

TECH MAHINDRA LIMITED (TECHM-IN)

Telecommunications / Telecommunications Services / Integrated Telecom Svcs.

STOCKREPORTS+ DETAILED STOCK REPORT

Report Date: November 1, 2014

Last Close 2,517.70 (INR)	Avg Daily Vol 1.0M	52-Week High 2,543.50	Trailing PE 19.9	Annual Div 20.00	ROE 41.5%	LTG Forecast 17.2%	1-Mo Return 1.1%
October 31, 2014 INDIA NATIONAL Exchange	Market Cap 549.8B	52-Week Low 1,516.10	Forward PE 18.2	Dividend Yield 0.8%	Annual Rev 198.5B	Inst Own 30.8%	3-Mo Return 17.1%

AVERAGE SCORE

AVERAGE
SCORE

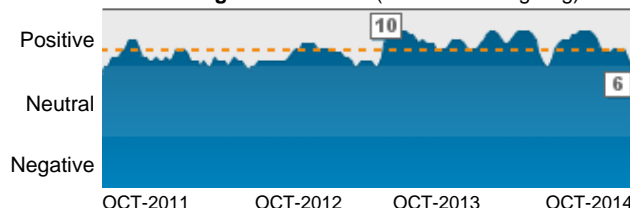
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NEUTRAL OUTLOOK: TECHM's current score is relatively in-line with the market.

Score Averages

Telecommunications Services Group: 4.0	Large Market Cap: 7.7
Telecommunications Sector: 4.0	BSE SENSEX Index: 8.0

Average Score Trend (4-Week Moving Avg)



Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
TECHM	7	9	8	6	6	
MTNL	6	4	3	5	5	
QUADRANT	4	5	6	6	5	
TTML	7	5	5	5	5	
MOBILTEL	1	2	3	4	4	

HIGHLIGHTS

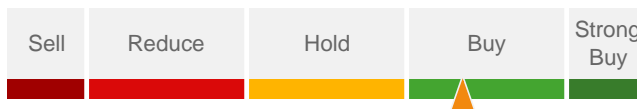
- The score for TECH MAHINDRA LIMITED has been on a negative trend from 8 to 6 over the past 9 weeks.
- The recent change in the Average Score was primarily due to a decline in the Price Momentum and Earnings component scores.

THOMSON REUTERS I/B/E/S MEAN

Buy

49 Analysts

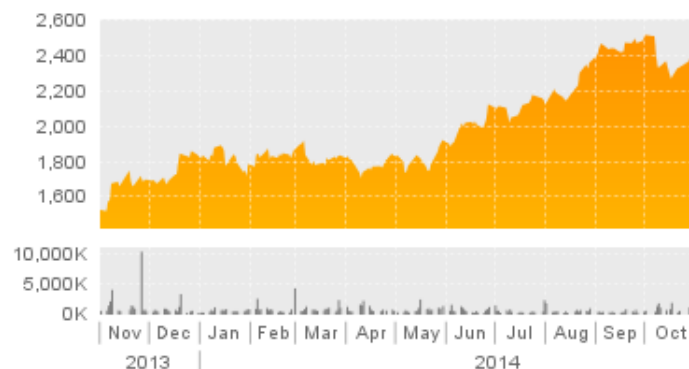
Mean recommendation from all analysts covering the company on a standardized 5-point scale.



PRICE AND VOLUME CHARTS

1-Year Return: 62.3%

5-Year Return: 169.5%



BUSINESS SUMMARY

Tech Mahindra Limited is a provider of information technology (IT), networking technology solutions and business support services (BPO) to the global telecommunications industry. The primary segment of the Company is business segment by category of customers in the Telecom Service Providers (TSP), Telecom Equipment Manufacturer (TEM), BPO and others, which includes non telecom vertical customers and the secondary segment is the geographical segment by location of its customers. The Company's subsidiaries include Tech Mahindra (Americas) Inc. (TMA), Tech Mahindra GmbH (TMGMBH), Tech Mahindra (Singapore) Pte. Limited (TMSL), Tech Mahindra (Thailand) Limited (TMTL), PT Tech Mahindra Indonesia (TMI), CanvasM Technologies Limited (CTL), Venturbay Consultants Private Limited and Mahindra Logisoft Business Solutions Limited. In March 2012, the Company merged with Mahindra Satyam. In June 2013, Tech Mahindra Ltd has completed the merger of associate Satyam Computer Services Ltd.

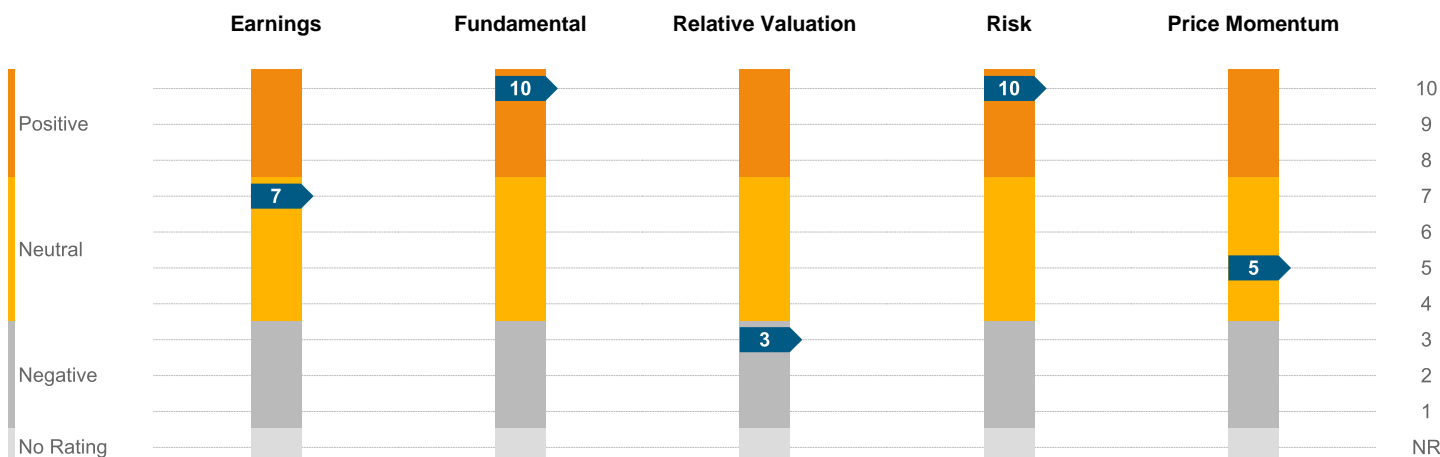


INDICATOR COMPONENTS

AVERAGE SCORE

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



PEER ANALYSIS

Currency in INR

Average Score	Ticker	PRICE MOMENTUM				VALUATION			FUNDAMENTAL		ANALYSTS		# of Analysts
		Price (10/31/14)	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	IDEA	162.75	-2.0%	3.8%	-5.8%	576.3B	24.1	20.2	0.3%	9.6%	10.8%	Buy	38
6	TECHM	2,517.70	1.1%	17.1%	62.3%	549.8B	19.9	18.2	0.8%	12.3%	17.2%	Buy	49
4	RCOM	106.15	7.2%	-21.4%	-27.7%	247.2B	20.2	20.7	0.2%	2.5%	49.6%	Reduce	26
5	TTML	9.25	-8.0%	-21.3%	32.1%	17.7B	--	--	--	-16.3%	--	Sell	1
5	MTNL	29.80	10.2%	-1.5%	105.5%	16.9B	--	--	--	--	--	--	--
5	QUADRANT	3.25	-11.2%	-1.8%	21.3%	1.9B	--	--	--	--	--	--	--
4	MOBILTEL	4.21	5.3%	38.5%	76.2%	476M	--	--	1.2%	1.3%	--	--	--
1	TULIP	1.50	-14.3%	-37.5%	-80.5%	225M	--	--	--	-61.8%	--	--	--
NR	JINDONL	2.40	-4.0%	185.7%	788.9%	119M	--	--	--	--	--	--	--
2	NUTEK	0.65	-7.1%	-23.5%	44.4%	100M	--	--	--	-1.8%	--	--	--
NR	CISTRO	0.28	-22.2%	16.7%	154.6%	14M	--	--	--	--	--	--	--
4.4	Average	257.99	-4.1%	14.1%	106.5%	128.3B	21.4	19.7	0.6%	-7.7%	25.9%	Hold	28.5

PEER COMPANIES

IDEA	IDEA CELLULAR LTD	MOBILTEL	MOBILE TELECOMMUNICATIONS
RCOM	RELIANCE COMMUNICATIONS	TULIP	TULIP TELECOM LIMITED
TTML	TATA TELESERVICES	JINDONL	JINDAL ONLINECOM LTD
MTNL	MAHANAGAR TELEPHONE NIGAM	NUTEK	NU TEK INDIA LIMITED
QUADRANT	QUADRANT TELEVENTURES	CISTRO	CISTRO TELELINK LIMITED

EARNINGS

EARNINGS

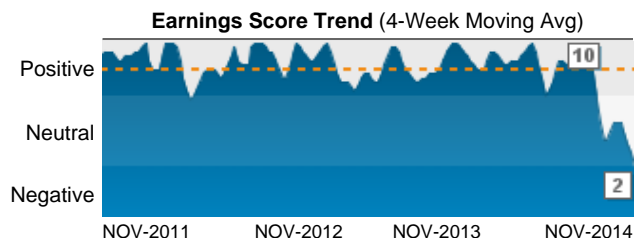
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Currency in INR

NEUTRAL OUTLOOK: Mixed earnings expectations and performance.

Earnings Score Averages

Telecommunications Services Group: **6.4** Large Market Cap: **6.6**
Telecommunications Sector: **6.4** BSE SENSEX Index: **7.0**



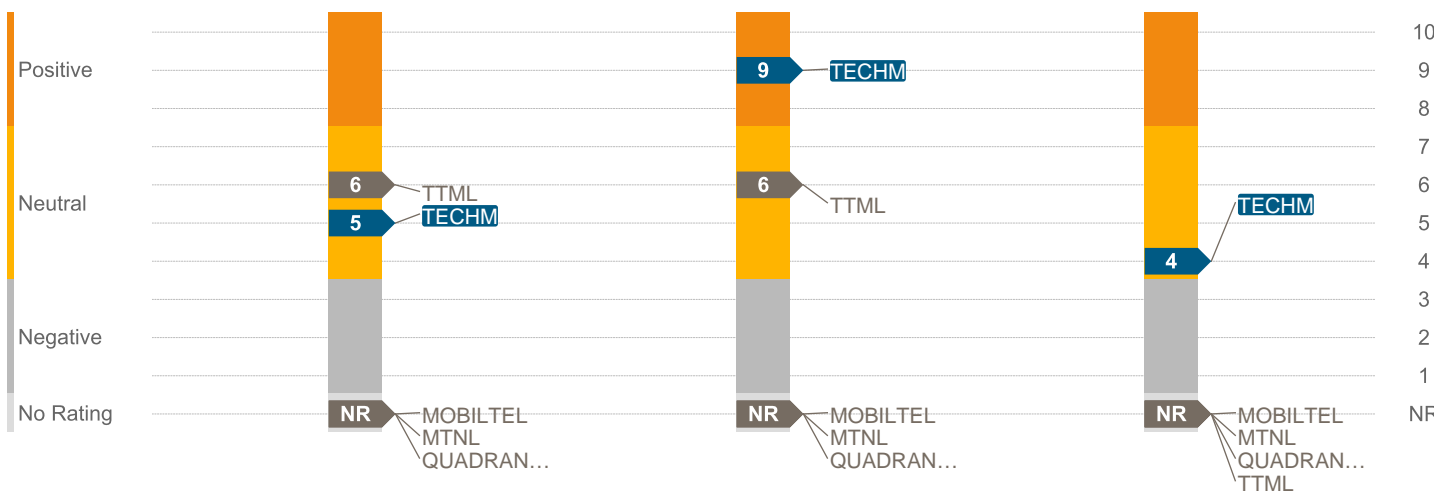
Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
TECHM	9	5	4	2	7	
TTML	8	6	6	6	6	
MOBILTEL	NR	NR	NR	NR	NR	
MTNL	NR	NR	NR	NR	NR	
QUADRANT	NR	NR	NR	NR	NR	

EARNINGS INDICATORS

Earnings Surprises
(33.3% weight)

Estimate Revisions
(33.3% weight)

Recommendation Changes
(33.3% weight)



Last 4 Quarters

# Positive Surprises (> 2%)	1
# Negative Surprises (< -2%)	3
# In-Line (within 2%)	0
Avg Surprise	0.9%

Last 4 Weeks

# Up Revisions	4
# Down Revisions	1
Avg Up Revisions	8.2%
Avg Down Revisions	-2.0%

Last 120 Days

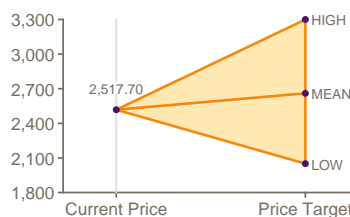
# Broker Upgrades	6
# Broker Downgrades	10

HIGHLIGHTS

- TECHM's Earnings Rating improved significantly over the past two weeks from 3 to 7. The average Earnings Rating for its Integrated Telecom Svcs Industry is 6.5 and the S&P CNX NIFTY average is 7.0.
- On 10/29/14, the company announced quarterly earnings of 29.81 per share, a negative surprise of -5.0% below the consensus 31.39. Over the past 4 quarters, the company has reported 1 positive (>2%), 3 negative (<-2%), and 0 in-line (within 2%) surprises. The average surprise for this time period has been 0.9%.
- TECHM's current quarter consensus estimate has increased over the past 90 days from 34.19 to 35.84, a rise of 4.8%. Consensus estimates for the Integrated Telecom Svcs Industry have moved an average 5.0% 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

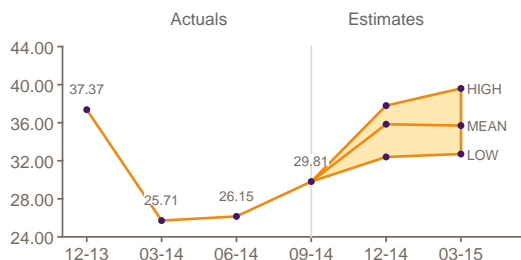
Mean	2,660.00
High	3,300.00
Low	2,050.00
Target vs. Current	5.7%
# of Analysts	50



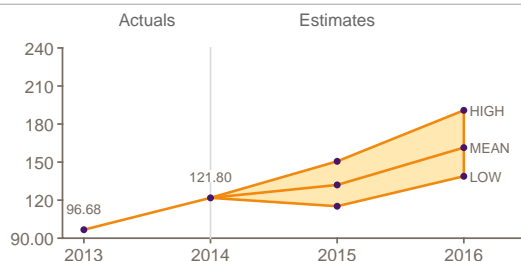
EARNINGS PER SHARE

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	12-14	03-15
Mean	35.840	35.700
High	37.800	39.600
Low	32.400	32.710
# of Analysts	5	5



Annual	2015	2016
Mean	132.0	161.4
High	150.6	190.8
Low	115.2	138.8
# of Analysts	46	47

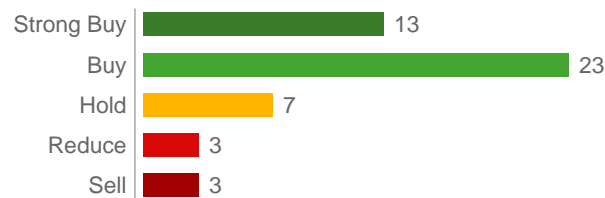
MEAN ESTIMATE TREND

	Q 12-14	Q 03-15	Y 2015	Y 2016	Price Target
Current	35.840	35.700	132.0	161.4	2,600.00
30 Days Ago	34.130	33.740	133.0	158.5	2,380.00
90 Days Ago	34.190	32.280	134.0	158.1	2,190.00
% Change (90 Days)	4.8%	10.6%	-1.5%	2.1%	18.7%

Next Expected Report Date: 02/02/15

ANALYST RECOMMENDATIONS

Thomson Reuters I/B/E/S Mean: **Buy** (49 Analysts)



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)

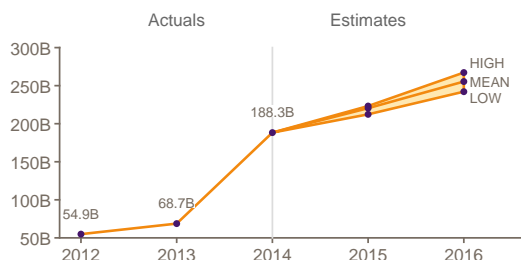
Surprise Type	Amount	Percent
Positive Quarters (> 2%)	7	58.3%
Negative Quarters (< -2%)	5	41.7%
In-Line Quarters (within 2%)	0	--

Surprise Detail (Last 6 Periods)

Surprise Type	Announce Date	Period End Date	Actual EPS	Mean EPS	Surprise (%)
NEGATIVE	10/29/14	09/30/14	29.810	31.390	-5.0%
NEGATIVE	07/31/14	06/30/14	26.150	29.910	-12.6%
NEGATIVE	05/14/14	03/31/14	25.710	27.380	-6.1%
POSITIVE	02/04/14	12/31/13	37.370	29.370	27.2%
NEGATIVE	11/07/13	09/30/13	30.270	31.110	-2.7%
POSITIVE	08/12/13	06/30/13	29.000	26.700	8.6%

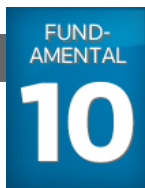
ANNUAL REVENUE

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.



	2015	2016
Mean	220.4B	255.4B
High	223.2B	267.2B
Low	212.3B	242.1B
Forecasted Growth	17.0%	35.6%
# of Analysts	46	47

FUNDAMENTAL



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

Fundamental Score Averages

Telecommunications Services Group:	4.8	Large Market Cap:	7.9
Telecommunications Sector:	4.8	BSE SENSEX Index:	8.1

Fundamental Score Trend



Peers	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Current	3Y Trend
TECHM	9	9	9	9	10	
QUADRANT	9	NR	NR	NR	9	
MTNL	6	NR	NR	NR	6	
MOBILTEL	3	4	4	5	5	
TTML	4	3	3	3	4	

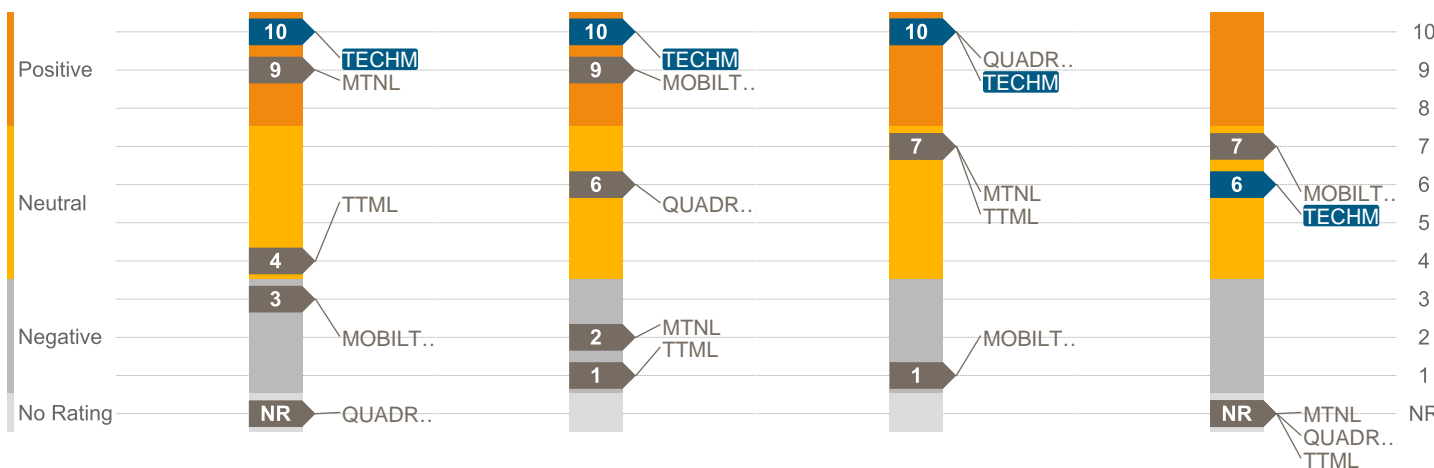
FUNDAMENTAL INDICATORS

Profitability
(25% weight)

Debt
(25% weight)

Earnings Quality
(25% weight)

Dividend
(25% weight)



Revenue Growth	115.0%	Current Ratio	2.2	Days Sales in Inv.	0.3	Div. Growth Rate	300.0%
For year over year ending 06/14		For year over year ending 03/14		For period ending 03/14		For year over year ending 06/14	
Gross Margin	15.2%	Debt-to-Capital	0.2%	Days Sales in Rec.	62.3	Dividend Funding	9.0%
For trailing 4 qtrs ending 06/14		For trailing 4 qtrs ending 03/14		For period ending 03/14		For trailing 4 qtrs ending 03/14	
Return on Equity	41.5%	Interest Funding	1.7%			Dividend Coverage	41.4
For trailing 4 qtrs ending 03/14		For trailing 4 qtrs ending 03/14				For trailing 4 qtrs ending 03/14	
Net Margin	12.3%	Interest Coverage	210.8			Current Div. Yield	0.8%
For trailing 4 qtrs ending 06/14		For trailing 4 qtrs ending 06/14				For trailing 4 qtrs ending 10/14	

HIGHLIGHTS

- TECHM currently has a Fundamental Rating of 10, which is significantly more bullish than the Telecommunications Services Industry Group average of 4.8.
- Of the 15 firms within the Telecommunications Services Industry Group, TECH MAHINDRA LIMITED is among the 5 companies that pay a dividend. The stock's dividend yield is currently 0.8%.
- TECHM's interest coverage (number of times interest payments are covered by EBIT) is the highest within its Telecommunications Services Industry Group.
- TECHM's net margin (trailing 4 quarters) of 12.3% is the highest within its Telecommunications Services Industry Group.
- TECHM's days sales in inventory is the lowest within its Telecommunications Services Industry Group.



RELATIVE VALUATION

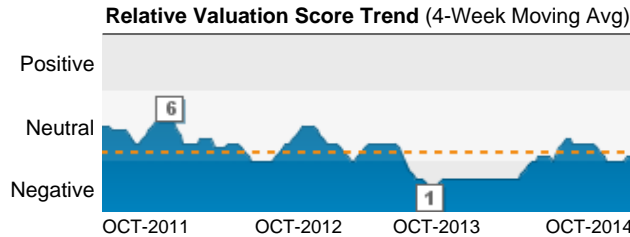
RELATIVE VALUATION

3

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

Relative Valuation Score Averages

Telecommunications Services Group:	4.7	Large Market Cap:	4.0
Telecommunications Sector:	4.7	BSE SENSEX Index:	4.6



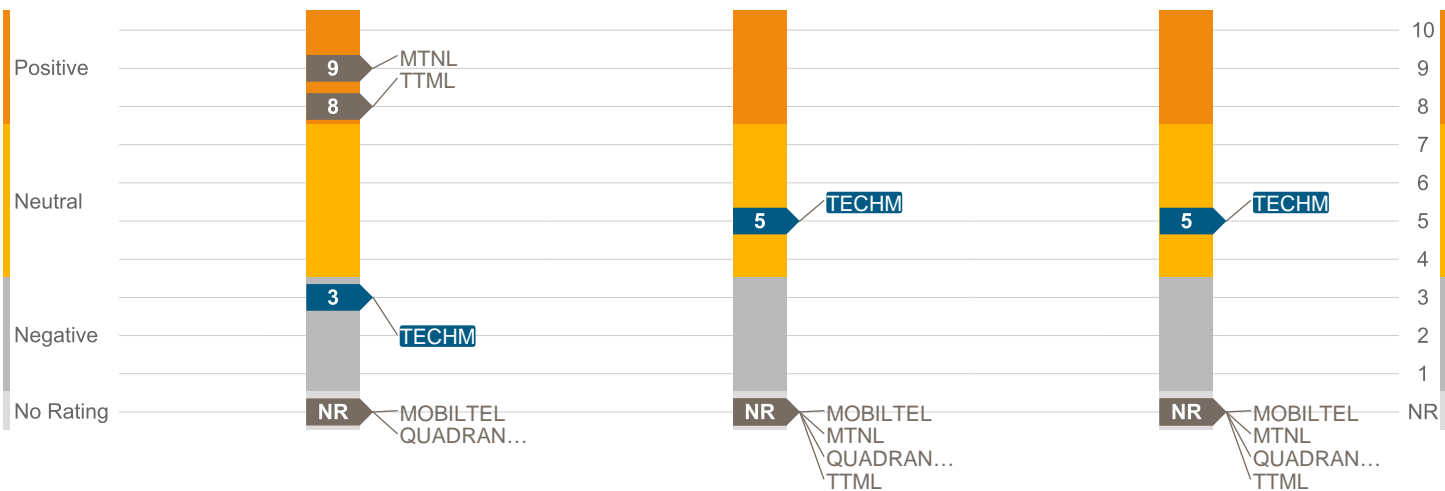
Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
MTNL	7	7	7	7	7	
TTML	6	6	7	7	7	
TECHM	3	4	3	3	3	
MOBILTEL	NR	NR	NR	NR	NR	
QUADRANT	NR	NR	NR	NR	NR	

RELATIVE VALUATION INDICATORS

Price to Sales
(50% weight)

Trailing PE
(25% weight)

Forward PE
(25% weight)



Price to Sales	2.9	Trailing PE	19.9	Forward PE	18.2
5-Yr Average	2.2	5-Yr Average	13.0	5-Yr Average	12.7
Rel. to 5-Yr Avg.	35% Premium	Rel. to 5-Yr Avg.	53% Premium	Rel. to 5-Yr Avg.	44% Premium
BSE SENSEX Index	4.1	BSE SENSEX Index	23.1	BSE SENSEX Index	19.4
Rel. To BSE SENSEX	28% Discount	Rel. To BSE SENSEX	14% Discount	Rel. To BSE SENSEX	6% Discount

HIGHLIGHTS

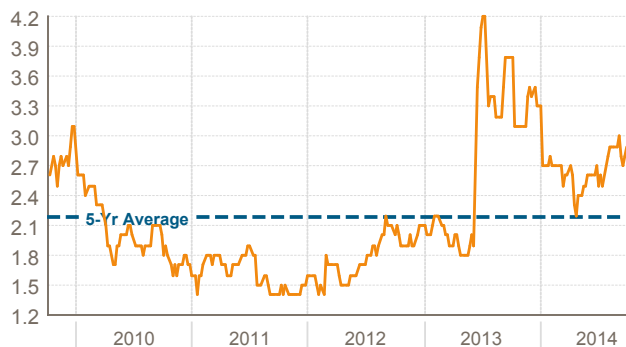
- TECHM's Price to Sales, Trailing P/E, and Forward P/E multiples are all significantly above (more expensive than) their 5-year averages.
- TECHM's 19.9 Trailing P/E is currently at the high end of its 5-year range (lowest 8.5 to highest 20.3).
- TECHM currently has a Valuation Rating of 3 which is significantly below the S&P BSE SENSEX index average rating of 4.6.
- TECHM's current Price to Sales ratio of 2.9 represents a 93% Premium to its Telecommunications Services Group average.
- Based on Forward P/E, TECHM currently trades at a 19% Discount to its Telecommunications Services Group peers. On average, the company has traded at a 8% Discount over the past five years.



PRICE TO SALES

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

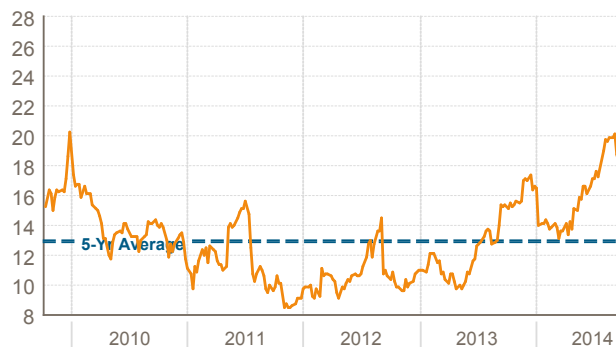
Price to Sales: 2.9
5-Year Average: 2.2
BSE SENSEX Index Average: 4.1
Telecommunications Services Group Average: 1.5



TRAILING PE

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

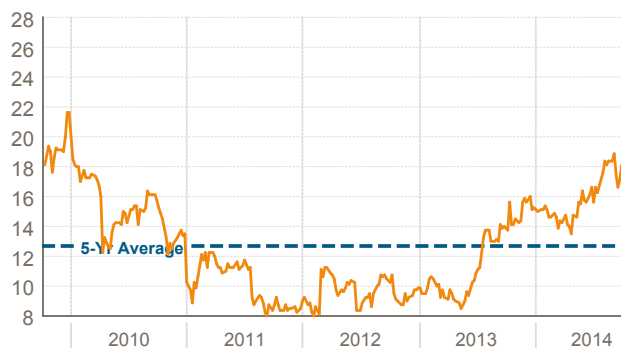
Trailing PE: 19.9
5-Year Average: 13.0
BSE SENSEX Index Average: 23.1
Telecommunications Services Group Average: 30.9



FORWARD PE

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

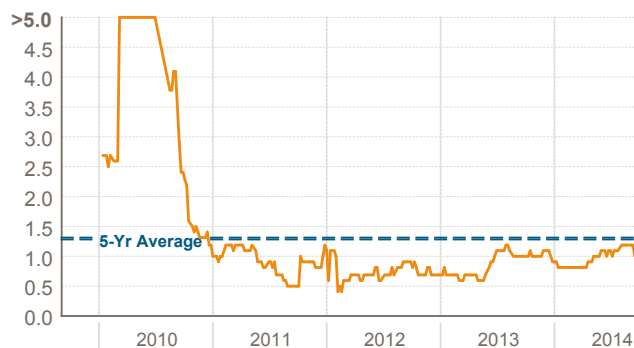
Forward PE: 18.2
5-Year Average: 12.7
BSE SENSEX Index Average: 19.4
Telecommunications Services Group Average: 22.4



FORWARD PEG

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

Forward PEG: 1.1
5-Year Average: 1.3
BSE SENSEX Index Average: 1.5
Telecommunications Services Group Average: 1.2



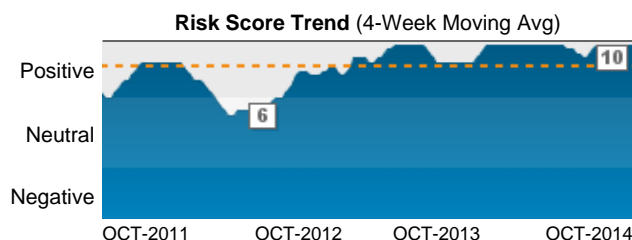
RISK

RISK
10

POSITIVE OUTLOOK: Consistent return patterns (low volatility).

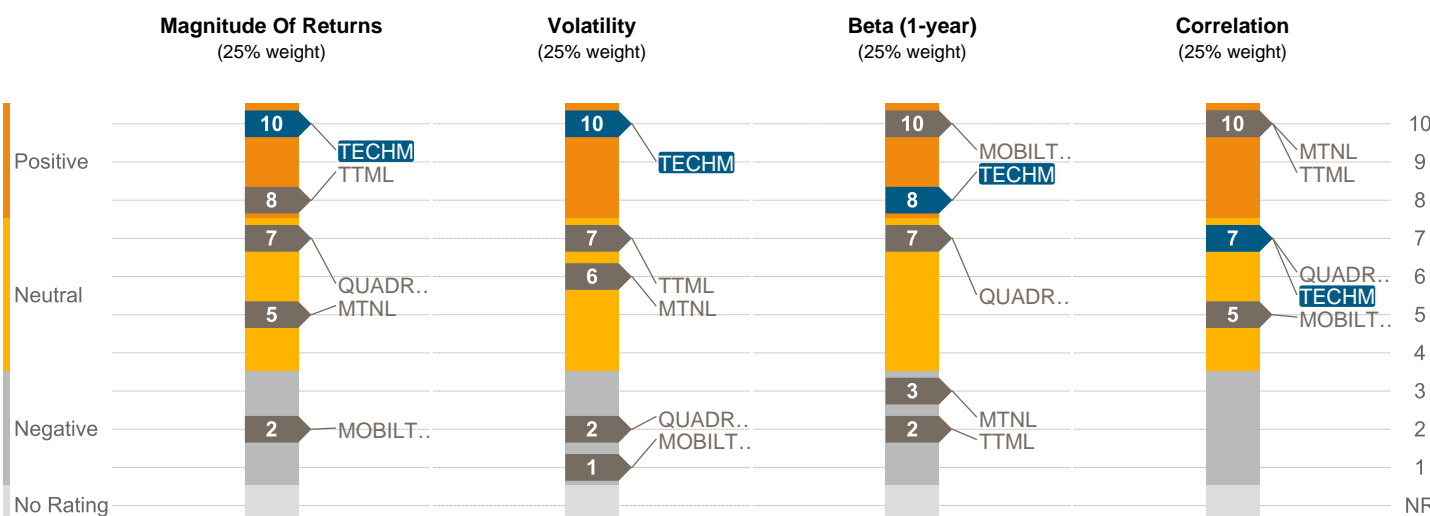
Risk Score Averages

Telecommunications Services Group:	5.9	Large Market Cap:	9.4
Telecommunications Sector:	5.9	BSE SENSEX Index:	9.6



Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
TECHM	10	10	10	10	10	
TTML	10	7	8	8	8	
MTNL	8	3	5	6	6	
QUADRANT	3	4	5	6	6	
MOBILTEL	2	2	3	4	4	

RISK INDICATORS



Daily Returns (Last 90 Days)	Standard Deviation	Beta vs. BSE SENSEX	0.32	Correlation vs. BSE SENSEX
Best: 3.5%	Last 90 Days: 1.42	Positive Days Only: 0.01	Last 90 Days: 27%	
Worst: -4.7%	Last 60 Months: 8.89	Negative Days Only: 0.64	Last 60 Months: 39%	
Monthly Returns (Last 60 Months)	Intra-Day Swing (Last 90 Days)	Beta vs. Group	0.00	Correlation vs. Group
Best: 20.0%	Last 90 Days Avg: 2.4%	Positive Days Only: 0.00	Last 90 Days: 29%	
Worst: -17.7%	Last 90 Days Largest: 7.5%	Negative Days Only: 0.25	Last 60 Months: 1%	

HIGHLIGHTS

- TECHM currently has a Risk Rating of 10 while the S&P BSE SENSEX index has an average rating of 9.6.
- On days when the market is up, TECHM shares remain relatively unchanged. On days when the market is down, the shares generally decrease less than the S&P BSE SENSEX index.
- In both short-term and long-term periods, TECHM 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, TECHM's Standard Deviation has been 1.4 while that of the S&P BSE SENSEX index has been 0.7.

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
TECHM	3.5%	-4.7%	41	16	7.5%	20.0%	-17.7%
MOBILTEL	19.4%	-13.5%	29	24	22.0%	56.6%	-28.0%
MTNL	11.4%	-7.4%	28	27	12.7%	75.6%	-29.8%
QUADRANT	9.5%	-7.8%	24	32	19.0%	44.8%	-27.9%
TTML	10.5%	-6.7%	19	32	12.3%	32.8%	-25.7%
BSE SENSEX	1.8%	-1.6%	36	23	2.3%	11.7%	-10.6%



PRICE MOMENTUM

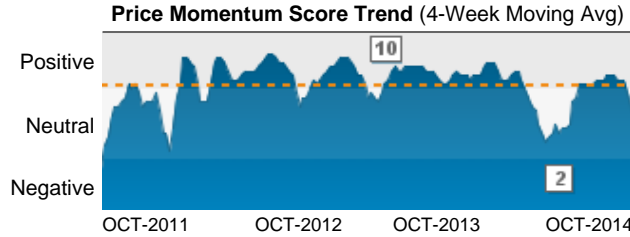
PRICE MOMENTUM
5

Currency in INR

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

Price Momentum Score Averages

Telecommunications Services Group:	2.8	Large Market Cap:	7.0
Telecommunications Sector:	2.8	BSE SENSEX Index:	6.8



Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
MOBILTEL	2	1	4	5	5	
TECHM	4	8	8	4	5	
MTNL	6	4	1	2	2	
QUADRANT	2	1	3	2	1	
TTML	5	5	1	1	1	

PRICE MOMENTUM INDICATORS

Relative Strength
(70% weight)

Seasonality
(30% weight)



Relative Strength Indicator (scale 1-100, 100 is best)

	TECHM	Industry Avg
Last 1 Month	46	40
Last 3 Months	55	48
Last 6 Months	57	50

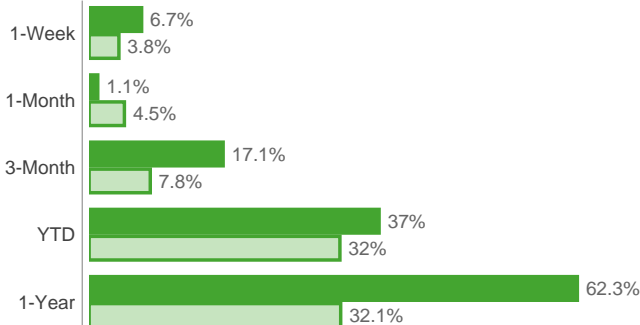
Average Monthly Return (Last 10 Years)

	NOV	DEC	JAN
Company Avg	-4.7%	8.6%	-2.9%
Industry Avg	-4.8%	6.3%	-7.3%
Industry Rank	79 of 84	44 of 81	81 of 82

PRICE PERFORMANCE

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

TECHM
CNX NIFTY



	TECHM	CNX NIFTY
Close Price (10/31/14)	2,517.70	8322
52-Week High	2,543.50	8322
52-Week Low	1,516.10	5990

- On 10/31/14, TECHM closed at 2,517.70, 1.0% below its 52-week high and 66.1% above its 52-week low.
- TECHM shares are currently trading 4.1% above their 50-day moving average of 2,417.46, and 23.0% above their 200-day moving average of 2,046.33.
- The S&P CNX NIFTY is currently trading at its 52-week high of 8322.



DETAILED STOCK REPORT TIPS

The Thomson Reuters Stock Report 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 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 occurrence 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 Thomson Reuters Business Classification (TRBC) system 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 Thomson Reuters proprietary automated text-generation system 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 Thomson Reuters I/B/E/S Mean is the mean recommendation of all analysts covering the stock. The recommendations are presented on a five-point standardized scale: strong buy, buy, hold, reduce, and 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 three 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 / Operating Cash Flow
 - Interest Coverage: (Pre-Tax Income + Interest Expense) / Interest Expense
- Earnings Quality is comprised of two data elements.
 - Days Sales in Inventory: 365 / (Cost of Goods Sold / Inventory)
 - Days Sales in Receivables: 365 / (Net Sales (Revenues) / 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 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 (50% weight), Trailing P/E (25% weight), and Forward P/E (25% weight). After the weightings are considered to combine individual factors, equal deciles are 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 (70% weight) and seasonality (30% weight). After the weightings are considered to combine individual factors, 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 data for the relative strength factor in order to receive a score.

- Relative Strength – The relative strength of the company for the last 1 month, 3 months, and 6 months 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.

DISCLAIMER

All information in this report is assumed to be accurate to the best of our ability. Past performance is not a guarantee of future results. The information contained in this report is not to be construed as advice and should not be confused as any sort of advice. Investors should consider this report as only a single factor in making their investment decision.