TECH MAHINDRA (TECHM-IN)
Software & IT Services / Software & IT Services / IT Services & Consulting

<table>
<thead>
<tr>
<th>Last Close</th>
<th>Avg Daily Vol</th>
<th>52-Week High</th>
<th>Trailing PE</th>
<th>Annual Div</th>
<th>ROE</th>
<th>LTG Forecast</th>
<th>1-Mo Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,133.10 (INR)</td>
<td>2.2M</td>
<td>1,320.00</td>
<td>27.5</td>
<td>28.00</td>
<td>20.4%</td>
<td>9.0%</td>
<td>-6.8%</td>
</tr>
</tbody>
</table>

2023 November 03
NSE Exchange

<table>
<thead>
<tr>
<th>Market Cap</th>
<th>52-Week Low</th>
<th>Forward PE</th>
<th>Dividend Yield</th>
<th>Annual Rev</th>
<th>Inst Own</th>
<th>3-Mo Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1T</td>
<td>981.05</td>
<td>24.1</td>
<td>2.5%</td>
<td>537.4B</td>
<td>41.1%</td>
<td>-0.85%</td>
</tr>
</tbody>
</table>

**AVERAGE SCORE**

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

<table>
<thead>
<tr>
<th>Score Averages</th>
<th>Software &amp; IT Services Group: 5.5</th>
<th>Large Market Cap: 6.6</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Software &amp; IT Services Sector: 5.5</td>
<td>BSE Sensex Index: 7.6</td>
</tr>
</tbody>
</table>

**Peers**
- LTIM
- MPHASIS
- TECHM
- PERSISTENT
- WIPRO

**HIGHLIGHTS**
- During the past month, the score category for Tech Mahindra dropped from Positive to Neutral.
- The recent change in the Average Score was primarily due to a decline in the Earnings and Relative Valuation component scores.

**I/B/E/S MEAN**

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

<table>
<thead>
<tr>
<th>Strong Buy</th>
<th>Buy</th>
<th>Hold</th>
<th>Sell</th>
<th>Strong Sell</th>
</tr>
</thead>
</table>

**PRICE AND VOLUME CHARTS**

1-Year Return: 7.6%
5-Year Return: 64.0%

**BUSINESS SUMMARY**

Tech Mahindra Limited is an India-based provider of digital transformation, consulting and business re-engineering services and solutions. The Company operates through two segments: Information Technology (IT) Services and Business Processing Outsourcing (BPO). Its geographical segments include the Americas, Europe region, India and the Rest of the world. The Company's products/services include telecom services, consulting, application outsourcing, infrastructure outsourcing, engineering services, business services group, platform solutions and mobile value-added services. The Company serves industries, including communications, manufacturing, technology, media and entertainment, banking, financial services and insurance, and retail, transport and logistics. The Company's subsidiaries include Tech Mahindra Luxembourg S.a r.l., Yabx India Private Limited, Tech Mahindra Credit Solutions Inc, Tech Mahindra Technology Services LLC and Zen3 Infosolutions (America) Inc.
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

<table>
<thead>
<tr>
<th>Average Score</th>
<th>Ticker</th>
<th>PRICE MOMENTUM</th>
<th>VALUATION</th>
<th>FUNDAMENTAL</th>
<th>ANALYSTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Price (2023-11-03)</td>
<td>1-Mo Return</td>
<td>3-Mo Return</td>
<td>1-Yr Return</td>
</tr>
<tr>
<td>9</td>
<td>TCS</td>
<td>3,350.90</td>
<td>-4.6%</td>
<td>-1.4%</td>
<td>4.5%</td>
</tr>
<tr>
<td>6</td>
<td>INFY</td>
<td>1,389.05</td>
<td>-3.1%</td>
<td>1.8%</td>
<td>-9.3%</td>
</tr>
<tr>
<td>8</td>
<td>HCLTECH</td>
<td>1,266.25</td>
<td>2.2%</td>
<td>12.5%</td>
<td>21.2%</td>
</tr>
<tr>
<td>5</td>
<td>WI PRO</td>
<td>383.55</td>
<td>-5.4%</td>
<td>-4.0%</td>
<td>-1.3%</td>
</tr>
<tr>
<td>8</td>
<td>LTIM</td>
<td>5,134.95</td>
<td>-1.5%</td>
<td>5.4%</td>
<td>6.1%</td>
</tr>
<tr>
<td>6</td>
<td>TECHM</td>
<td>1,133.10</td>
<td>-6.8%</td>
<td>-0.85%</td>
<td>7.6%</td>
</tr>
<tr>
<td>5</td>
<td>PERSISTENT</td>
<td>6,286.15</td>
<td>9.7%</td>
<td>34.0%</td>
<td>67.4%</td>
</tr>
<tr>
<td>6</td>
<td>MPHASIS</td>
<td>2,210.20</td>
<td>-7.1%</td>
<td>-1.2%</td>
<td>11.1%</td>
</tr>
<tr>
<td>5</td>
<td>CO FORGE</td>
<td>5,083.10</td>
<td>-0.46%</td>
<td>6.7%</td>
<td>34.0%</td>
</tr>
<tr>
<td>7</td>
<td>CYIENT</td>
<td>1,661.00</td>
<td>-2.3%</td>
<td>10.5%</td>
<td>127.2%</td>
</tr>
<tr>
<td>5</td>
<td>SONAT SOFTW</td>
<td>1,226.40</td>
<td>17.8%</td>
<td>18.1%</td>
<td>135.6%</td>
</tr>
<tr>
<td>6.4</td>
<td>Average</td>
<td>2,647.70</td>
<td>-0.15%</td>
<td>7.4%</td>
<td>36.7%</td>
</tr>
</tbody>
</table>

PEER COMPANIES

<table>
<thead>
<tr>
<th>Ticker</th>
<th>Company</th>
<th>Ticker</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>COFORGE</td>
<td>Coforge</td>
<td>MPHASIS</td>
<td>Mphasis</td>
</tr>
<tr>
<td>CYIENT</td>
<td>Cyient</td>
<td>PERSISTENT</td>
<td>Persistent Systems</td>
</tr>
<tr>
<td>HCLTECH</td>
<td>HCL Technologies</td>
<td>SONAT SOFTW</td>
<td>Sonata Software</td>
</tr>
<tr>
<td>INFY</td>
<td>Infosys</td>
<td>TCS</td>
<td>Tata Consultancy Services</td>
</tr>
<tr>
<td>LTIM</td>
<td>LTIMindtree</td>
<td>WI PRO</td>
<td>Wipro</td>
</tr>
</tbody>
</table>
TECH MAHINDRA (TECHM-IN)
Software & IT Services / Software & IT Services / IT Services & Consulting

EARNINGS
NEGATIVE OUTLOOK: Weak earnings with recent analyst downgrades or a history of missing consensus estimates.

Earnings Score Averages
Software & IT Services Group: 4.6
Software & IT Services Sector: 4.6
Large Market Cap: 5.8
BSE Sensex Index: 7.1

Earnings Score Trend (4-Week Moving Avg)

Peers

<table>
<thead>
<tr>
<th></th>
<th>-6M</th>
<th>-3M</th>
<th>-1M</th>
<th>-1W</th>
<th>Current</th>
<th>1Y Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTIM</td>
<td>5</td>
<td>1</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>MPHASIS</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>PERSISTENT</td>
<td>6</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>TECHM</td>
<td>2</td>
<td>1</td>
<td>4</td>
<td>3</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>WIPRO</td>
<td>3</td>
<td>5</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

Earnings Indicators

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

Positive
Neutral
Negative
No Rating

Last 4 Quarters
# Positive Surprises (>2%) 0
# Negative Surprises (<-2%) 3
# In-Line Surprises (within 2%) 1
Avg Surprise -24.8%

Last 4 Weeks
# Up Revisions 1
# Down Revisions 6
Avg Up Revisions 2.7%
Avg Down Revisions -16.2%

Last 120 Days
# Broker Upgrades 1
# Broker Downgrades 10

HIGHLIGHTS
- The Earnings Rating for Tech Mahindra declined significantly over the past week from 3 to 1. The current rating is considerably more bearish than the IT Services & Consulting industry average of 3.6. TECHM scores a bearish 4 or less for all three component ratings.
- On 2023-10-25, the company announced quarterly earnings of 5.57 per share, a negative surprise of -40.3% below the consensus 9.33. Over the past 4 quarters, the company has reported 0 positive, 3 negative, and 1 in-line surprises. The average surprise for this time period has been -24.8%.
- TECHM's current quarter consensus estimate has decreased notably over the past 90 days from 12.62 to 9.14, a loss of -27.6%. This trails the average IT Services & Consulting industry move of -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) 1,120.00
High 1,370.00
Low 880.00
Target vs. Current -1.2%
# of Analysts 40

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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.

Mean Estimate Trend

<table>
<thead>
<tr>
<th></th>
<th>Q 23-12</th>
<th>Q 24-03</th>
<th>Y 2024</th>
<th>Y 2025</th>
<th>Price Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>9.136</td>
<td>11.530</td>
<td>38.960</td>
<td>61.510</td>
<td>1,120.00</td>
</tr>
<tr>
<td>30 Days Ago</td>
<td>13.200</td>
<td>14.230</td>
<td>49.740</td>
<td>66.740</td>
<td>1,130.00</td>
</tr>
<tr>
<td>90 Days Ago</td>
<td>12.620</td>
<td>13.970</td>
<td>52.780</td>
<td>67.970</td>
<td>1,100.00</td>
</tr>
<tr>
<td>% Change (90 Days)</td>
<td>-27.6%</td>
<td>-17.5%</td>
<td>-26.2%</td>
<td>-9.5%</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

An In-Line Quarterly forecast is between the mean and median estimates.

Mean Annual Estimate

<table>
<thead>
<tr>
<th></th>
<th>2024</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>38.960</td>
<td>61.510</td>
</tr>
<tr>
<td>High</td>
<td>77.900</td>
<td>92.800</td>
</tr>
<tr>
<td>Low</td>
<td>30.020</td>
<td>51.500</td>
</tr>
</tbody>
</table>

Surprise Summary (Last 12 Quarters)

<table>
<thead>
<tr>
<th>Surprise Type</th>
<th>Amount</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive Quarters (&gt; 2%)</td>
<td>4</td>
<td>33.3%</td>
</tr>
<tr>
<td>Negative Quarters (&lt; -2%)</td>
<td>6</td>
<td>50.0%</td>
</tr>
<tr>
<td>In-Line Quarters (within 2%)</td>
<td>2</td>
<td>16.7%</td>
</tr>
</tbody>
</table>

Surprise Summary (Last 6 Periods)

<table>
<thead>
<tr>
<th>Surprise Type</th>
<th>Announce Date</th>
<th>Period End Date</th>
<th>Actual</th>
<th>Mean EPS</th>
<th>Surprise (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative</td>
<td>2023-10-25</td>
<td>2023-09-30</td>
<td>5.570</td>
<td>9.333</td>
<td>-40.3%</td>
</tr>
<tr>
<td>Negative</td>
<td>2023-07-26</td>
<td>2023-06-30</td>
<td>7.820</td>
<td>13.230</td>
<td>-40.9%</td>
</tr>
<tr>
<td>Negative</td>
<td>2023-04-27</td>
<td>2023-03-31</td>
<td>12.620</td>
<td>15.020</td>
<td>-16.0%</td>
</tr>
<tr>
<td>In-Line</td>
<td>2023-01-30</td>
<td>2022-12-31</td>
<td>14.640</td>
<td>14.910</td>
<td>-1.8%</td>
</tr>
<tr>
<td>Positive</td>
<td>2022-11-01</td>
<td>2022-09-30</td>
<td>14.800</td>
<td>13.950</td>
<td>6.1%</td>
</tr>
</tbody>
</table>

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.
TECH MAHINDRA (TECHM-IN)
Software & IT Services / Software & IT Services / IT Services & Consulting

FUNDAMENTAL

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

Fundamental Score Trend

Positive 8 9 7 7 3 9 8 9 8 8
Neutral 8 8 8 8 8 8 8 8 8 8
Negative 8 8 8 8 8 8 8 8 8 8

Fundamental Score Averages

Software & IT Services Group: 6.0
Software & IT Services Sector: 6.0
BSE Sensex Index: 7.0
Large Market Cap: 6.5

FUNDAMENTAL INDICATORS

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

Revenue Growth 14.0%
Gross Margin 80.5%
Return On Equity 20.4%
Net Margin 8.2%
Current Ratio 1.8
Debt-to-Capital 3.1%
Interest Funding 4.0%
Interest Coverage 7.3
Current Ratio 1.8
Debt-to-Capital 3.1%
Interest Funding 4.0%
Interest Coverage 7.3
Current Div. Yield 2.5%

Oper. Cash Yield 24.3%
Days Sales In Inv. 1.7
Days Sales In Rec. 100.1
Dividend Growth 193.3%
Dividend Payout 88.4%
Dividend Coverage 1.7
Oper. Cash Yield 24.3%
Days Sales In Inv. 1.7
Days Sales In Rec. 100.1
Dividend Growth 193.3%
Dividend Payout 88.4%
Dividend Coverage 1.7

HIGHLIGHTS

- Tech Mahindra currently has a Fundamental Rating of 8. The average Fundamental Rating for its Software & IT Services industry group is 6.0 and the S&P BSE SENSEX index average is 7.0.
- The company’s net margin has been higher than its industry group average for each of the past five years.
- The company’s debt-to-capital has been higher than its industry group average for each of the past five years.
- The company’s days sales in inventory has been lower than its industry group average for each of the past five years.
- Of the 243 firms within the Software & IT Services industry group, Tech Mahindra is among 71 companies that pay a dividend. The stock’s dividend yield is currently 2.5%.
RELATIVE VALUATION

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

Relative Valuation Score Trend (4-Week Moving Avg)

Positive Neutral Negative
2020-10 2021-10 2022-10 2023-10

Relative Valuation Score Averages
Software & IT Services Group: 4.2
Software & IT Services Sector: 4.2
Large Market Cap: 4.5
BSE Sensex Index: 5.3

HIGHLIGHTS
- Tech Mahindra currently has a Relative Valuation Rating of 5 while the S&P BSE SENSEX index has an average rating of 5.3.
- TECHM's Trailing P/E and Forward P/E are both significantly above (more expensive than) their 5-year averages.
- TECHM's Price to Sales ratio of 2.1 represents a 12% Discount to its 5-year average of 2.3.
- At 27.5, TECHM's current Trailing P/E is at a 21% Premium to the S&P BSE SENSEX index average of 22.6.
- At 24.1, TECHM's current Forward P/E is at a 14% Premium to the S&P BSE SENSEX index average of 21.2.
**PRICE TO SALES**
The most recent week’s close price divided by the revenue per share.

- Price to Sales: 2.1
- 5-Year Average: 2.3
- BSE Sensex Index Average: 3.4
- Software & IT Services Group Average: 4.0

**TRAILING PE**
The most recent week’s close price divided by the sum of the four most recently reported quarterly earnings.

- Trailing PE: 27.5
- 5-Year Average: 18.8
- BSE Sensex Index Average: 22.6
- Software & IT Services Group Average: 28.2

**FORWARD PE**
The most recent week’s close price divided by the sum of the four upcoming quarterly consensus estimates.

- Forward PE: 24.1
- 5-Year Average: 17.2
- BSE Sensex Index Average: 21.2
- Software & IT Services Group Average: 25.8

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

- Forward PEG: 2.7
- 5-Year Average: 2.0
- BSE Sensex Index Average: 1.3
- Software & IT Services Group Average: 3.1
**RISK**

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

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

<table>
<thead>
<tr>
<th>Positive</th>
<th>Neutral</th>
<th>Negative</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>8</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>2020-10</th>
<th>2021-10</th>
<th>2022-10</th>
<th>2023-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Score</td>
<td>Positive</td>
<td>Neutral</td>
<td>Negative</td>
<td></td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>8</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Risk Score Averages**

- Software & IT Services Group: **4.8**
- Large Market Cap: **8.9**
- Software & IT Services Sector: **4.8**
- BSE Sensex Index: **9.7**

**Peers**

- LTIM: 9, 9, 9, 9
- MPHASIS: 9, 9, 9, 9
- PERSISTENT: 9, 9, 9, 9
- TECHM: 9, 10, 10, 10
- WIPRO: 9, 9, 9, 9

**Risk Indicators**

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

**HIGHLIGHTS**

- Tech Mahindra currently has a Risk Rating of 9 while the S&P BSE SENSEX index has an average rating of 9.7.
- On days when the market is up, TECHM tends to perform in-line with the S&P BSE SENSEX index. On days when the market is down, the shares generally decrease by less than the index.
- In both short-term and long-term periods, TECHM has shown high correlation (>= 0.4) with the S&P BSE SENSEX index. Thus, this stock would provide only low levels of diversification to a portfolio similar to the broader market.
- Over the last 90 days, TECHM 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.
**NEUTRAL OUTLOOK:** Performance relatively in-line with the market.

**Price Momentum Score Trend (4-Week Moving Avg):**

- Positive: 10
- Neutral: 5
- Negative: 2

**Peers -6M -3M -1M -1W Current 1Y Trend**

- PERSISTENT: 4 9 9 9 9
- LTIM: 3 7 8 7 8
- TECHM: 2 8 7 7 7
- MPHASIS: 2 4 6 6 6
- WIPRO: 1 4 3 4 3

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

- TECHM: 37
- Industry Avg: 50

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

- Company Avg: 4.1% 3.1% 0.55%
- Industry Avg: 4.9% 8.7% 4.0%
- Industry Rank: 23 of 98 14 of 98 26 of 98

**Tech Mahindra has a Price Momentum Rating of 7, which is significantly above the S&P BSE SENSEX index average rating of 4.5.**

**11.5%**

- Tech Mahindra has a Price Momentum Rating of 7, which is significantly above the S&P BSE SENSEX index average rating of 4.5.
- On 2023-11-03, TECHM closed at 1,133.10, 14.2% above its 52-week high and 15.5% above its 52-week low.
- TECHM shares are currently trading 6.8% below their 50-day moving average of 1,216.37, and 0.00% below their 200-day moving average of 1,133.52.
TECH MAHINDRA (TECHM-IN)

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

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: (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

• Current Ratio: Current Assets / Current Liabilities
• Debt-to-Capital: Total Debt / Total Capital
• Interest Coverage: (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

• 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

The company must have a current dividend yield.
• Dividend Growth Rate: (Dividends per Share - Previous Dividends per Share) / Previous Dividends per Share
• Dividend Funding: Dividends / Operating Cash Flow
• Dividend Coverage: (Pre-Tax Income + Interest Expense) / (Interest Expense + 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 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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