GALAPAGOS (GLPG-AE)

Pharma. & Med. Research / Biotech & Med. Research / Biotech & Med. Research

Last Close	Avg Daily Vol	52-Week High	Trailing PE	Annual Div	ROE	LTG Forecast	1-Mo Return
80.46 (EUR)	**497,976**	**89.75**	**68.2**	**--**	**9.6%**	**--**	**2.5%**
2017 April 28 AMSTERDAM Exchange	Market Cap	52-Week Low	Forward PE	Dividend Yield	Annual Rev	Inst Own	3-Mo Return
	4.1B	**39.51**	**--**	**--**	**177M**	**37.8%**	**29.4%**

AVERAGE SCORE
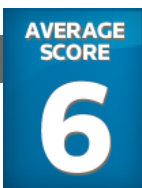
AVERAGE SCORE 6

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

Score Averages

Biotech & Med. Research Group: **2.8**	Mid/Small Market Cap: **5.3**
Pharma. & Med. Research Sector: **2.8**	AEX Index: **5.3**

Average Score Trend (4-Week Moving Avg)
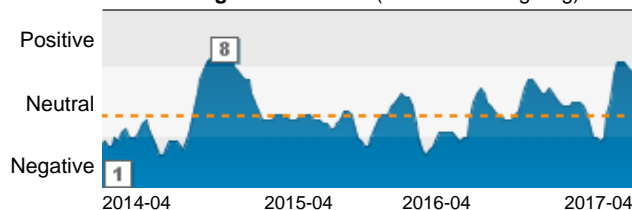
| Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
GLPG	5	3	7	6	**6**	
PBD	1	1	2	3	**3**	
KDS	NR	1	1	1	**1**	
PHARM	2	3	1	1	**1**	

HIGHLIGHTS

- The score for Galapagos last changed from 7 to 6 on 2017-04-23.
- The recent change in the Average Score was primarily due to a decline in the Price Momentum and Risk component scores.
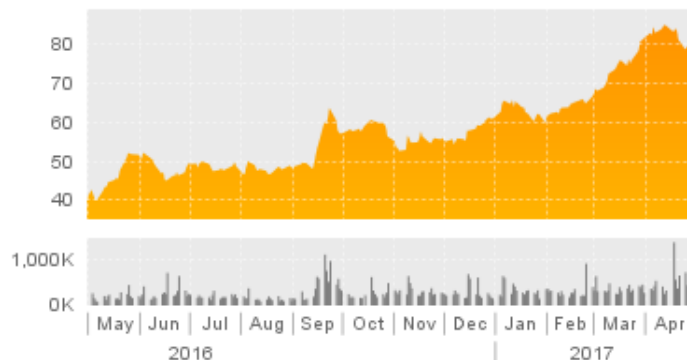
THOMSON REUTERS I/B/E/S MEAN

Buy
7 Analysts

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

Sell	Reduce	Hold	Buy	Strong Buy
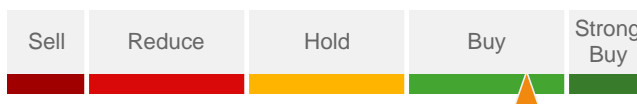
PRICE AND VOLUME CHARTS

1-Year Return: 102.7%

5-Year Return: 602.7%

BUSINESS SUMMARY

Galapagos NV. Galapagos NV is a Belgium-based biotechnology company. The Company's activities are divided into two operating divisions: Research and Development (R & D) and Services. The R & D division is engaged in the discovery and development of small molecules. The Services division, offers target-to-drug discovery products and services to pharmaceutical and biotechnology companies and to patient foundations, encompassing target discovery and validation, screening and drug discovery through to delivery of pre-clinical candidates. As of December 31, 2011, Galapagos NV was, through its subsidiaries, active in Belgium, France, Switzerland, the Netherlands, the United Kingdom, Germany, the United States and Croatia. In April 2014, it sold BioFocus and Argenta service division operations to Charles River Laboratories International.
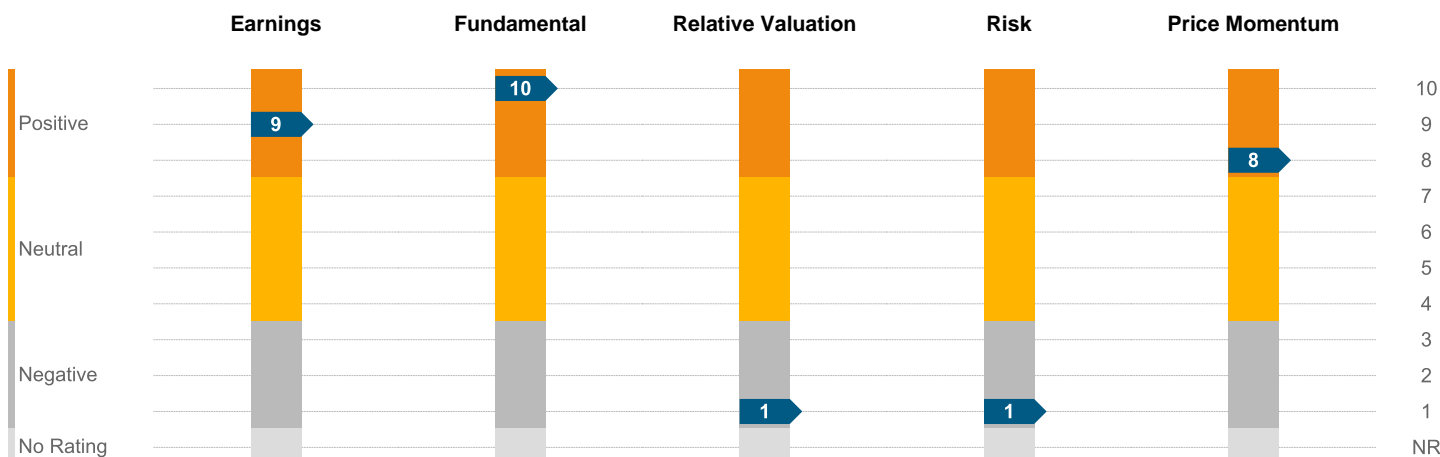
THOMSON REUTERS

GALAPAGOS (GLPG-AE)

Pharma. & Med. Research / Biotech & Med. Research / Biotech & Med. Research

INDICATOR COMPONENTS

AVERAGE SCORE 6

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

	Earnings	Fundamental	Relative Valuation	Risk	Price Momentum	
Positive	9	10			8	10 / 9
Neutral						7 / 6 / 5 / 4
Negative			1	1		3 / 2 / 1
No Rating						NR

PEER ANALYSIS

Currency in EUR

		PRICE MOMENTUM					VALUATION		FUNDAMENTAL		ANALYSTS		
Average Score	Ticker	Price (2017-04-28)	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	# of Analysts
6	GLPG	80.46	2.5%	29.4%	102.7%	4.1B	68.2	--	--	2.5%	--	Buy	7
1	PHARM	0.31	8.3%	-3.1%	47.1%	149M	--	--	--	-110.5%	--	Buy	3
3	PBD	17.24	11.3%	-4.1%	-20.2%	141M	--	--	--	--	--	Buy	3
1	KDS	8.25	-4.2%	-2.5%	-25.0%	115M	--	--	--	--	--	Strong Buy	3
2.8	Average	26.57	4.5%	4.9%	26.2%	1.1B	68.2	--	--	-54.0%	--	Buy	4

PEER COMPANIES

PHARM	Pharming Group	KDS	Kiadis Pharma
PBD	Probiodrug		

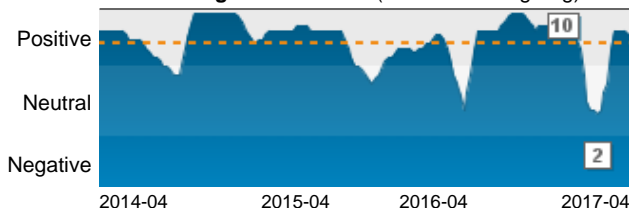**THOMSON REUTERS**

EARNINGS

EARNINGS
9

Currency in EUR

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

Earnings Score Averages

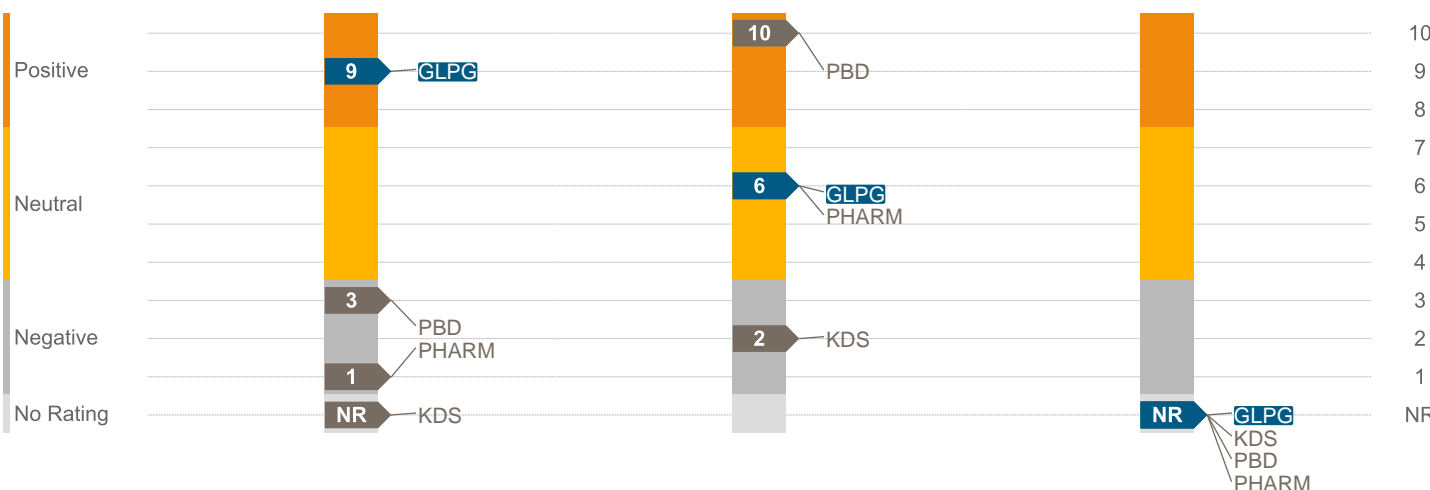|			
Biotech & Med. Research Group:	6.3	Mid/Small Market Cap:	5.1
Pharma. & Med. Research Sector:	6.3	AEX Index:	5.9

Earnings Score Trend (4-Week Moving Avg)

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

EARNINGS INDICATORS

Earnings Surprises
(33.3% weight)

Estimate Revisions
(33.3% weight)

Recommendation Changes
(33.3% weight)

Last 4 Years	
# Positive Surprises (> 2%)	3
# Negative Surprises (< -2%)	1
# In-Line Surprises (within 2%)	0
Avg Surprise	26.1%

| 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

- Galapagos currently has an Earnings Rating of 9, which is significantly more bullish than the Biotech & Med Research industry average of 6.3.

- Over the past 90 days, the consensus price target for GLPG has increased notably from 73.30 to 83.90, a gain of 14.5%.

- On 2017-04-27, the company announced quarterly earnings of -0.29 per share, a positive surprise of 50.3% above the consensus -0.58. Over the past 4 quarters, the company has reported 3 positive, 1 negative, and 0 in-line surprises. The average surprise for this time period has been 26.1%.

PRICE TARGET

The chart indicates where analysts predict the stock price will be within the next 12 months, as compared to the current price.
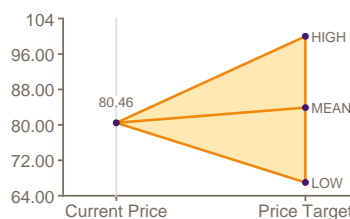

| 12-Month Price Target	
Mean	83.90
High	100.00
Low	67.00
Target vs. Current	4.3%
# of Analysts	7

THOMSON REUTERS

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.
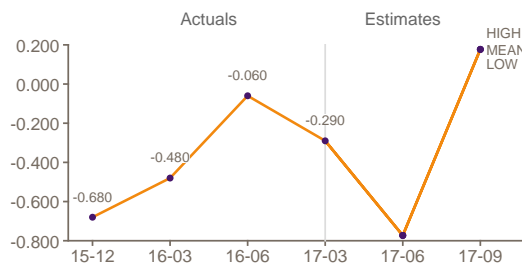
Quarterly	17-06	17-09
Mean	-0.773	0.177
High	-0.773	0.177
Low	-0.773	0.177
# of Analysts	1	1
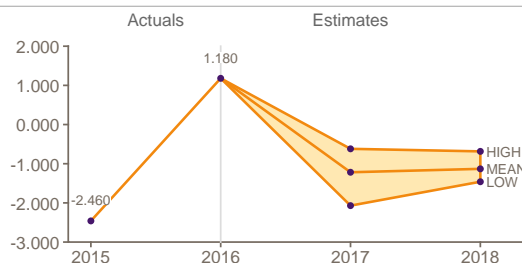
Annual	2017	2018
Mean	-1.218	-1.131
High	-0.620	-0.685
Low	-2.070	-1.460
# of Analysts	4	4

MEAN ESTIMATE TREND

	Q 17-06	Q 17-09	Y 2017	Y 2018	Price Target
Current	-0.773	0.177	-1.218	-1.131	83.90
30 Days Ago	-0.773	0.177	-1.248	-1.146	75.60
90 Days Ago	-0.785	0.177	-0.927	-0.024	73.30
% Change (90 Days)	1.5%	0.0%	-31.4%	-4613%	14.5%

Current Fiscal Year End: 17-12
Next Expected Report Date: 2017-04-27

ANALYST RECOMMENDATIONS

Thomson Reuters I/B/E/S Mean: **Buy** (7 Analysts)

Strong Buy	3
Buy	3
Hold	1
Reduce	0
Sell	0

EARNINGS SURPRISES

Comparing a company's actual earnings to the mean expectation of analysts results in a difference referred to as a 'positive' or 'negative' surprise. Research has shown that when a company reports a surprise, it is often followed by more of the same surprise type.

Surprise Summary (Last 6 Years)

Surprise Type	Amount	Percent
Positive Years (> 2%)	3	50.0%
Negative Years (< -2%)	3	50.0%
In-Line Years (within 2%)	0	--

Surprise Detail (Last 6 Periods)

Surprise Type	Announce Date	Period End Date	Actual EPS	Mean EPS	Surprise (%)
Positive	2017-02-24	2016-12-31	1.180	-0.105	1224%
Negative	2016-03-04	2015-12-31	-2.460	-2.091	-17.6%
Positive	2015-03-06	2014-12-31	-1.240	-1.594	22.2%
Positive	2014-03-07	2013-12-31	-0.250	-0.539	53.6%
Negative	2013-03-08	2012-12-31	-0.050	0.248	-120.2%
Negative	2012-03-02	2011-12-31	-1.130	-0.122	-826.2%

ANNUAL REVENUE

A pattern of increasing sales in conjunction with a rising EPS may influence a buy recommendation, while flat or falling sales and faltering earnings may explain a sell recommendation. A rising EPS with flat or falling sales may result from increased cost efficiency and margins, rather than market expansion. This chart shows the sales forecast trend of all analysts and the highest and lowest projections for the current and next fiscal year.
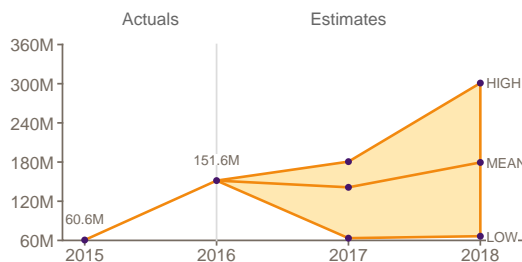
	2017	2018
Mean	141.3M	179.4M
High	180.6M	301.0M
Low	63.4M	66.4M
Forecasted Growth	-6.8%	18.3%
# of Analysts	5	5

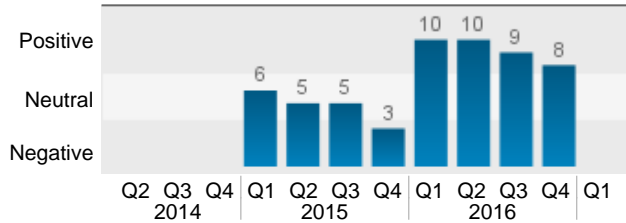**THOMSON REUTERS**

FUNDAMENTAL

FUND-AMENTAL
10

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

Fundamental Score Averages

Biotech & Med. Research Group:	**4.5**	Mid/Small Market Cap:	**5.6**
Pharma. & Med. Research Sector:	**4.5**	AEX Index:	**5.0**

Fundamental Score Trend

Peers	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Current	3Y Trend
GLPG	**10**	**9**	**8**	**NR**	**10**	
KDS	NR	NR	NR	NR	4	
PBD	1	1	1	NR	2	
PHARM	8	9	9	NR	2	

FUNDAMENTAL INDICATORS

Profitability (25% weight) — GLPG 10, PHARM 2, KDS NR, PBD NR

Debt (25% weight) — GLPG 10, PBD/PHARM 4, KDS 2

Earnings Quality (25% weight) — GLPG 10, KDS 7, PHARM 3, PBD 2

Dividend (25% weight) — GLPG NR, KDS, PBD, PHARM NR

Revenue Growth	219.0%	**Current Ratio**	9.7	**Oper. Cash Yield**	52.7%	**Dividend Growth**	0.0%
For year over year ending 2017-03		For interim period ending 2016-12		For latest 12 months ending 2016-12		For year over year ending 2016-12	
Gross Margin	97.2%	**Debt-to-Capital**	0.0%	**Accruals**	-54.3%	**Dividend Payout**	0.0%
For latest 12 months ending 2016-12		For annual period ending 2016-12		For latest 12 months ending 2016-12		For latest 12 months ending 2016-12	
Return On Equity	9.6%	**Interest Funding**	1.1%	**Days Sales In Inv.**	--	**Dividend Coverage**	--
For interim period ending 2016-12		For interim period ending 2016-12		For annual period ending --		For annual period ending --	
Net Margin	2.5%	**Interest Coverage**	1131.1	**Days Sales In Rec.**	47.6	**Current Div. Yield**	--
For latest 12 months ending 2017-03		For interim period ending 2016-12		For annual period ending 2016-12		For latest 12 months ending 2017-04	

HIGHLIGHTS

- The Fundamental Rating for Galapagos improved significantly over the last quarter from 8 to 10. The current rating is considerably more bullish than the Biotech & Med. Research industry group average of 4.5.

- GLPG's gross margin of 97.2% is substantially above the Biotech & Med. Research industry group average of 70.5%.

- GLPG's debt-to-capital of 0.0% is substantially below the Biotech & Med. Research industry group average of 34.8%.

- GLPG's accruals ratio of -54.3% is substantially below the Biotech & Med. Research industry group average of -3.7%.

- Galapagos 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.
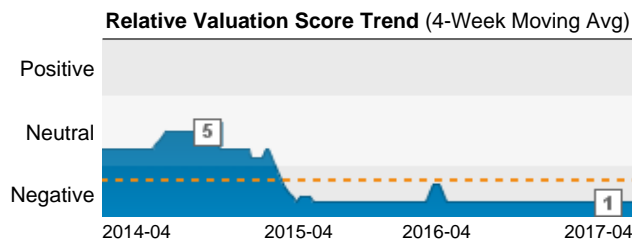
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RELATIVE VALUATION

RELATIVE VALUATION 1

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

Relative Valuation Score Averages

Biotech & Med. Research Group: **2.5**	Mid/Small Market Cap: **5.7**
Pharma. & Med. Research Sector: **2.5**	AEX Index: **5.2**

Relative Valuation Score Trend (4-Week Moving Avg)

Positive
Neutral
Negative

2014-04   2015-04   2016-04   2017-04

Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
PHARM	4	3	1	1	**4**	
GLPG	**1**	**1**	**1**	**1**	**1**	
KDS	NR	NR	NR	NR	**NR**	
PBD	NR	NR	NR	NR	**NR**	

RELATIVE VALUATION INDICATORS

Forward PEG (50% weight) **Trailing PE** (25% weight) **Forward PE** (25% weight)

Positive
Neutral
Negative
No Rating

Forward PEG: 2 PHARM, GLPG, 1, NR KDS PBD
Trailing PE: GLPG, 1, NR KDS PBD PHARM
Forward PE: NR GLPG KDS PBD PHARM

10
9
8
7
6
5
4
3
2
1
NR
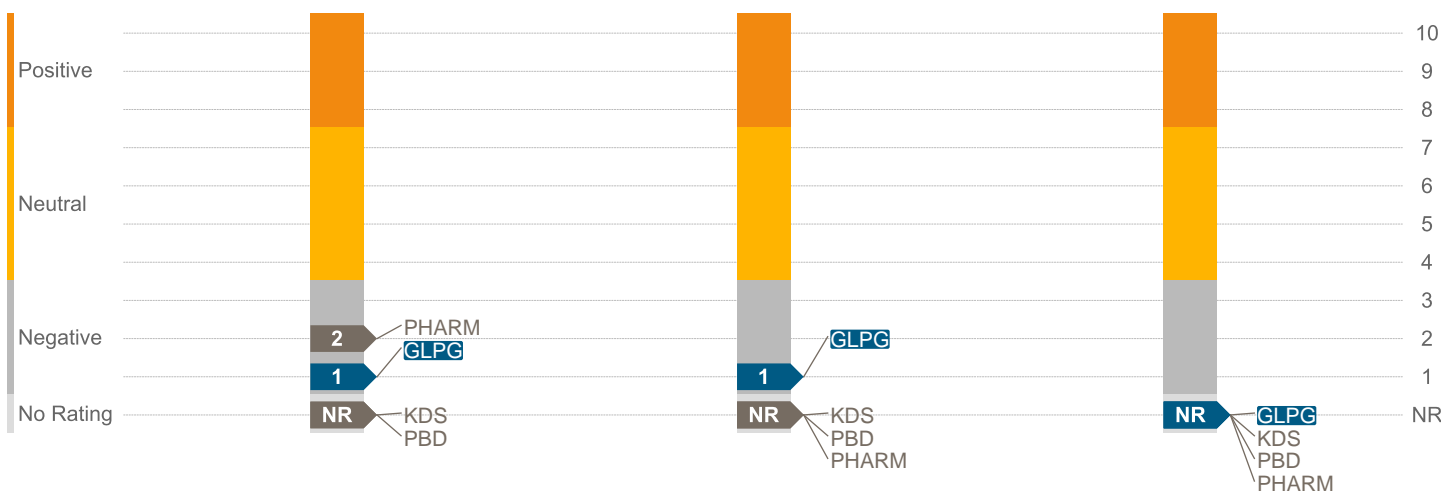
| Price to Sales	26.7	Trailing PE	68.2	Forward PE	--
5-Yr Average	9.9	5-Yr Average	43.7	5-Yr Average	66.1
Rel. to 5-Yr Avg.	>100% Premium	Rel. to 5-Yr Avg.	56% Premium	Rel. to 5-Yr Avg.	--
AEX Index	1.1	AEX Index	22.2	AEX Index	--
Rel. to AEX	>100% Premium	Rel. to AEX	>100% Premium	Rel. to AEX	--

HIGHLIGHTS

- Galapagos currently has a Relative Valuation Rating of 1 which is significantly below the AMSTERDAM EXCHANGE index average rating of 4.6.

- GLPG's Price to Sales ratio and Trailing P/E are both significantly above (more expensive than) their 5-year averages.

- Based on Price to Sales, GLPG currently trades at a 33% Premium to its Biotech & Med Research industry group peers. On average, the company has traded at a 11% Premium over the past five years.

- GLPG's 68.2 Trailing P/E is currently at the high end of its 5-year range (lowest 18.4 to highest 72.1).

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PRICE TO SALES

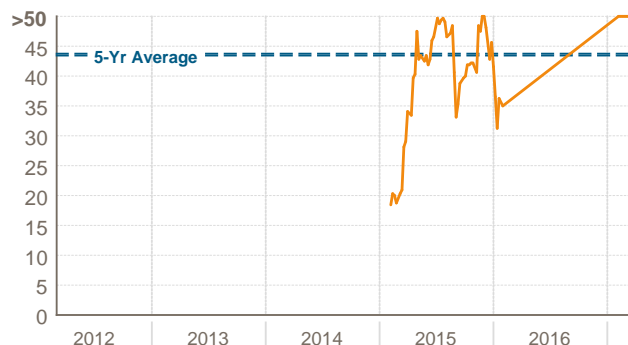The most recent week's close price divided by the revenue per share.

Price to Sales: 26.7
5-Year Average: 9.9
AEX Index Average: 1.1
Biotech & Med. Research Group Average: 20.0
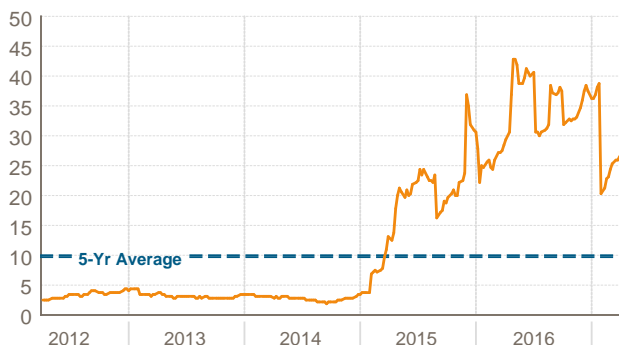
TRAILING PE

The most recent week's close price divided by the sum of the four most recently reported quarterly earnings.
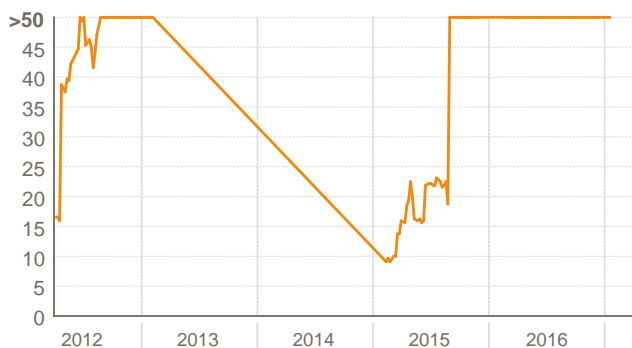
Trailing PE: 68.2
5-Year Average: 43.7
AEX Index Average: 22.2
Biotech & Med. Research Group Average: --

FORWARD PE

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

Forward PE: --
5-Year Average: 66.1
AEX Index Average: --
Biotech & Med. Research Group Average: --

FORWARD PEG

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

Forward PEG: --
5-Year Average: 1.5
AEX Index Average: --
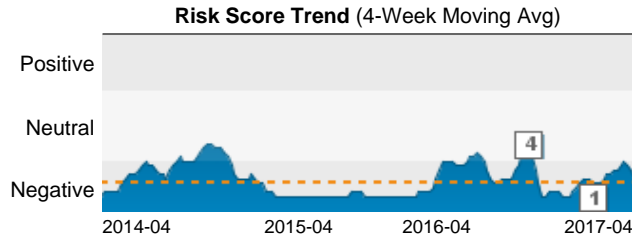Biotech & Med. Research Group Average: --

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GALAPAGOS (GLPG-AE)

Pharma. & Med. Research / Biotech & Med. Research / Biotech & Med. Research

RISK

RISK

1
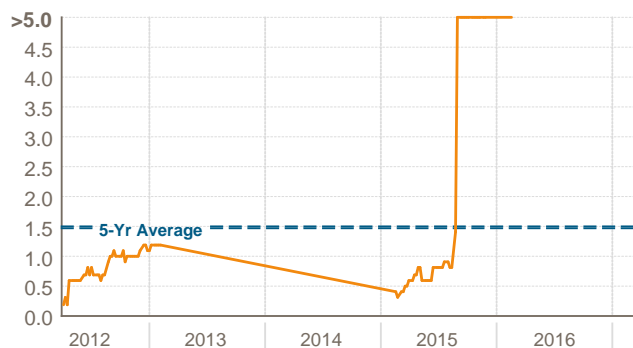
NEGATIVE OUTLOOK: Variable return patterns (high volatility).

Risk Score Averages

Biotech & Med. Research Group:	**1.5**	Mid/Small Market Cap:	**5.1**
Pharma. & Med. Research Sector:	**1.5**	AEX Index:	**6.6**

Risk Score Trend (4-Week Moving Avg)

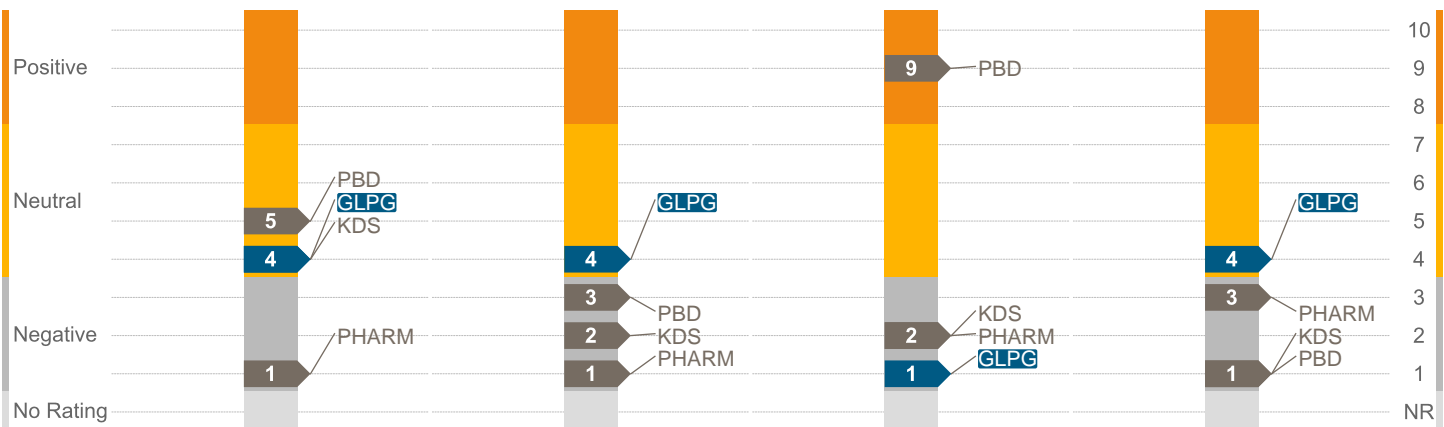| Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
PBD	1	5	5	4	**3**	
GLPG	**1**	**2**	**3**	**2**	**1**	
KDS	6	3	1	1	**1**	
PHARM	1	1	1	1	**1**	

RISK INDICATORS

Magnitude Of Returns (25% weight)

Volatility (25% weight)

Beta (1-year) (25% weight)

Correlation (25% weight)

	Daily Returns (Last 90 Days)	**Standard Deviation**		**Beta vs. AEX**	0.89	**Correlation vs. AEX**	
Best	3.5%	Last 90 Days	1.38	Positive Days Only	0.93	Last 90 Days	26%
Worst	-2.8%	Last 60 Months	15.23	Negative Days Only	0.85	Last 60 Months	22%
	Monthly Returns (Last 60 Months)	**Intra-Day Swing** (Last 90 Days)		**Beta vs. Group**	0.95	**Correlation vs. Group**	
Best	67.4%	Average	2.3%	Positive Days Only	0.66	Last 90 Days	52%
Worst	-32.3%	Largest	10.2%	Negative Days Only	0.84	Last 60 Months	42%

HIGHLIGHTS

- Galapagos currently has a Risk Rating of 1, which is significantly below the AMSTERDAM EXCHANGE index average rating of 6.3.

- On days when the market is up, GLPG tends to perform in-line with the AMSTERDAM EXCHANGE 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, GLPG has shown average correlation (> 0.2 and < 0.4) with the AMSTERDAM EXCHANGE index. Thus, this stock would provide only average levels of diversification to a portfolio similar to the broader market.

- Over the last 90 days, the daily price fluctuations of GLPG have been in-line with the AMSTERDAM EXCHANGE index firms.

RISK ANALYSIS

	Last 90 Days					Last 60 Months	
Peers	Best Daily Return	Worst Daily Return	# Days Up	# Days Down	Largest Intra-Day Swing	Best Monthly Return	Worst Monthly Return
GLPG	3.5%	-2.8%	43	21	10.2%	67.4%	-32.3%
KDS	7.8%	-9.6%	27	37	15.0%	15.5%	-17.3%
PBD	5.9%	-3.9%	28	36	8.2%	18.2%	-20.0%
PHARM	8.4%	-4.5%	24	33	8.8%	141.3%	-42.6%
AEX	**2.3%**	**-1.3%**	**37**	**26**	**1.9%**	**9.7%**	**-10.1%**

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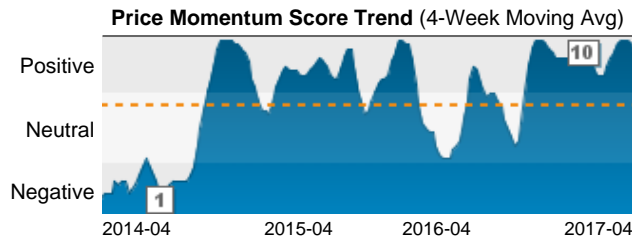## PRICE MOMENTUM

PRICE MOMENTUM **8**

Currency in EUR

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

Price Momentum Score Averages

Biotech & Med. Research Group:	**4.3**	Mid/Small Market Cap:	**5.3**
Pharma. & Med. Research Sector:	**4.3**	AEX Index:	**5.1**

Price Momentum Score Trend (4-Week Moving Avg)

Positive — 10
Neutral
Negative — 1

2014-04   2015-04   2016-04   2017-04

Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
GLPG	9	8	10	9	**8**	
PHARM	4	10	3	2	**6**	
PBD	2	1	1	3	**2**	
KDS	4	1	2	1	**1**	

PRICE MOMENTUM INDICATORS

Relative Strength
(70% weight)

Positive
8 — GLPG
7 — PHARM
Neutral
3 — PBD
KDS
1
Negative
No Rating

Seasonality
(30% weight)

Positive — 10
GLPG — 9
8 — 8
7
6
5
4
3
2 — PHARM
1
NR — KDS, PBD
Negative
No Rating
NR
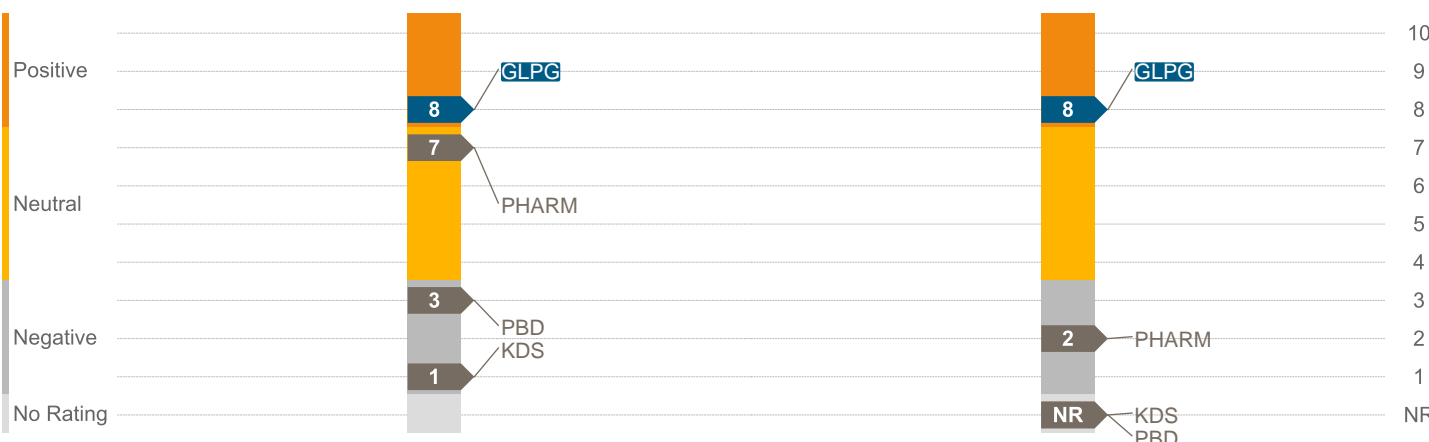
Relative Strength Indicator (Scale from 1 to 100)

	GLPG	Industry Avg
Last 1 Month	57	55
Last 3 Months	61	53
Last 6 Months	59	52

Average Monthly Return (Last 10 Years)

	APR	MAY	JUN
Company Avg	8.3%	6.3%	-7.3%
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.

GLPG
AEX

1-Week: -1.1% / 1.8%
1-Month: 2.5% / 1.8%
3-Month: 29.4% / 7.3%
YTD: 32% / 7.9%
1-Year: 102.7% / 15.7%
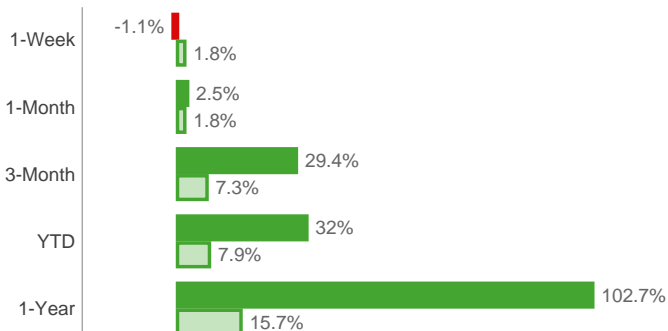
	GLPG	AEX
Close Price (2017-04-28)	80.46	521
52-Week High	89.75	524
52-Week Low	39.51	412

- Galapagos has a Price Momentum Rating of 9, which is significantly above the AMSTERDAM EXCHANGE index average rating of 5.1.
- On 2017-04-28, GLPG closed at 80.46, 10.4% below its 52-week high and 103.7% above its 52-week low.
- GLPG shares are currently trading 5.4% above their 50-day moving average of 76.37, and 31.0% above their 200-day moving average of 61.42.

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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 mean 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 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.

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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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