

Last Close <b>0.87 (EUR)</b>	Avg Daily Vol <b>12.8M</b>	52-Week High <b>1.62</b>	Trailing PE <b>--</b>	Annual Div <b>--</b>	ROE <b>-182.9%</b>	LTG Forecast <b>--</b>	1-Mo Return <b>-17.4%</b>
2018 October 24 AMSTERDAM Exchange	Market Cap <b>532M</b>	52-Week Low <b>0.64</b>	Forward PE <b>34.8</b>	Dividend Yield <b>--</b>	Annual Rev <b>118M</b>	Inst Own <b>12.2%</b>	3-Mo Return <b>-39.3%</b>

### AVERAGE SCORE

AVERAGE  
SCORE

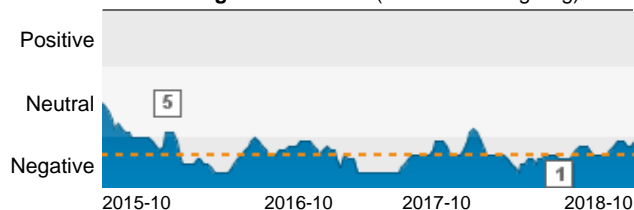
**3**

**NEGATIVE OUTLOOK:** PHARM's current score of 3 places it among the bottom quartile of stocks scored.

#### Score Averages

Biotech & Med. Research Group: <b>4.4</b>	Mid/Small Market Cap: <b>5.1</b>
Pharma. & Med. Research Sector: <b>4.4</b>	AEX Index: <b>6.6</b>

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



Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
GLPG	2	4	5	5	<b>6</b>	
PBD	3	3	2	3	<b>3</b>	
<b>PHARM</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>3</b>	
KDS	5	2	3	2	<b>1</b>	

### HIGHLIGHTS

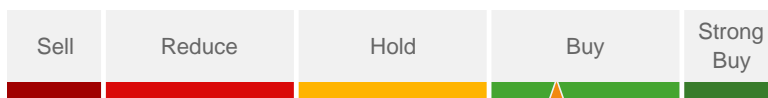
- The score for Pharming Group last changed from 2 to 3 on 2018-10-14.
- The recent change in the Average Score was primarily due to an improvement in the Price Momentum component score.

### THOMSON REUTERS I/B/E/S MEAN

**Buy**

6 Analysts

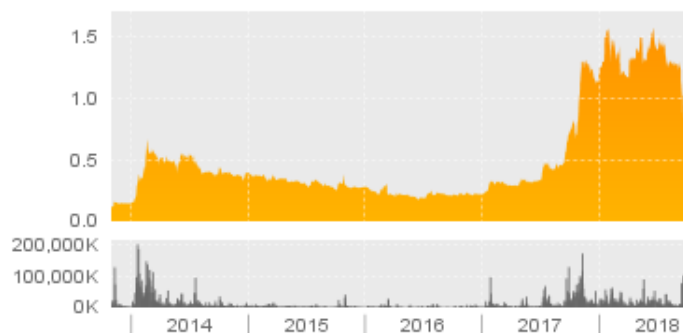
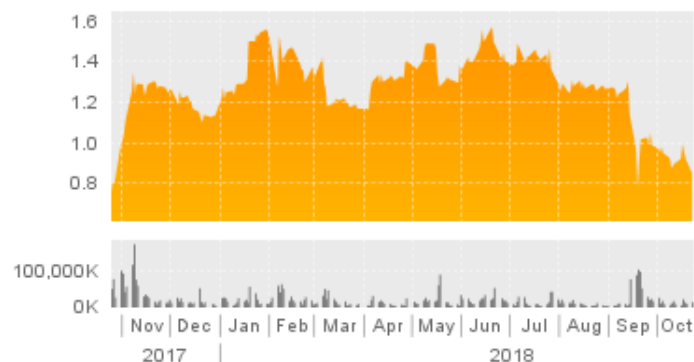
Mean recommendation from all analysts covering the company on a standardized 5-point scale.



### PRICE AND VOLUME CHARTS

1-Year Return: 24.6%

5-Year Return: 683.5%



### BUSINESS SUMMARY

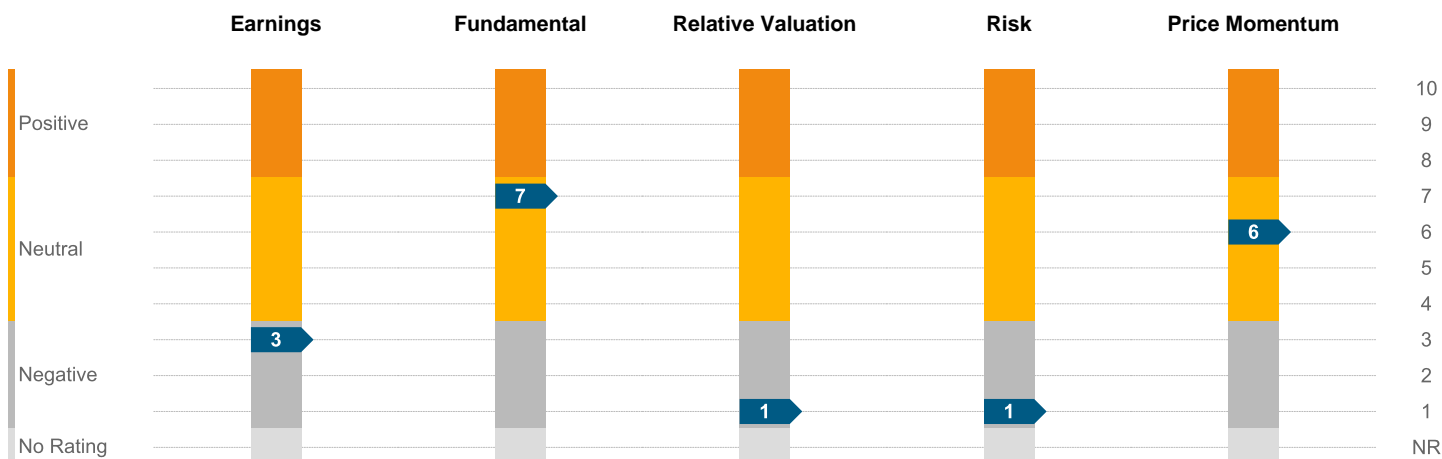
Pharming Group NV (Pharming) is a Netherlands-based biotechnology company. The Company operates through two business segments, including Recombinant proteins, and DNage. Pharming focuses on the development, production and commercialization of human therapeutic proteins to be used as innovative therapies. The Company's products are aimed at treatments for genetic disorders and surgical and traumatic bleeding. Pharming's technologies include novel transgenic platforms for the production of biopharmaceuticals, as well as technology and processes for the purification and formulation of these biopharmaceuticals. The Company's commercial partners are: Santarus, Sobi, MegaPharm, Eczacibasi, Transmedic and Hyupjin. The Company operates worldwide. In March 2014, it announced downsizing of the Dutch operations following from strategic re-emphasis on collaborative development efforts and out-sourcing of non-core activities.



INDICATOR COMPONENTS

AVERAGE SCORE  
**3**

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 EUR

Average Score	Ticker	PRICE MOMENTUM			Market Cap	VALUATION		FUNDAMENTAL		ANALYSTS		# of Analysts
		Price (2018-10-24)	1-Mo Return	3-Mo Return		1-Yr Return	Trailing PE	Forward PE	Dividend Yield	Net Margin	LTG Forecast	
6	GLPG	85.88	-17.9%	0.5%	-2.1%	4.7B	--	--	--	-67.9%	-- Buy	12
3	PHARM	0.87	-17.4%	-39.3%	24.6%	532M	--	34.8	--	-36.6%	-- Buy	6
1	KDS	8.92	-33.1%	-7.2%	16.6%	184M	--	--	--	--	-- Strong Buy	6
3	PBD	2.88	-12.7%	-27.5%	-78.8%	24M	--	--	--	--	-- Buy	3
3.3	Average	24.64	-20.3%	-18.4%	-9.9%	1.4B	--	34.8	--	-52.3%	-- Buy	6.8

PEER COMPANIES

GLPG	Galapagos	PBD	Probiodrug
KDS	Kiadis Pharma		



EARNINGS

EARNINGS

3

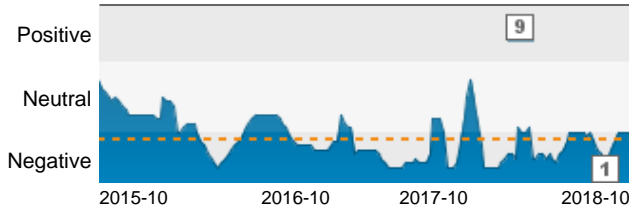
Currency in EUR

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

Earnings Score Averages

Biotech & Med. Research Group:	4.4	Mid/Small Market Cap:	5.4
Pharma. & Med. Research Sector:	4.4	AEX Index:	6.1

Earnings Score Trend (4-Week Moving Avg)



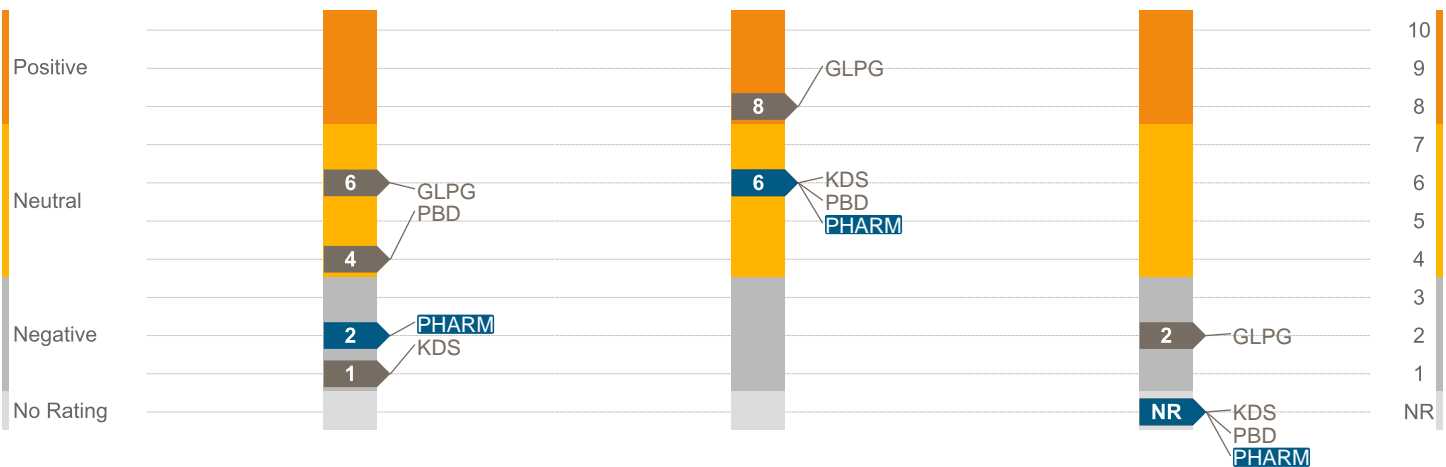
Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
GLPG	3	3	4	7	6	
PBD	5	5	1	5	5	
<b>PHARM</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>	
KDS	6	1	2	2	1	

EARNINGS INDICATORS

Earnings Surprises (33.3% weight)

Estimate Revisions (33.3% weight)

Recommendation Changes (33.3% weight)



Last 4 Quarters

# Positive Surprises (> 2%)	2
# Negative Surprises (< -2%)	1
# In-Line Surprises (within 2%)	0
Avg Surprise	-13.8%

Last 4 Weeks

# Up Revisions	0
# Down Revisions	0
Avg Up Revisions	0.0%
Avg Down Revisions	0.0%

Last 120 Days

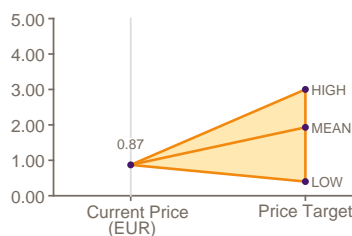
# Broker Upgrades	0
# Broker Downgrades	0

HIGHLIGHTS

- Pharming Group currently has an Earnings Rating of 3. The average Earnings Rating for its Biotech & Med Research industry is 3.8 and the AMSTERDAM EXCHANGE index average is 6.3.
- Over the past 90 days, the consensus price target for PHARM has decreased notably from 2.23 to 1.93, a loss of -13.5%.
- PHARM's current quarter consensus estimate has decreased notably over the past 90 days from 0.01 to 0.01, a loss of -33.3%. This trails the average Biotech & Med Research industry move of 0.0% 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

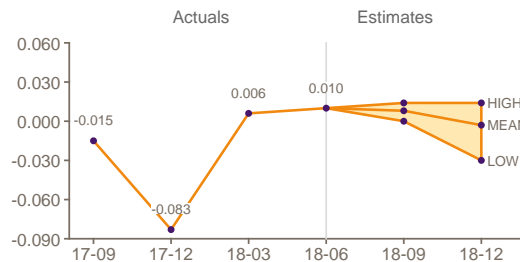
Mean (EUR)	1.93
High	3.00
Low	0.40
Target vs. Current	121.6%
# of Analysts	6



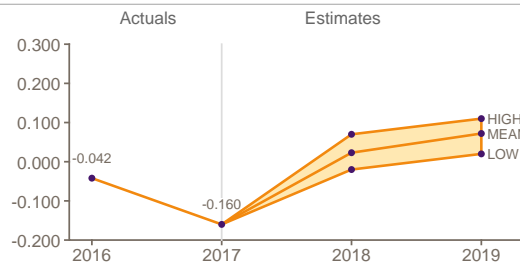
EARNINGS PER SHARE

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	18-09	18-12
Mean	0.008	-0.003
High	0.014	0.014
Low	0.000	-0.030
# of Analysts	4	4



Annual	2018	2019
Mean	0.023	0.072
High	0.070	0.110
Low	-0.020	0.020
# of Analysts	3	5

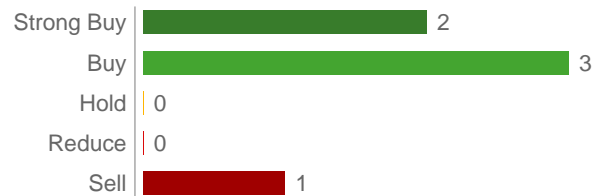
MEAN ESTIMATE TREND

	Q 18-09	Q 18-12	Y 2018	Y 2019	Price Target
Current	0.008	-0.003	0.023	0.072	1.93
30 Days Ago	0.008	-0.003	0.010	0.068	1.97
90 Days Ago	0.012	0.010	0.027	0.090	2.23
% Change (90 Days)	-33.3%	-130.0%	-14.8%	-20.0%	-13.5%

Current Fiscal Year End: 18-12  
Next Expected Report Date: 2018-10-31

ANALYST RECOMMENDATIONS

Thomson Reuters I/B/E/S Mean: **Buy** (6 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)

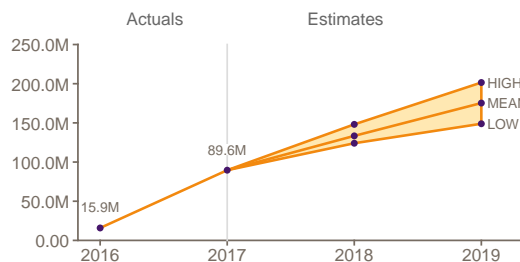
Surprise Type	Amount	Percent
Positive Quarters (> 2%)	4	36.4%
Negative Quarters (< -2%)	7	63.6%
In-Line Quarters (within 2%)	0	--

Surprise Detail (Last 6 Periods)

Surprise Type	Announce Date	Period End Date	Actual EPS	Mean EPS	Surprise (%)
Positive	2018-07-26	2018-06-30	0.010	0.008	25.0%
Positive	2018-05-18	2018-03-31	0.006	0.005	20.0%
--	2018-03-07	2017-12-31	-0.083	0.000	--
Negative	2017-10-31	2017-09-30	-0.015	-0.009	-66.7%
Negative	2017-09-11	2017-06-30	-0.051	-0.026	-96.2%
Negative	2017-05-17	2017-03-31	-0.012	-0.002	-500.0%

ANNUAL REVENUE

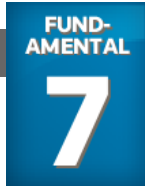
A pattern of increasing sales in conjunction with a rising EPS may influence a buy recommendation, while flat or falling sales and faltering earnings may explain a sell recommendation. A rising EPS with flat or falling sales may result from increased cost efficiency and margins, rather than market expansion.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



	2018	2019
Mean	133.4M	175.3M
High	148.1M	201.5M
Low	124.0M	148.9M
Forecasted Growth	48.9%	95.6%
# of Analysts	6	6



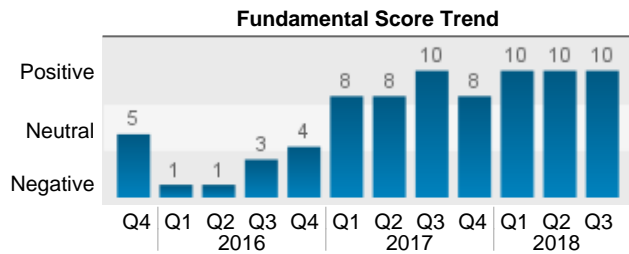
FUNDAMENTAL



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

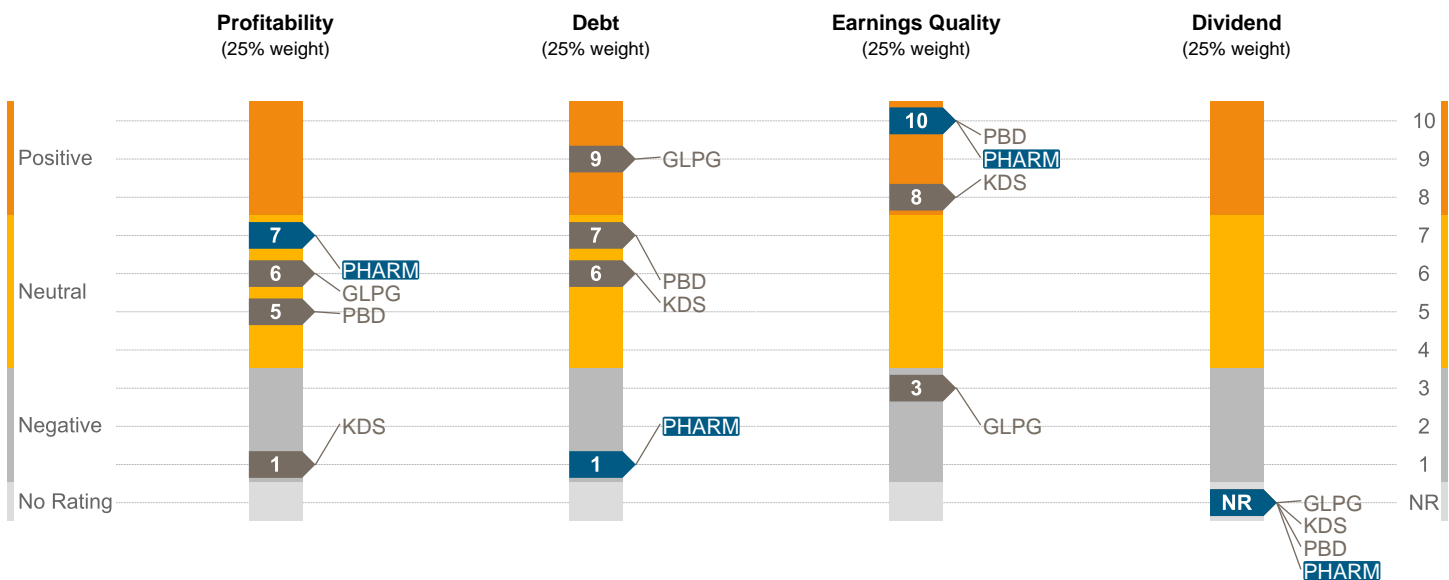
Fundamental Score Averages

Biotech & Med. Research Group:	7.0	Mid/Small Market Cap:	5.3
Pharma. & Med. Research Sector:	7.0	AEX Index:	5.4



Peers	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Current	3Y Trend
PBD	6	NR	NR	NR	9	[Bar chart]
<b>PHARM</b>	<b>8</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>7</b>	[Bar chart]
GLPG	8	4	4	4	6	[Bar chart]
KDS	NR	NR	NR	NR	5	[Bar chart]

FUNDAMENTAL INDICATORS



<b>Revenue Growth</b>	187.1%	<b>Current Ratio</b>	1.6	<b>Oper. Cash Yield</b>	201.6%	<b>Dividend Growth</b>	--
For year over year ending 2018-06		For interim period ending 2018-06		For latest 12 months ending 2018-06		For year over year ending --	
<b>Gross Margin</b>	84.6%	<b>Debt-to-Capital</b>	75.9%	<b>Accruals</b>	-199.7%	<b>Dividend Payout</b>	--
For latest 12 months ending 2018-06		For annual period ending 2017-12		For latest 12 months ending 2017-12		For latest 12 months ending --	
<b>Return On Equity</b>	-182.9%	<b>Interest Funding</b>	39.6%	<b>Days Sales In Inv.</b>	733.1	<b>Dividend Coverage</b>	--
For interim period ending 2018-06		For interim period ending 2018-03		For annual period ending 2017-12		For annual period ending --	
<b>Net Margin</b>	-36.6%	<b>Interest Coverage</b>	1.7	<b>Days Sales In Rec.</b>	43.9	<b>Current Div. Yield</b>	--
For latest 12 months ending 2018-06		For interim period ending 2018-06		For annual period ending 2017-12		For latest 12 months ending --	

HIGHLIGHTS

- The Fundamental Rating for Pharming Group declined significantly over the last quarter from 10 to 7. The average Fundamental Rating for its Biotech & Med. Research industry group is 7.0 and the AMSTERDAM EXCHANGE index average is 5.4.
- PHARM's return on equity of -182.9% is substantially below the Biotech & Med. Research industry group average of -124.1%.
- PHARM's current ratio of 1.6 is substantially below the Biotech & Med. Research industry group average of 4.5.
- PHARM's accruals ratio of -199.7% is substantially below the Biotech & Med. Research industry group average of -61.8%.
- Pharming Group does not currently pay a dividend. Of 4 firms within the Biotech & Med. Research industry group, it is among the 4 companies without a dividend.



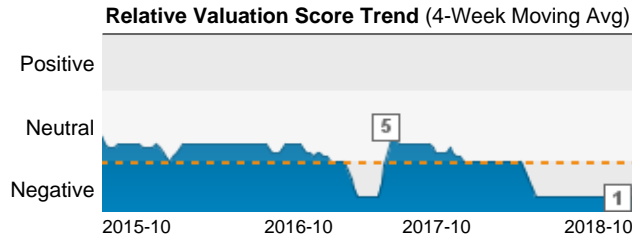
RELATIVE VALUATION



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

Relative Valuation Score Averages

Biotech & Med. Research Group:	1.0	Mid/Small Market Cap:	5.7
Pharma. & Med. Research Sector:	1.0	AEX Index:	5.4



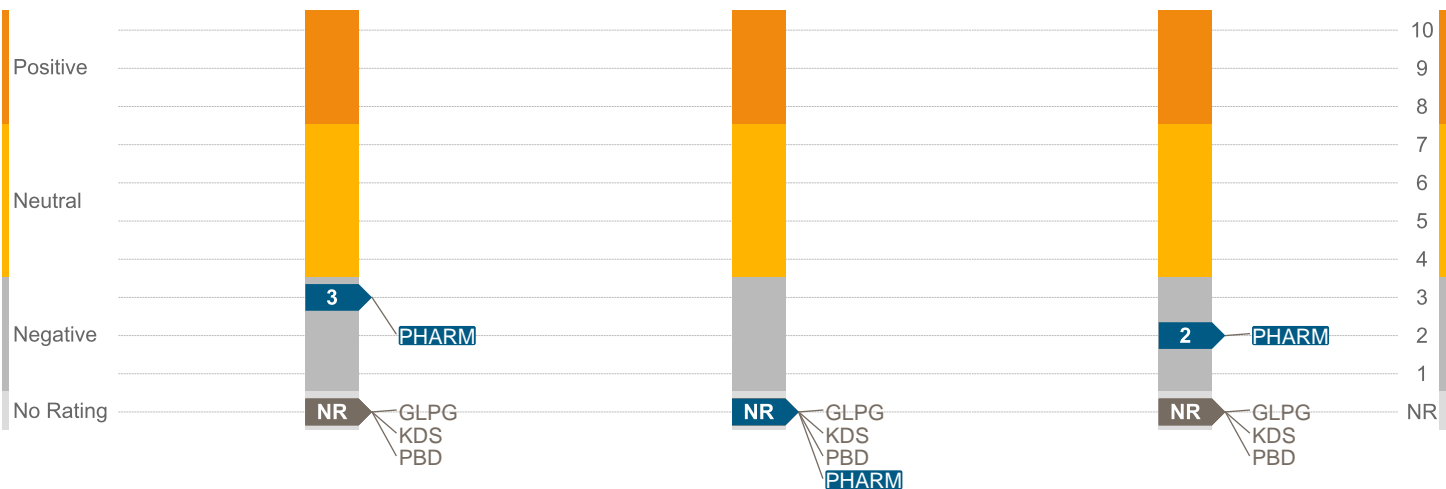
Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
PHARM	1	1	1	1	1	
GLPG	2	3	3	3	NR	
KDS	NR	NR	NR	NR	NR	
PBD	NR	NR	NR	NR	NR	

RELATIVE VALUATION INDICATORS

Price to Sales (50% weight)

Trailing PE (25% weight)

Forward PE (25% weight)



Price to Sales	4.4	Trailing PE	--	Forward PE	34.8
5-Yr Average	10.2	5-Yr Average	16.4	5-Yr Average	39.8
Rel. to 5-Yr Avg.	57% Discount	Rel. to 5-Yr Avg.	--	Rel. to 5-Yr Avg.	13% Discount
AEX Index	0.9	AEX Index	12.6	AEX Index	12.8
Rel. to AEX	>100% Premium	Rel. to AEX	--	Rel. to AEX	>100% Premium

HIGHLIGHTS

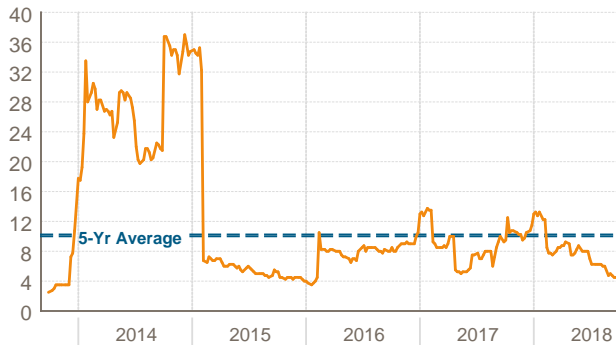
- Pharming Group currently has a Relative Valuation Rating of 1 which is significantly below the AMSTERDAM EXCHANGE index average rating of 5.3.
- PHARM is currently valued at a premium to the AMSTERDAM EXCHANGE index based on both Price to Sales ratio and Forward P/E.
- PHARM's Price to Sales ratio of 4.4 represents a 57% Discount to its 5-year average of 10.2.
- PHARM's Forward P/E of 34.8 represents a 13% Discount to its 5-year average of 39.8.



**PRICE TO SALES**

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

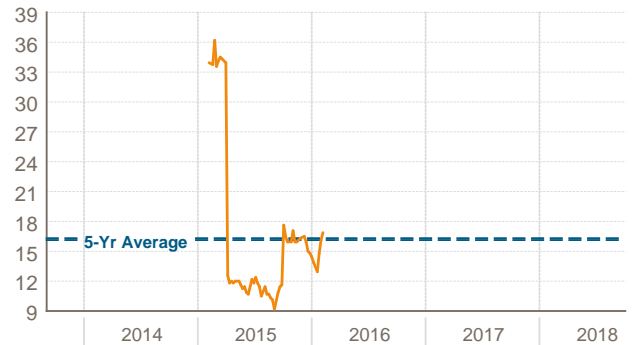
Price to Sales: 4.4  
5-Year Average: 10.2  
AEX Index Average: 0.9  
Biotech & Med. Research Group Average: 6.3



**TRAILING PE**

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

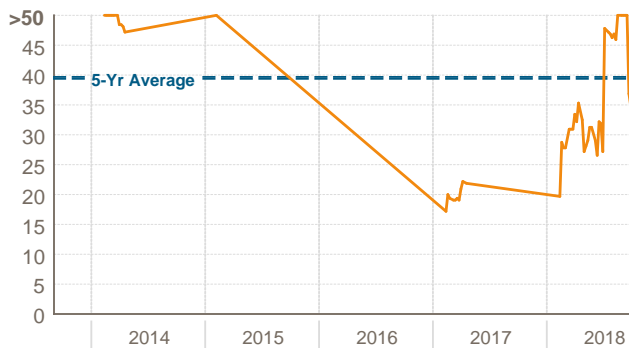
Trailing PE: --  
5-Year Average: 16.4  
AEX Index Average: 12.6  
Biotech & Med. Research Group Average: --



**FORWARD PE**

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

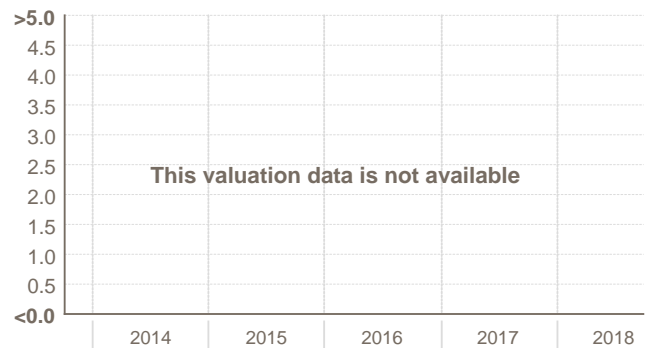
Forward PE: 34.8  
5-Year Average: 39.8  
AEX Index Average: 12.8  
Biotech & Med. Research Group Average: --



**FORWARD PEG**

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

Forward PEG: --  
5-Year Average: --  
AEX Index Average: 1.6  
Biotech & Med. Research Group Average: --



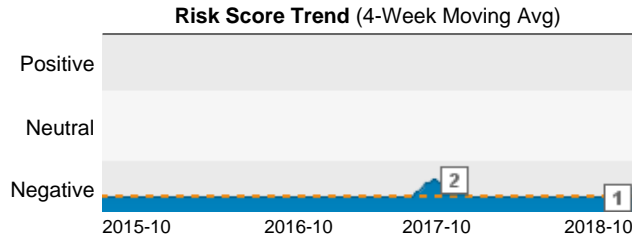
RISK



**NEGATIVE OUTLOOK:** Variable return patterns (high volatility).

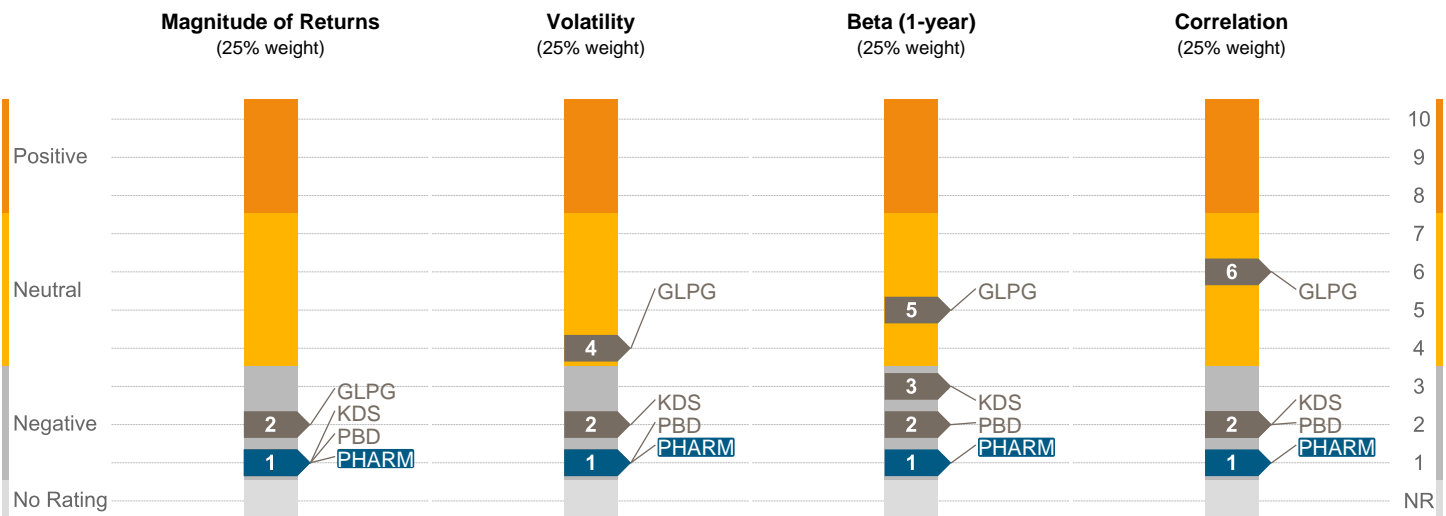
Risk Score Averages

Biotech & Med. Research Group:	2.1	Mid/Small Market Cap:	4.9
Pharma. & Med. Research Sector:	2.1	AEX Index:	6.9



Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
GLPG	3	3	3	3	3	[Trend]
KDS	2	3	2	1	1	[Trend]
PBD	NR	2	1	1	1	[Trend]
PHARM	1	1	1	1	1	[Trend]

RISK INDICATORS



Daily Returns (Last 90 Days)		Standard Deviation		Beta vs. AEX		Correlation vs. AEX	
Best	19.1%	Last 90 Days	5.38	Positive Days Only	2.40	Last 90 Days	15%
Worst	-20.5%	Last 60 Months	25.39	Negative Days Only	1.78	Last 60 Months	5%
Monthly Returns (Last 60 Months)		Intra-Day Swing (Last 90 Days)		Beta vs. Group		Correlation vs. Group	
Best	141.3%	Average	6.1%	Positive Days Only	0.62	Last 90 Days	42%
Worst	-23.6%	Largest	26.6%	Negative Days Only	0.94	Last 60 Months	85%

HIGHLIGHTS

- Pharming Group currently has a Risk Rating of 1, which is significantly below the AMSTERDAM EXCHANGE index average rating of 6.9.
- On days when the market is up, PHARM shares tends to outperform the AMSTERDAM EXCHANGE index. However, on days when the market is down, the shares generally decrease by more than the index.
- In both short-term and long-term periods, PHARM has shown low correlation ( $\geq -0.1$  and  $< 0.2\%$ ) with the AMSTERDAM EXCHANGE index. Thus, this stock would provide high levels of diversification to a portfolio similar to the broader market.
- Over the last 90 days, PHARM shares have been more volatile than the overall market. The stock's daily price fluctuations have exceeded that of all AMSTERDAM EXCHANGE index firms.

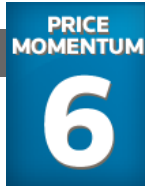
RISK ANALYSIS

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
PHARM	19.1%	-20.5%	29	37	26.6%	141.3%	-23.6%
GLPG	17.6%	-3.6%	21	37	6.4%	67.4%	-32.3%
KDS	27.5%	-15.4%	28	36	20.9%	82.4%	-31.4%
PBD	47.8%	-20.3%	18	42	55.9%	30.6%	-51.2%
AEX	1.5%	-1.9%	32	33	2.1%	9.7%	-10.1%





PRICE MOMENTUM

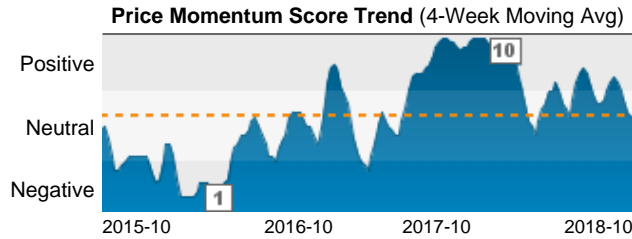


Currency in EUR

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

Price Momentum Score Averages

Biotech & Med. Research Group:	6.0	Mid/Small Market Cap:	5.4
Pharma. & Med. Research Sector:	6.0	AEX Index:	6.7

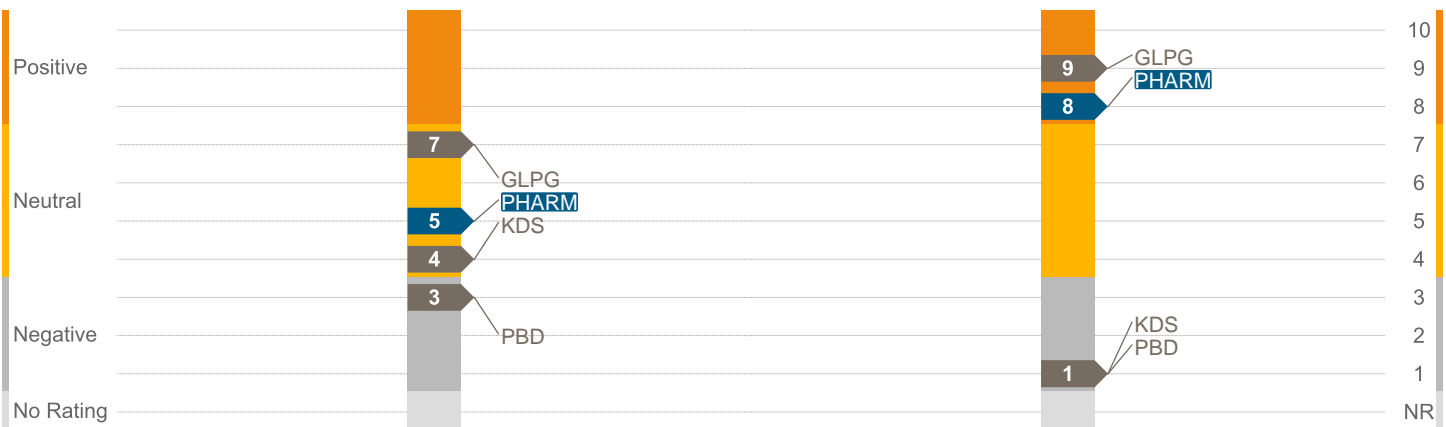


Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
GLPG	3	9	8	8	8	
PHARM	6	7	5	6	6	
KDS	9	7	8	7	3	
PBD	1	1	1	2	1	

PRICE MOMENTUM INDICATORS

Relative Strength (70% weight)

Seasonality (30% weight)



Relative Strength Indicator (Scale from 1 to 100)

	PHARM	Industry Avg
Last 1 Month	40	40
Last 3 Months	43	44
Last 6 Months	47	46

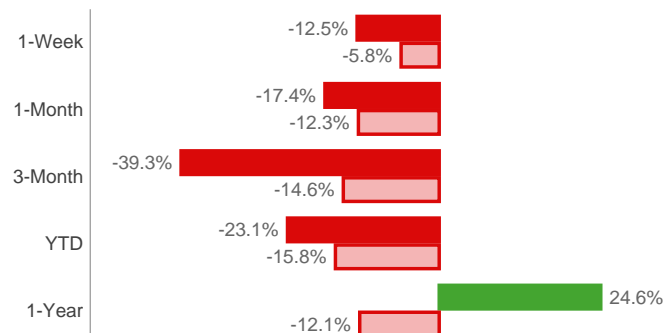
Average Monthly Return (Last 10 Years)

	OCT	NOV	DEC
Company Avg	13.7%	1.6%	-4.2%
Industry Avg	--	--	--
Industry Rank	--	--	--

PRICE PERFORMANCE

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

PHARM  
ASX Small



	PHARM	ASX Small
Close Price (2018-10-24)	0.87	915
52-Week High	1.62	1,122
52-Week Low	0.64	915

- On 2018-10-24, PHARM closed at 0.87, 46.4% below its 52-week high and 36.1% above its 52-week low.
- PHARM shares are currently trading 19.9% below their 50-day moving average of 1.09, and 32.9% below their 200-day moving average of 1.30.
- The AMSTERDAM SMALL CAP index is currently trading at its 52-week low of 916.



## 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 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 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 I/B/E/S Mean is the average recommendation of all analysts covering the stock, as provided by Thomson Reuters I/B/E/S (Institutional Brokers Estimate System). 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 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 (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.

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