5-Yr Average	48.2	5-Yr Average	25.1
Rel. to 5-Yr Avg.	23% Premium	Rel. to 5-Yr Avg.	17% Premium	Rel. to 5-Yr Avg.	2% Premium
BSE Sensex Index	3.3	BSE Sensex Index	23.0	BSE Sensex Index	21.0
Rel. to BSE Sensex	71% Premium	Rel. to BSE Sensex	>100% Premium	Rel. to BSE Sensex	22% Premium

HIGHLIGHTS

- Sun Pharmaceutical Industries currently has a Relative Valuation Rating of 3 which is significantly below the S&P BSE SENSEX index average rating of 4.6.
- Compared to the Pharmaceuticals industry group, SUNPHARMA is currently trading at a significant premium based on both Price to Sales ratio and Trailing P/E.
- SUNPHARMA's Price to Sales ratio of 5.6 represents a 23% Premium to its 5-year average of 4.5.
- SUNPHARMA's Trailing P/E of 56.2 represents a 17% Premium to its 5-year average of 48.2.
- SUNPHARMA's Forward P/E of 25.7 represents a 2% Premium to its 5-year average of 25.1.

**SUN PHARMACEUTICAL INDUSTRIES (SUNPHARMA-IN)**

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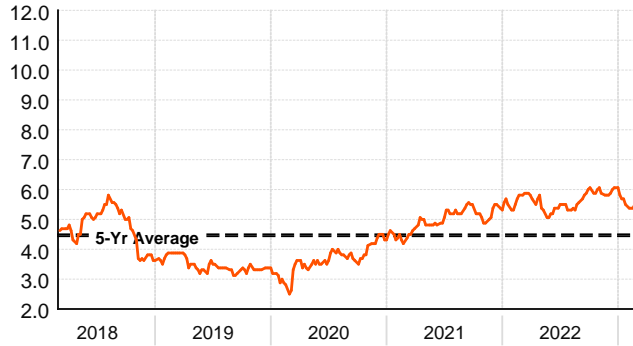
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**PRICE TO SALES**

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

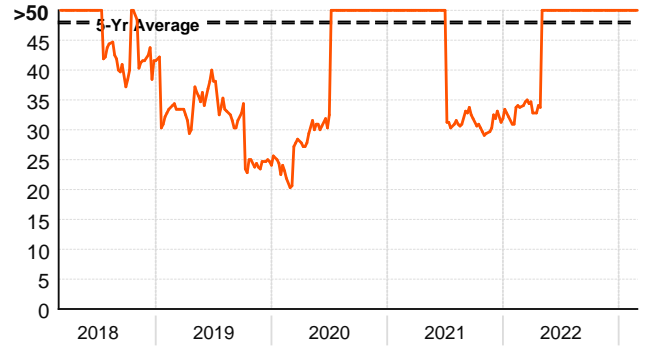
Price to Sales: 5.6  
 5-Year Average: 4.5  
 BSE Sensex Index Average: 3.3  
 Pharmaceuticals Group Average: 3.2



**TRAILING PE**

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

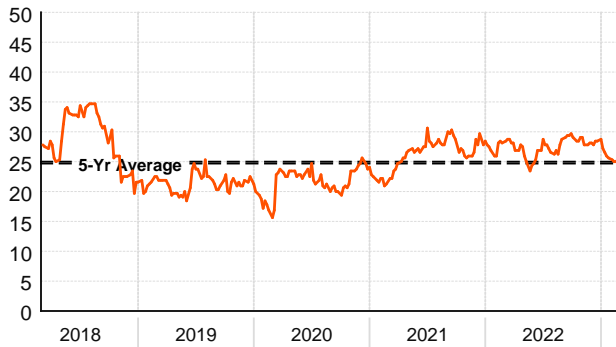
Trailing PE: 56.2  
 5-Year Average: 48.2  
 BSE Sensex Index Average: 23.0  
 Pharmaceuticals Group Average: 29.5



**FORWARD PE**

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

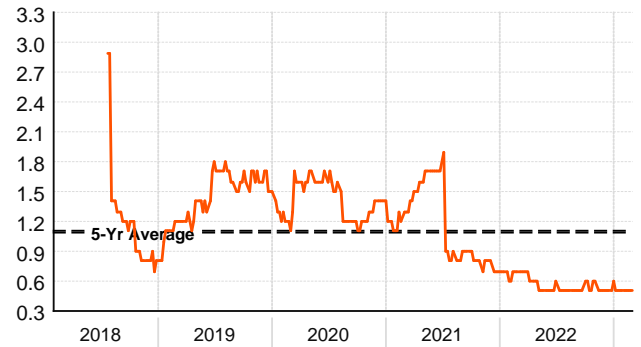
Forward PE: 25.7  
 5-Year Average: 25.1  
 BSE Sensex Index Average: 21.0  
 Pharmaceuticals Group Average: 24.5



**FORWARD PEG**

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

Forward PEG: 0.5  
 5-Year Average: 1.1  
 BSE Sensex Index Average: 1.1  
 Pharmaceuticals Group Average: 0.9



RISK

RISK

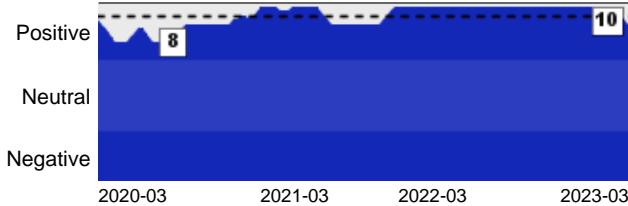
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**POSITIVE OUTLOOK:** Consistent return patterns (low volatility).

Risk Score Averages

Pharmaceuticals Group:	5.6	Large Market Cap:	8.8
Pharma. & Medical Research Sector:	5.7	BSE Sensex Index:	9.5

Risk Score Trend (4-Week Moving Avg)



Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
SANOFI	10	10	10	10	10	
AJANTPHARM	9	8	9	9	9	
CIPLA	10	9	9	9	9	
<b>SUNPHARMA</b>	<b>10</b>	<b>10</b>	<b>9</b>	<b>9</b>	<b>9</b>	
ZYDUSLIFE	10	9	8	9	9	

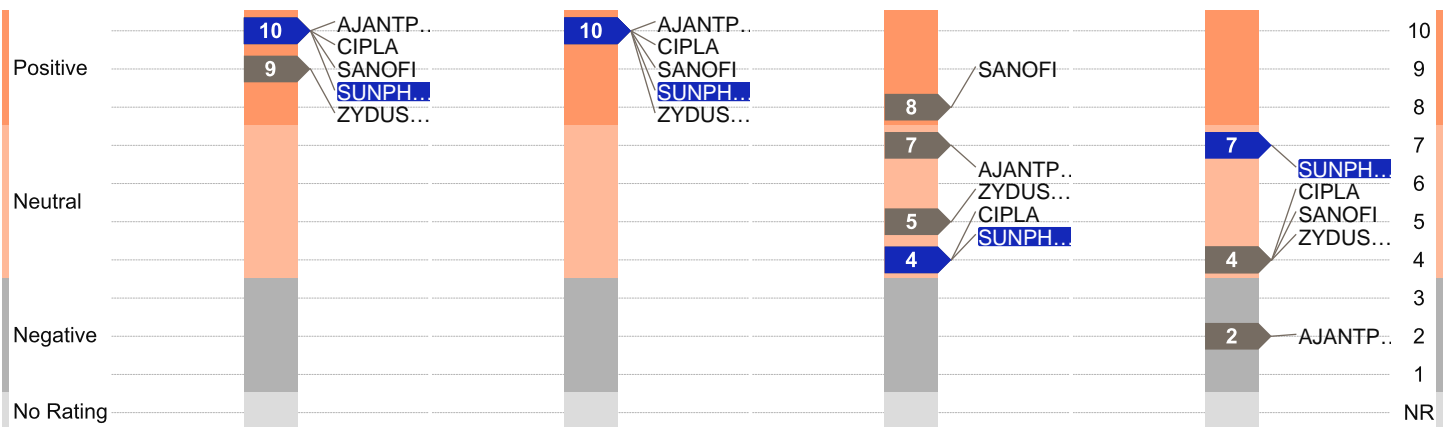
RISK INDICATORS

Magnitude of Returns (25% weight)

Volatility (25% weight)

Beta (1-year) (25% weight)

Correlation (25% weight)



Daily Returns (Last 90 Days)		Standard Deviation		Beta vs. BSE Sensex		Correlation vs. BSE Sensex	
Best	2.0%	Last 90 Days	0.88	Positive Days Only	0.75	Last 90 Days	13%
Worst	-1.9%	Last 60 Months	8.78	Negative Days Only	0.57	Last 60 Months	45%
Monthly Returns (Last 60 Months)		Intra-Day Swing (Last 90 Days)		Beta vs. Group		Correlation vs. Group	
Best	31.8%	Average	1.8%	Positive Days Only	0.61	Last 90 Days	-6%
Worst	-17.7%	Largest	3.8%	Negative Days Only	0.26	Last 60 Months	50%

HIGHLIGHTS

- Sun Pharmaceutical Industries 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, SUNPHARMA shares tend to lag the S&P BSE SENSEX index. However, on days when the market is down, the shares generally decrease less than the index.
- In the short term, SUNPHARMA has shown low correlation ( $\geq -0.1$  and  $< 0.2$ ) 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, SUNPHARMA shares have been less volatile than the overall market, as the stock's daily price has fluctuated less than 99% 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>SUNPHARMA</b>	<b>2.0%</b>	<b>-1.9%</b>	<b>28</b>	<b>35</b>	<b>3.8%</b>	<b>31.8%</b>	<b>-17.7%</b>
AJANTPHARM	4.9%	-3.7%	27	36	6.8%	19.1%	-29.0%
CIPLA	2.0%	-6.0%	30	33	4.7%	39.4%	-14.1%
SANOFI	5.4%	-1.4%	24	39	6.2%	24.4%	-14.3%
ZYDUSLIFE	8.2%	-2.4%	34	29	6.3%	29.5%	-23.8%
<b>BSE Sensex</b>	<b>1.5%</b>	<b>-1.5%</b>	<b>29</b>	<b>33</b>	<b>3.3%</b>	<b>14.4%</b>	<b>-23.1%</b>



**SUN PHARMACEUTICAL INDUSTRIES (SUNPHARMA-IN)**

Pharma. & Medical Research / Pharmaceuticals / Pharmaceuticals

**DETAILED STOCK REPORT**

Report Date: 2023-Apr-01

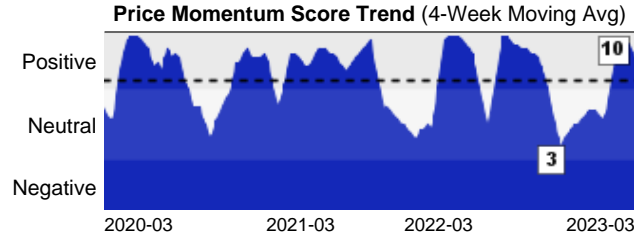
**PRICE MOMENTUM** Currency in INR

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



**Price Momentum Score Averages**

Pharmaceuticals Group:	<b>5.8</b>	Large Market Cap:	<b>5.8</b>
Pharma. & Medical Research Sector:	<b>5.7</b>	BSE Sensex Index:	<b>6.0</b>

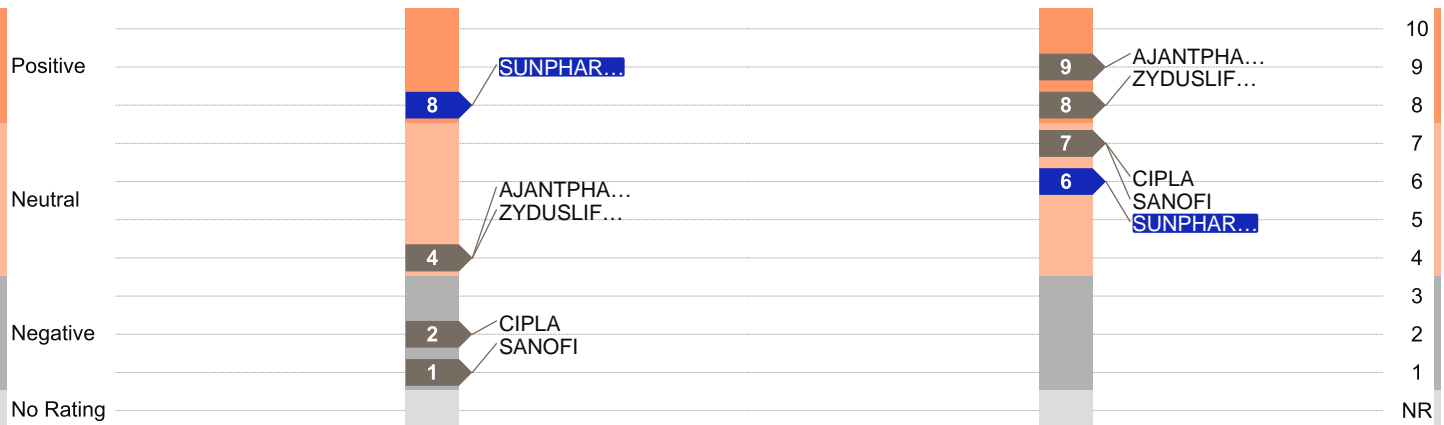


Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
<b>SUNPHARMA</b>	6	5	10	8	<b>8</b>	
AJANTPHARM	5	1	7	7	<b>7</b>	
ZYDUSLIFE	2	1	8	6	<b>6</b>	
CIPLA	6	4	8	4	<b>4</b>	
SANOFI	2	1	4	3	<b>3</b>	

**PRICE MOMENTUM INDICATORS**

**Relative Strength**  
(50% weight)

**Seasonality**  
(50% weight)



**Relative Strength Indicator** (Scale from 1 to 100)

	SUNPHARMA	Industry Avg
Last 10 Days	57	42
Last 50 Days	50	46
Last 200 Days	53	49

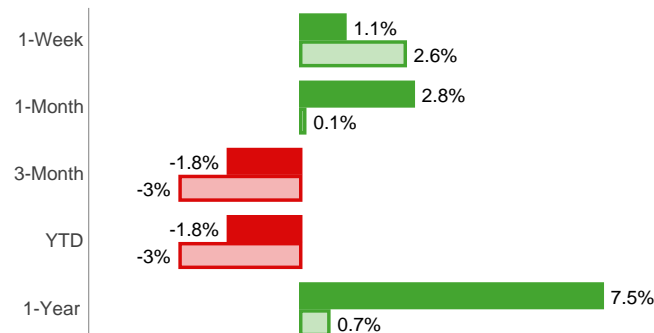
**Average Monthly Return** (Last 10 Years)

	Apr	May	Jun
Company Avg	6.5%	-2.8%	2.3%
Industry Avg	11.2%	-0.67%	2.7%
Industry Rank	6 of 97	81 of 97	68 of 96

**PRICE PERFORMANCE**

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

■ SUNPHARMA  
■ BSE Sensex



	SUNPHARMA	BSE Sensex
Close Price (2023-03-31)	983.10	58,992
52-Week High	1,072.15	63,284
52-Week Low	789.90	51,360

- Sun Pharmaceutical Industries has a Price Momentum Rating of 8, which is significantly higher than the Pharmaceuticals industry average rating of 5.8.
- On 2023-03-31, SUNPHARMA closed at 983.10, 8.3% below its 52-week high and 24.5% above its 52-week low.
- SUNPHARMA shares are currently trading 0.60% below their 50-day moving average of 988.86, and 2.5% above their 200-day moving average of 959.59.

## DETAILED STOCK REPORT TIPS

The Stock Report from Refinitiv 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 within that industry classification.

**Highlights**

The automated text-generation system from Refinitiv 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 surprise, estimate revision, 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 Refinitiv. 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 is comprised of four data elements.

- Revenue Growth: (Net Sales – Previous Net Sales) / Previous Net Sales
- Gross Margin: Gross Profit / Net Sales
- Return on Equity: Net Income / Total Equity
- Net Margin: Net Profit / Net Sales

Debt is comprised of four data elements.

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

Earnings Quality is comprised of four data elements.

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

Dividend is comprised of four data elements. The company must have a current dividend yield.

- Dividend Growth Rate: (Dividends per Share – Previous Dividends per Share) / Previous Dividends per Share
- Dividend Payout: Dividends per Share / Earnings per Share
- Dividend Coverage: Funds from Operations / Cash Dividends
- Dividend Yield: Annual Dividends per Share / 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: Close Price / (Sales for 4 Quarters or 1 Year / 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 S&P 500 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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