

STERICYCLE INC (SRCL-O)

Indust. & Commercial Svcs. / Prof. & Commercial Svcs. / Environmental Svcs. & Equip.

STOCKREPORTS+ DETAILED STOCK REPORT

Report Date: February 8, 2016

Last Close 111.12 (USD)	Avg Daily Vol 860,244	52-Week High 151.57	Trailing PE 39.1	Annual Div --	ROE 11.8%	LTG Forecast --	1-Mo Return -7.8%
February 5, 2016 NASDAQ Exchange	Market Cap 9.4B	52-Week Low 108.75	Forward PE 21.0	Dividend Yield --	Annual Rev 2.8B	Inst Own 94.1%	3-Mo Return -10.5%

AVERAGE SCORE

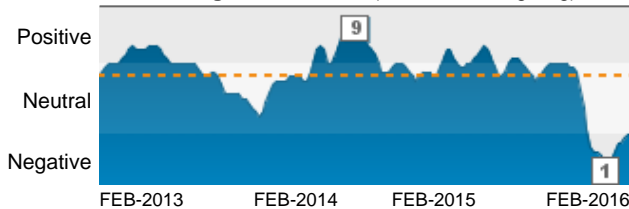
AVERAGE
SCORE
3

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

Score Averages

Prof. & Commercial Svcs. Group:	5.3	Mid Market Cap:	6.1
Indust. & Commercial Svcs. Sector:	5.3	S&P 500 Index:	6.2

Average Score Trend (4-Week Moving Avg)



Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
WCN	8	5	6	7	7	
CWST	7	8	5	7	5	
CVA	5	1	2	2	3	
ECOL	6	3	3	2	3	
SRCL	7	2	3	4	3	

HIGHLIGHTS

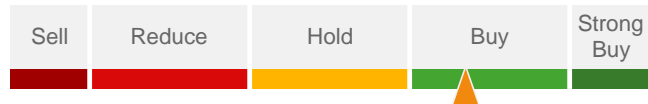
- During the past six months, the score category for Stericycle Inc dropped from Neutral to Negative.
- The recent change in the Average Score was primarily due to a decline in the Price Momentum and Earnings component scores.

THOMSON REUTERS I/B/E/S MEAN

Buy

14 Analysts

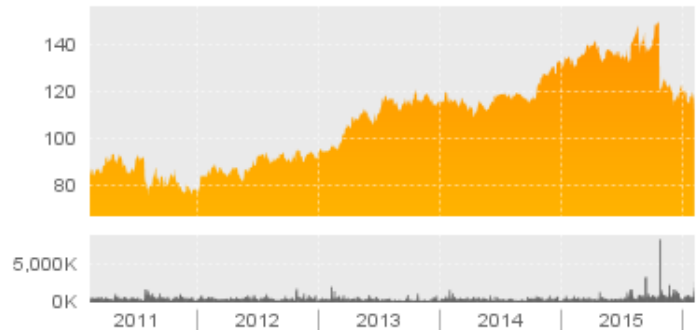
Mean recommendation from all analysts covering the company on a standardized 5-point scale.



PRICE AND VOLUME CHARTS

1-Year Return: **-17.7%**

5-Year Return: **32.9%**



BUSINESS SUMMARY

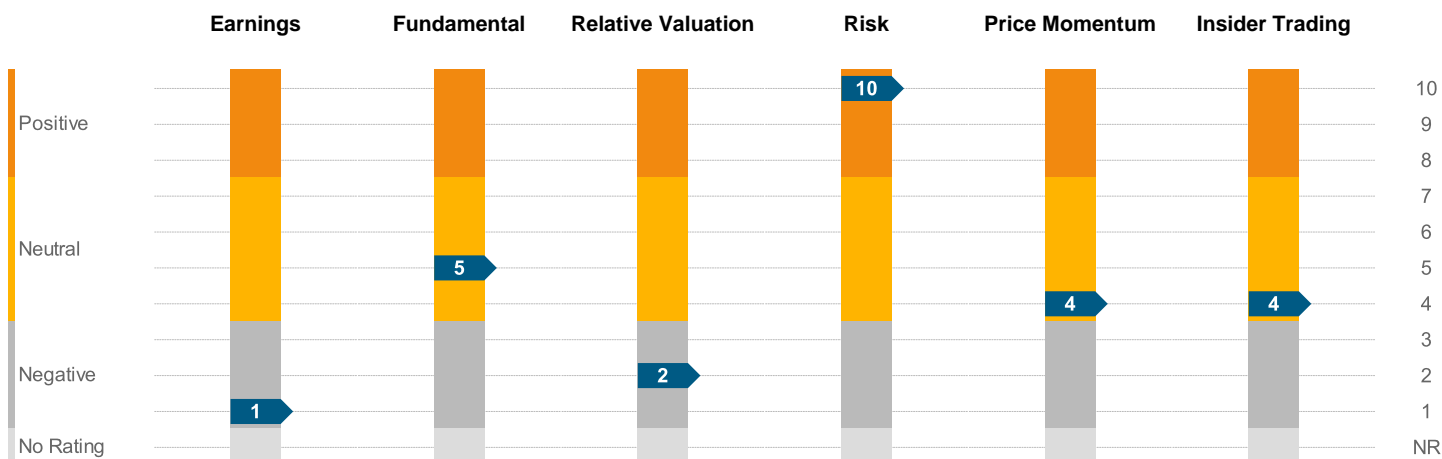
Stericycle, Inc. is engaged in the business of providing regulated and compliance solutions to healthcare and commercial businesses. The Company's solutions include the collection and processing of specialized waste for disposal, and a variety of training, consulting, recall/return, communication, and compliance services, which include training, consulting, inbound/outbound communications, data reporting, and other regulatory compliance services. The Company operates regulated waste management networks in the United States, Argentina, Brazil, Canada, Chile, Ireland, Japan, Mexico, Portugal, Romania, South Korea, Spain, and the United Kingdom. The Company operates through two segments: United States and International. The Company's networks include a total of 181 processing facilities, 214 transfer sites, and 97 other service facilities. Its regulated waste processing technology is primarily autoclaving. The Company also uses incineration and electro-thermal-deactivation system (ETD).



INDICATOR COMPONENTS

AVERAGE SCORE
3

The **AVERAGE SCORE** combines the quantitative analysis of six widely-used investment decision making tools: Earnings, Fundamental, Relative Valuation, Risk, Price Momentum and Insider Trading. 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.



OPTIMIZED SCORE

OPTIMIZED SCORE
4

Historically, companies with an optimized score of 4 have tended to moderately underperform the market over the following 12-month period.



As an alternative approach to equally weighting each of the six factors, independent research firm, Verus Analytics, conducted a backtest to empirically determine the optimal factor blend. Results and weighting vary across four different market capitalization categories. For large cap stocks, price momentum and insider trading historically provided the most explanatory power among the six factors and are weighted heavily in the current optimized score. Among the small cap universe, the earnings and fundamental factors joined with insider trading and price momentum to explain returns.

PEER ANALYSIS

Currency in USD

Average Score	Ticker	PRICE MOMENTUM				VALUATION		FUNDAMENTAL		ANALYSTS		# of Analysts
		Price (02/05/16)	1-Mo Return	3-Mo Return	1-Yr Return	Market Cap	Trailing PE	Forward PE	Dividend Yield	Net Margin	LTG Forecast	
3	SRCL	111.12	-7.8%	-10.5%	-17.7%	9.4B	39.1	21.0	--	7.3%	-- Buy	14
7	WCN	58.20	5.8%	5.5%	31.1%	7.1B	32.3	27.7	1.0%	9.8%	7.9% Buy	12
3	CVA	13.97	-11.6%	-15.5%	-33.9%	1.9B	--	73.9	7.2%	8.1%	-0.7% Buy	11
3	ECOL	31.39	-9.5%	-15.2%	-29.6%	682M	25.5	17.7	2.3%	6.7%	10.0% Buy	6
5	CWST	5.17	-10.9%	-14.3%	31.2%	206M	--	--	--	1.6%	-- Buy	8
7	HCCI	8.18	-21.3%	-29.2%	-36.4%	183M	--	13.0	--	3.3%	25.0% Buy	7
5	SMED	5.90	-30.7%	-25.4%	31.4%	91M	73.8	19.7	--	2.8%	25.0% Strong Buy	4
5	VTNR	1.77	59.5%	-31.1%	-49.4%	50M	--	--	--	-6.4%	20.0% Buy	3
7	PESI	3.78	2.3%	-10.8%	-7.4%	44M	--	11.1	--	6.2%	-- Hold	1
2	MARA	2.41	54.5%	40.9%	-64.6%	36M	--	--	--	-58.5%	50.0% Buy	2
8	EEI	9.70	-4.8%	-10.6%	-0.5%	29M	--	--	5.0%	2.2%	-- --	--
5	Average	22.87	2.3%	-10.6%	-13.2%	1.8B	42.7	26.3	3.9%	-1.5%	19.6% Buy	6.8

PEER COMPANIES

WCN	Waste Connections Inc	SMED	Sharps Compliance Corp
CVA	Covanta Holding Corp	VTNR	Vertex Energy Inc
ECOL	US Ecology Inc	PESI	Perma-Fix Environmental
CWST	Casella Waste Systems Inc	MARA	Marathon Patent Group Inc
HCCI	Heritage-Crystal Clean Inc	EEI	Ecology and Environment Inc



EARNINGS

EARNINGS

1

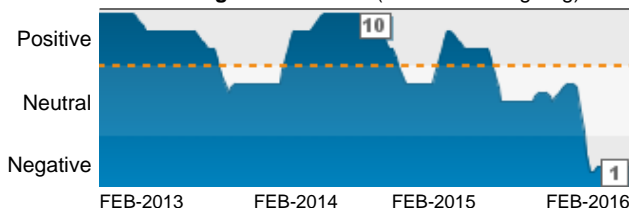
Currency in USD

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

Earnings Score Averages

Prof. & Commercial Svcs. Group: **5.7** Mid Market Cap: **5.9**
Indust. & Commercial Svcs. Sector: **5.6** S&P 500 Index: **6.2**

Earnings Score Trend (4-Week Moving Avg)



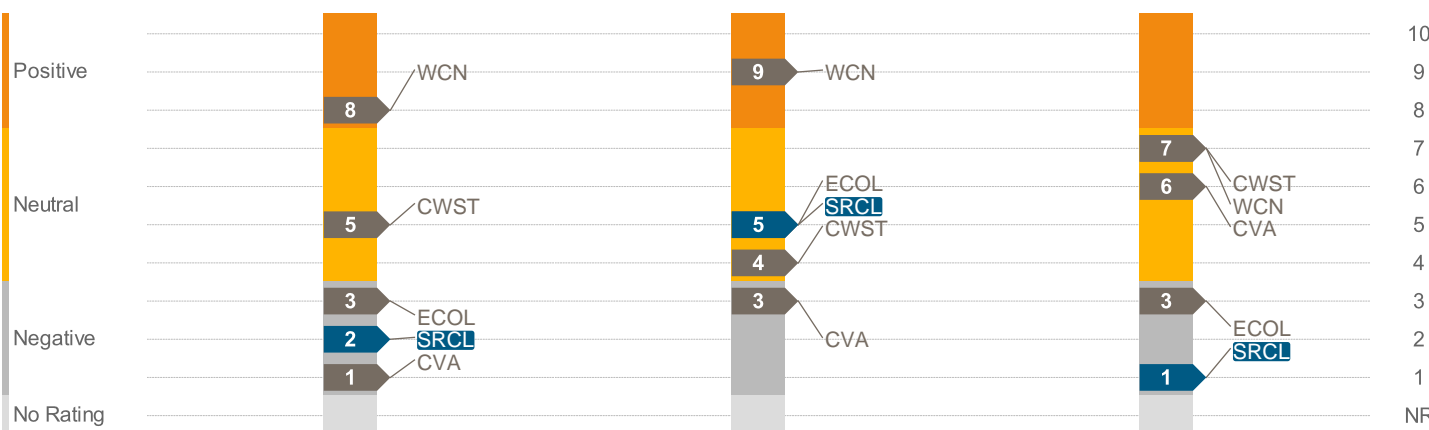
Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
WCN	9	6	8	9	10	
CWST	7	8	5	5	5	
CVA	3	1	1	2	2	
ECOL	6	5	5	2	2	
SRCL	5	1	1	2	1	

EARNINGS INDICATORS

Earnings Surprises
(33.3% weight)

Estimate Revisions
(33.3% weight)

Recommendation Changes
(33.3% weight)



Last 4 Quarters

# Positive Surprises (> 2%)	0
# Negative Surprises (< -2%)	1
# In-Line Surprises (within 2%)	3
Avg Surprise	-2.0%

Last 4 Weeks

# Up Revisions	0
# Down Revisions	2
Avg Up Revisions	0.0%
Avg Down Revisions	-14.3%

Last 120 Days

# Broker Upgrades	0
# Broker Downgrades	2

HIGHLIGHTS

- Stericycle Inc currently has an Earnings Rating of 1, which is significantly more bearish than the Environmental Svcs & Equip industry average of 4.6. SRCL scores a bearish 4 or less for two of three component ratings.
- On 02/04/16, the company announced quarterly earnings of 1.11 per share, relatively in-line with the consensus 1.10. Over the past 4 quarters, the company has reported 0 positive, 1 negative, and 3 in-line surprises. The average surprise for this time period has been -2.0%.
- SRCL's current quarter consensus estimate has remained relatively unchanged over the past 90 days at 1.17. Estimates within its industry have moved an average of -2.0% during the same time period.

PRICE TARGET

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



12-Month Price Target

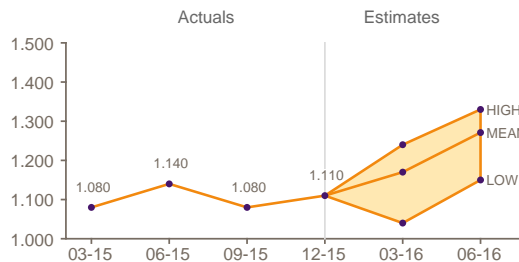
Mean	138.00
High	155.00
Low	120.00
Target vs. Current	24.2%
# of Analysts	10



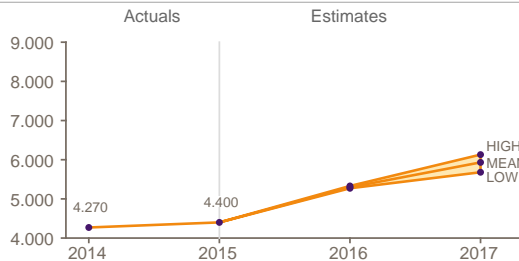
EARNINGS PER SHARE

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	03-16	06-16
Mean	1.170	1.271
High	1.240	1.330
Low	1.040	1.150
# of Analysts	7	7



Annual	2016	2017
Mean	5.296	5.932
High	5.330	6.130
Low	5.271	5.680
# of Analysts	8	8

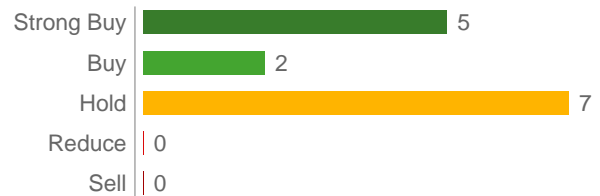
MEAN ESTIMATE TREND

	Q 03-16	Q 06-16	Y 2016	Y 2017	Price Target
Current	1.170	1.271	5.296	5.932	138.00
30 Days Ago	1.164	1.251	5.067	5.602	140.00
90 Days Ago	1.182	1.273	5.109	5.600	146.00
% Change (90 Days)	-1.0%	-0.2%	3.7%	5.9%	-5.5%

Next Expected Report Date: 04/21/16

ANALYST RECOMMENDATIONS

Thomson Reuters I/B/E/S Mean: **Buy** (14 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)

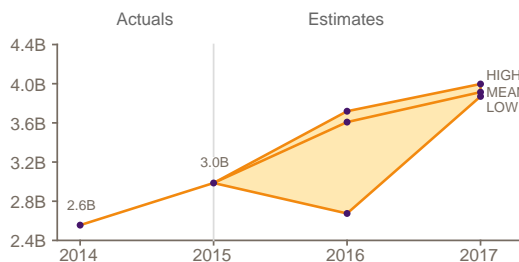
Surprise Type	Amount	Percent
Positive Quarters (> 2%)	4	33.3%
Negative Quarters (< -2%)	1	8.3%
In-Line Quarters (within 2%)	7	58.3%

Surprise Detail (Last 6 Periods)

Surprise Type	Announce Date	Period End Date	Actual EPS	Mean EPS	Surprise (%)
In-Line	02/04/16	12/31/15	1.110	1.095	1.4%
Negative	10/22/15	09/30/15	1.080	1.185	-8.9%
In-Line	07/23/15	06/30/15	1.140	1.131	0.8%
In-Line	04/23/15	03/31/15	1.080	1.096	-1.5%
In-Line	02/05/15	12/31/14	1.120	1.118	0.2%
In-Line	10/23/14	09/30/14	1.080	1.059	2.0%

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.



	2016	2017
Mean	3.6B	3.9B
High	3.7B	4.0B
Low	2.7B	3.9B
Forecasted Growth	20.8%	31.1%
# of Analysts	15	11



FUNDAMENTAL

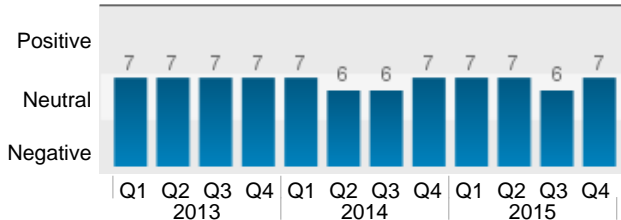


NEUTRAL OUTLOOK: Fundamentals relatively in-line with the market.

Fundamental Score Averages

Prof. & Commercial Svcs. Group:	5.1	Mid Market Cap:	6.3
Indust. & Commercial Svcs. Sector:	5.1	S&P 500 Index:	6.4

Fundamental Score Trend



Peers	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Current	3Y Trend
CWST	3	6	7	7	7	[Bar Chart]
SRCL	7	7	6	7	5	[Bar Chart]
WCN	9	8	5	5	4	[Bar Chart]
ECOL	8	7	8	8	3	[Bar Chart]
CVA	7	7	8	8	2	[Bar Chart]

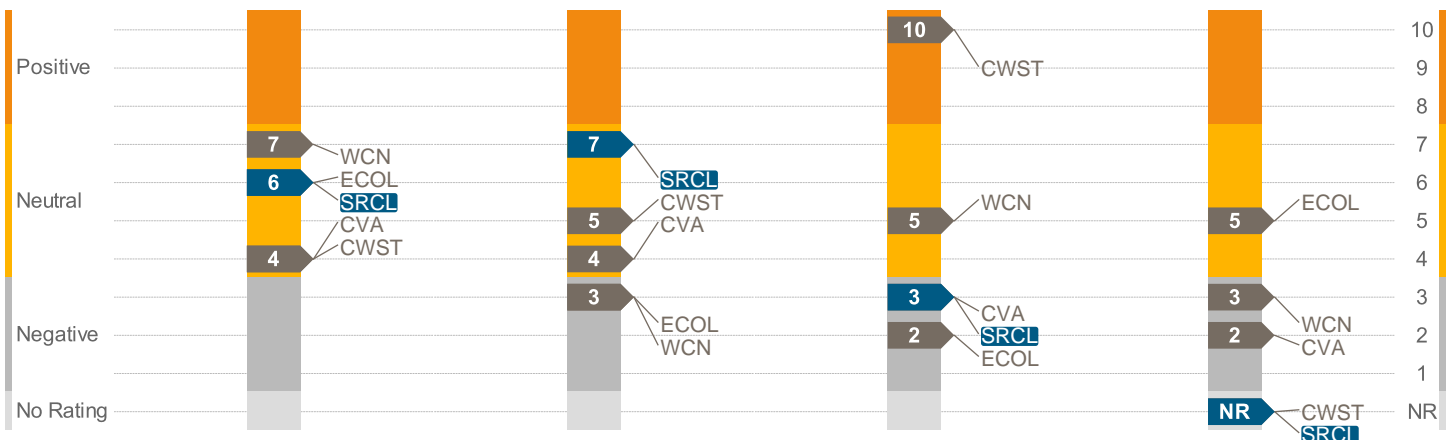
FUNDAMENTAL INDICATORS

Profitability
(25% weight)

Debt
(25% weight)

Earnings Quality
(25% weight)

Dividend
(25% weight)



Revenue Growth	13.4%	Current Ratio	2.5	Days Sales In Inv.	--	Div. Growth Rate	0.0%
For year over year ending 09/15		For year over year ending 09/15		For period ending --		For year over year ending --	
Gross Margin	39.8%	Debt-to-Capital	44.3%	Days Sales In Rec.	61.0	Dividend Funding	0.0%
For trailing 4 qtrs ending 09/15		For trailing 4 qtrs ending 12/14		For period ending 12/14		For trailing 4 qtrs ending 09/15	
Return On Equity	11.8%	Interest Funding	24.1%	Dividend Coverage	--	For trailing 4 qtrs ending --	
For trailing 4 qtrs ending 09/15		For trailing 4 qtrs ending 09/15		Current Div. Yield	--	For trailing 4 qtrs ending 02/16	
Net Margin	7.3%	Interest Coverage	4.9				
For trailing 4 qtrs ending 09/15		For trailing 4 qtrs ending 09/15					

HIGHLIGHTS

- The Fundamental Rating for Stericycle Inc declined significantly over the last quarter from a bullish 7 to a relatively neutral 5. The average Fundamental Rating for its Environmental Svcs. & Equip. industry is 4.8 and the S&P 500 index average is 6.4.
- SRCL's gross margin of 39.8% is substantially above the Environmental Svcs. & Equip. industry average of 27.8%.
- SRCL's current ratio of 2.5 is substantially above the Environmental Svcs. & Equip. industry average of 1.7.
- SRCL's current days sales in receivables is longer than its five-year average of 57.1.
- Stericycle Inc does not currently pay a dividend. Of 30 firms within the Environmental Svcs. & Equip. industry, it is among the 20 companies without a dividend.



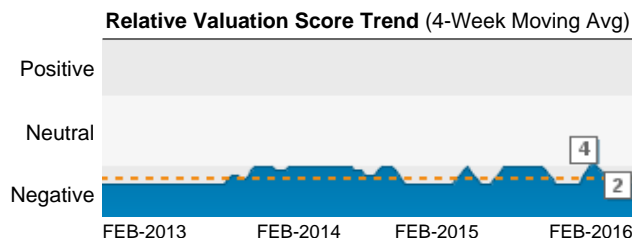
RELATIVE VALUATION



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

Relative Valuation Score Averages

Prof. & Commercial Svcs. Group:	5.7	Mid Market Cap:	5.0
Indust. & Commercial Svcs. Sector:	5.8	S&P 500 Index:	4.6



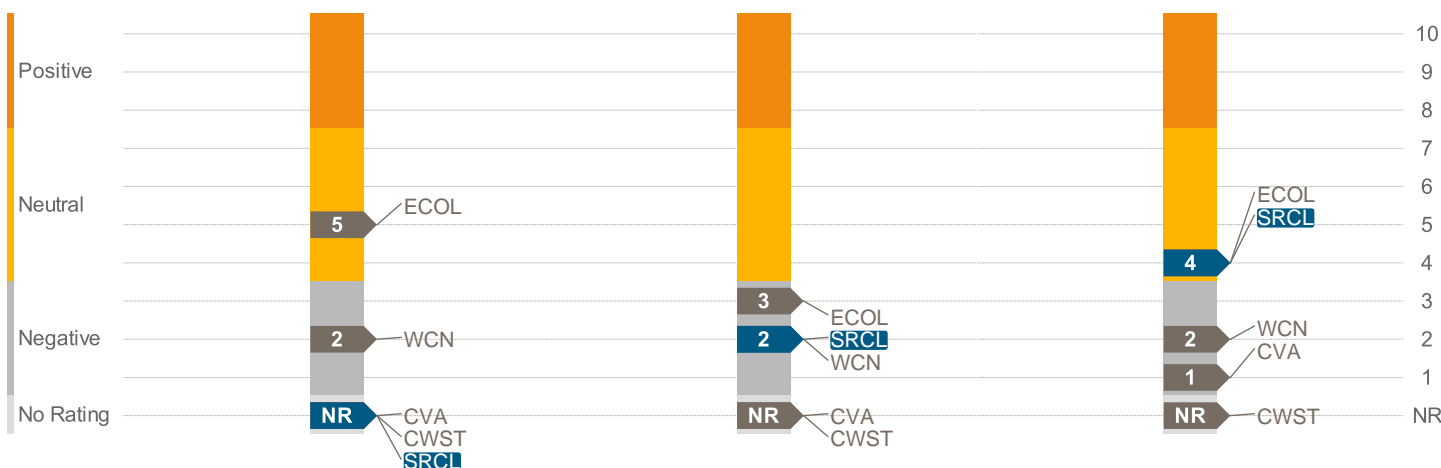
Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
ECOL	2	4	4	3	4	
CVA	1	1	1	1	3	
SRCL	2	3	2	2	2	
WCN	2	1	1	1	1	
CWST	NR	NR	NR	NR	NR	

RELATIVE VALUATION INDICATORS

Forward PEG
(50% weight)

Trailing PE
(25% weight)

Forward PE
(25% weight)



Forward PEG	--	Trailing PE	39.1	Forward PE	21.0
5-Yr Average	1.8	5-Yr Average	34.3	5-Yr Average	27.7
Rel. to 5-Yr Avg.	--	Rel. to 5-Yr Avg.	14% Premium	Rel. to 5-Yr Avg.	24% Discount
S&P 500 Index	2.0	S&P 500 Index	24.0	S&P 500 Index	19.6
Rel. to S&P 500	--	Rel. to S&P 500	63% Premium	Rel. to S&P 500	7% Premium

HIGHLIGHTS

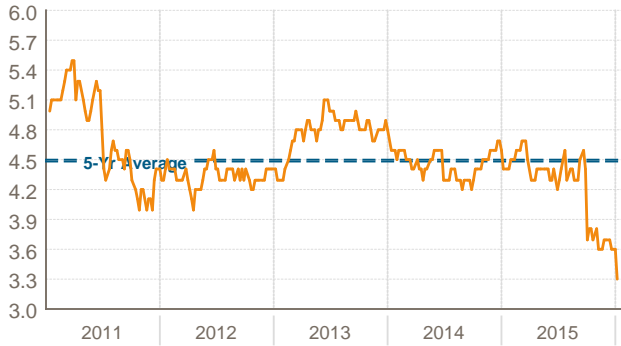
- Stericycle Inc currently has a Relative Valuation Rating of 2 which is significantly below the S&P 500 index average rating of 4.6.
- SRCL's Trailing P/E of 39.1 represents a 14% Premium to its 5-year average of 34.3.
- SRCL's 21.0 Forward P/E is currently at the low end of its 5-year range (lowest 21.0 to highest 33.2).



PRICE TO SALES

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

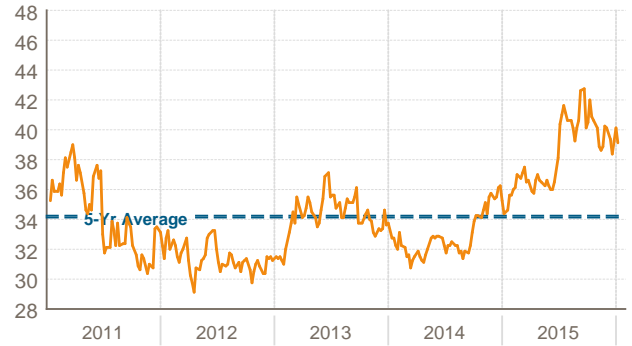
Price to Sales: 3.3
5-Year Average: 4.5
S&P 500 Index Average: 2.7
Environmental Svcs. & Equip. Industry Average: 1.4



TRAILING PE

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

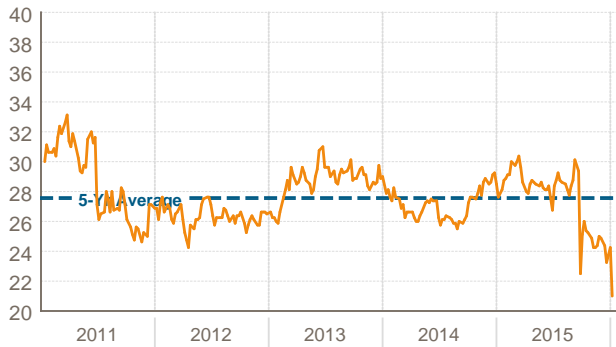
Trailing PE: 39.1
5-Year Average: 34.3
S&P 500 Index Average: 24.0
Environmental Svcs. & Equip. Industry Average: 31.9



FORWARD PE

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

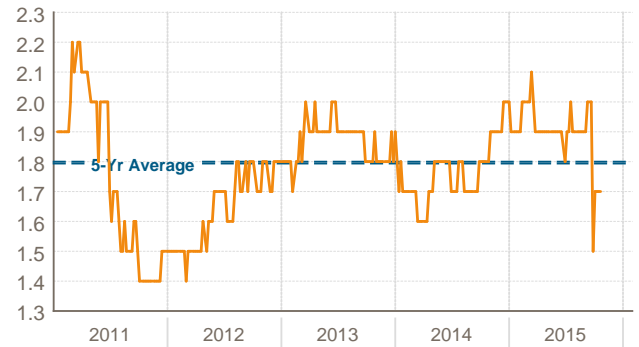
Forward PE: 21.0
5-Year Average: 27.7
S&P 500 Index Average: 19.6
Environmental Svcs. & Equip. Industry Average: 22.7



FORWARD PEG

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

Forward PEG: --
5-Year Average: 1.8
S&P 500 Index Average: 2.0
Environmental Svcs. & Equip. Industry Average: 2.0



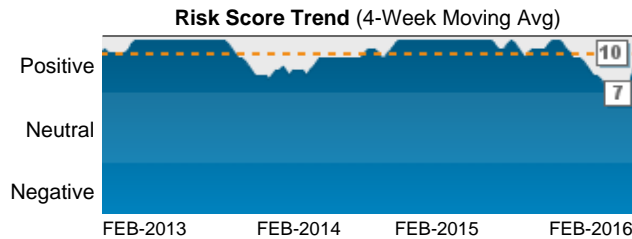
RISK

RISK
10

POSITIVE OUTLOOK: Consistent return patterns (low volatility).

Risk Score Averages

Prof. & Commercial Svcs. Group:	5.9	Mid Market Cap:	7.3
Indust. & Commercial Svcs. Sector:	5.8	S&P 500 Index:	7.9



Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
SRCL	10	8	7	10	10	
WCN	10	10	10	9	9	
ECOL	7	7	8	7	8	
CVA	10	9	7	7	7	
CWST	3	5	4	5	6	

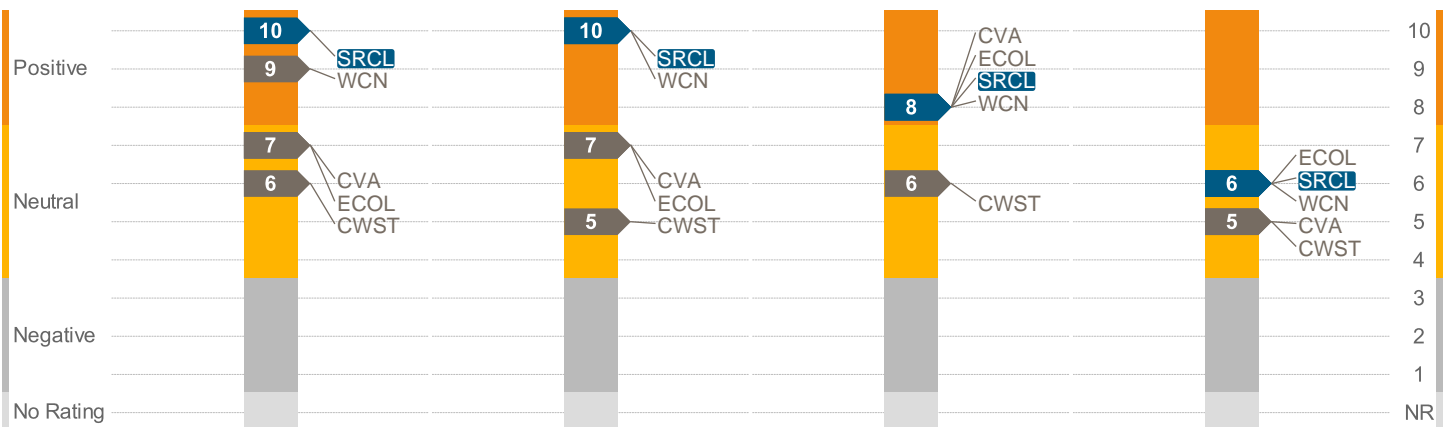
RISK INDICATORS

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. S&P 500		Correlation vs. S&P 500	
Best	2.9%	Last 90 Days	1.44	Positive Days Only	0.59	Last 90 Days	71%
Worst	-4.3%	Last 60 Months	3.95	Negative Days Only	0.92	Last 60 Months	18%
Monthly Returns (Last 60 Months)		Intra-Day Swing (Last 90 Days)		Beta vs. Group		Correlation vs. Group	
Best	10.7%	Average	2.0%	Positive Days Only	0.63	Last 90 Days	65%
Worst	-12.9%	Largest	5.4%	Negative Days Only	0.82	Last 60 Months	25%

HIGHLIGHTS

- Stericycle Inc currently has a Risk Rating of 10, which is significantly above the S&P 500 index average rating of 7.9.
- On days when the market is up, SRCL tends to lag the S&P 500 index. On days when the market is down, the stock generally performs in-line with the index.
- In the short term, SRCL has shown high correlation (> 0.4) with the S&P 500 index. The stock has, however, shown low correlation (>= -0.1 and < 0.2) with the market in the long term.
- Over the last 90 days, SRCL shares have been less volatile than the overall market, as the stock's daily price has fluctuated less than 91% of S&P 500 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
SRCL	2.9%	-4.3%	28	34	5.4%	10.7%	-12.9%
CVA	8.0%	-6.5%	26	34	9.0%	16.1%	-19.7%
CWST	8.8%	-6.0%	27	33	13.4%	25.0%	-16.1%
ECOL	6.9%	-3.9%	26	36	8.1%	20.3%	-20.5%
WCN	7.4%	-2.9%	31	31	7.6%	12.1%	-6.8%
S&P 500	2.5%	-2.5%	28	33	3.4%	10.8%	-7.2%



PRICE MOMENTUM

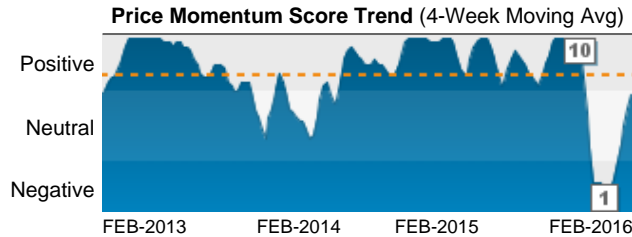


Currency in USD

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

Price Momentum Score Averages

Prof. & Commercial Svcs. Group:	5.3	Mid Market Cap:	5.9
Indust. & Commercial Svcs. Sector:	5.3	S&P 500 Index:	6.2

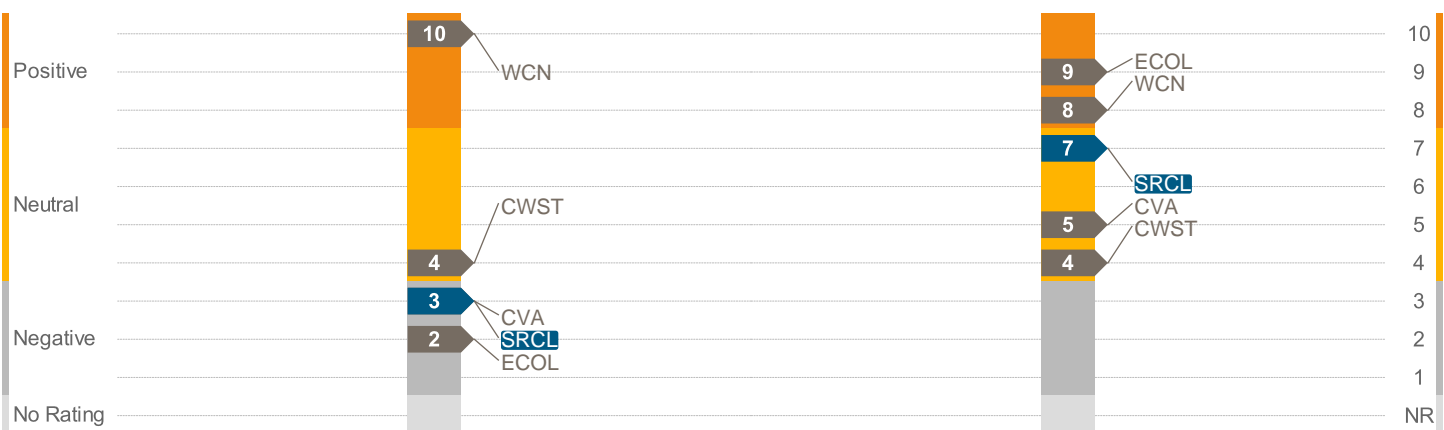


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CWST	9	9	5	8	3	

PRICE MOMENTUM INDICATORS

Relative Strength
(70% weight)

Seasonality
(30% weight)



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

	SRCL	Industry Avg
Last 1 Month	38	47
Last 3 Months	42	46
Last 6 Months	45	47

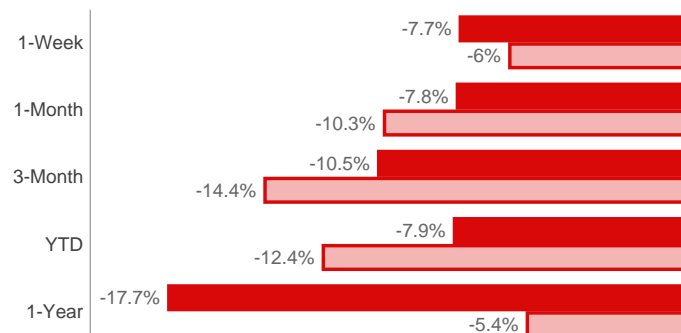
Average Monthly Return (Last 10 Years)

	FEB	MAR	APR
Company Avg	0.7%	2.4%	2.2%
Industry Avg	2.0%	3.8%	3.9%
Industry Rank	19 of 116	29 of 116	56 of 116

PRICE PERFORMANCE

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

SRCL
NASDAQ 100



	SRCL	NASDAQ 100
Close Price (02/05/16)	111.12	4024
52-Week High	151.57	4719
52-Week Low	108.75	4016

- Stericycle Inc has a Price Momentum Rating of 8, which is significantly above the S&P 500 index average rating of 5.9.
- On 02/05/16, SRCL closed at 111.12, 26.7% below its 52-week high and 2.2% above its 52-week low.
- SRCL shares are currently trading 6.0% below their 50-day moving average of 118.16, and 15.7% below their 200-day moving average of 131.81.



INSIDER TRADING

INSIDER TRADING

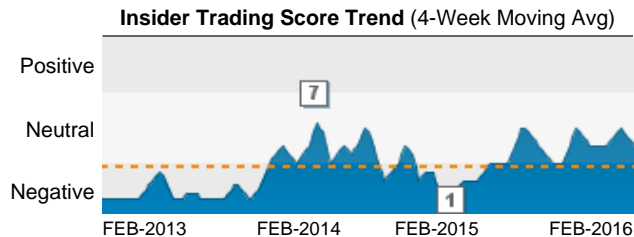
4

Currency in USD

NEUTRAL OUTLOOK: Mixed transactions by insiders or low volume of trades.

Insider Trading Score Averages

Prof. & Commercial Svcs. Group:	5.5	Mid Market Cap:	5.1
Indust. & Commercial Svcs. Sector:	5.6	S&P 500 Index:	4.7

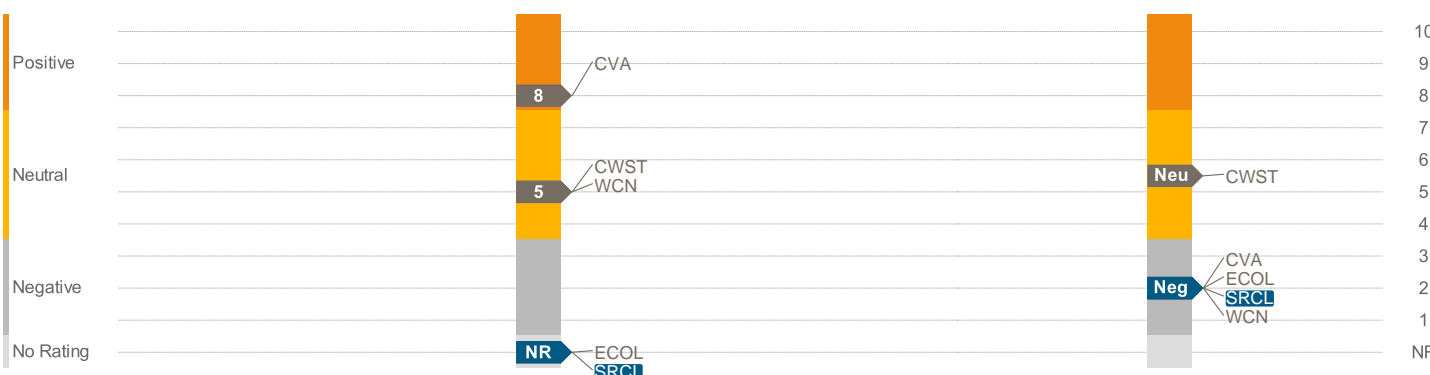


Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
CVA	8	4	9	8	8	
CWST	7	5	7	7	6	
WCN	3	4	3	5	5	
ECOL	3	5	4	4	4	
SRCL	3	4	5	4	4	

INSIDER TRADING INDICATORS

Short-Term Insider
(70% weight)

Long-Term Insider
(30% weight)



Most Recent Buys and Sells (Last 90 Days)

Insider Name	Role	Tran Date	Tran Type	Shares
Schetz, John P	GC	12/11/15	S	1,190

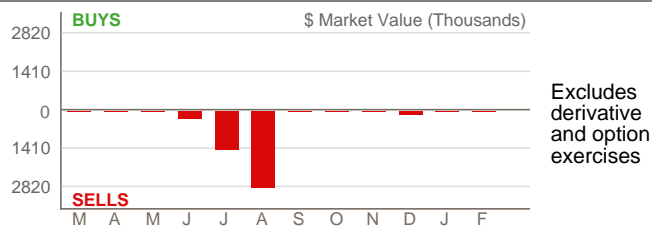
Insider Summary (Last 6 Months)

Total Shares Acquired	97,808
Total Shares Disposed	126,558
Net Shares	-28,750
Sector Average	-140,465

HIGHLIGHTS

- Stericycle Inc currently has an Insider Trading Rating of 4, which is significantly more bearish than the Environmental Svcs. & Equip. industry average of 6.24.
- JOHN P SCHETZ, one of the most predictive sellers at SRCL, recently sold 1,190 shares. Historically, SRCL shares have declined an average of -15.12% in the six months following 2 prior sell decisions.

MONTHLY BUYS AND SELLS



TOP INSTITUTIONAL HOLDERS

Institution Name	Inst. Type	% O/S	Shares Held	Reported Date
The Vanguard Group Inc	Inv Mgmt	8.2%	6.97M	09/30/15
Brown Advisory	Inv Mgmt	5.4%	4.57M	09/30/15
BlackRock Institutional	Inv Mgmt	5.0%	4.25M	09/30/15
State Street Global	Inv Mgmt	4.3%	3.65M	09/30/15
Fidelity Management	Inv Mgmt	4.2%	3.55M	09/30/15

Updated daily as of 02/06/16

TOP EXECUTIVE HOLDERS

Insider Name	Role	Direct Shares	Value	Reported Date
Schuler, Jack W	D	0.62M	71.2M	12/23/15
Miller, Mark C	OD	0.21M	23.9M	03/30/15
Patience, John	D	0.15M	17.2M	12/14/15
Ten Brink, Franciscus J M	CFO	25,353	2.92M	05/01/14
Hall, William K	D	9,000	1.04M	06/10/14

Updated monthly as of 01/17/16



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 six widely-used investment decision making tools - Earnings, Fundamental, Relative Valuation, Risk, Price Momentum, and Insider Trading. First, a simple average of the six 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 six factors may be evaluated differently using alternative methodologies, and the importance of individual factors varies across 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 four of the six 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.

Optimized Score

As an alternative to the average score, the Stock Report includes an Optimized Score generated by independent research firm, Verus Analytics. It uses the same six component ratings, but rather than equally weighting each of the factors, the weighting varies by market capitalization of the underlying security based on backtesting research. These scores are also updated weekly and distributed normally on a 1 to 10 scale, with 10 being best. The variable size is assigned monthly by ranking the market capitalization and assigning the appropriate category as follows:

- Large - Top 5.55%
- Mid - Next 13.87%
- Small - Next 34.68%
- Micro - Remaining 45.9%

Indicator Components

The six 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 classified within that industry.

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 surprises, estimate revisions, and recommendation changes. Each factor is equally weighted. Then, equal deciles are used to rank each stock across the market on a scale of 1 to 10, with 10 being most favorable. A stock needs to have at least two of the three earnings factors in order to receive a score.

Earnings Surprises - The number of positive and negative surprises within the last 4 quarters.

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 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 quarters (and percentage) in the past 12 quarters 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 quarters. 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 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 for a given fiscal quarter 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 quarterly scores over the past three years. The best and worst scores over that timeframe can be easily determined from the values shown on the chart for each quarter.



Relative Valuation

The Relative Valuation Rating is based on a combination of three factors: Forward PEG (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.

Trailing P/E: Close Price / Most Recent 4 Quarters of Earnings
Forward P/E: Close Price/ Upcoming 4 Quarters of Earnings
Forward PEG: Forward P/E / Long-Term Forecasted Growth Rate

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 S&P 500 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 S&P 500 is also displayed as a means of comparison.

Insider Trading

The Insider Trading Rating is based on short-term (70% weight) and long-term (30% weight) legal insider trading behavior. After the weightings are considered to combine individual factors, a function similar to 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 stock needs to have at least one of the two insider trading factors in order to receive a score.

Short-Term Insider – Uses insider buy and sell transactions within the past 90 days. This factor is based on the Thomson Reuters quantitative insider trading model that considers the insider's role, consensus, number of shares, market capitalization of the company, and the historic stock performance following trades by the given insider.

Long-Term Insider – Looks at buying, selling and option exercise decisions over the past six months relative to other stocks within the same business sector. The net shares are presented alongside the business sector average as a means of comparison.

Monthly Buys and Sells

The total market value of open-market buying and selling is displayed by month in the chart for easy comparison. Transactions by trusts and corporations are excluded, along with buys greater than \$10 million and sales greater than \$50 million. Transactions for the exercise of derivatives and option exercises are excluded from the totals.

Institutional Holders

The top five institutional holders of the company are listed in descending order, based on their total share holdings. Possible values for the institution type include Brokerage, Funds, Inv Mgmt, or Strategic.

Executive Holders

The top five executive insiders of the company are listed in descending order, based on their total direct common share holdings (options are not considered). Indirect holdings are excluded, as the owner may not actually have investment discretion over these shares. This table is updated monthly. Insiders who have not filed any transactions or holdings over the past two years are excluded as this may indicate that the individual is no longer associated with the company. Additionally, direct shares held must be greater than 1,000 to be considered.

Insider Roles

These role codes may appear in the data for recent insider buys and sells or top executive holders:

AF - Affiliate	IA - Investment Advisor
AI - Affiliate of Advisor	MC - Member of Committee
B - Beneficial Owner	MD - Managing Director
C - Controller	O - Officer
CB - Chairman	OB - Officer / Beneficial Owner
CEO - Chief Executive Officer	OD - Officer / Director
CFO - Chief Financial Officer	OE - Other Executive
CI - Chief Investment Officer	OS - Officer of Subsidiary
CO - Chief Operating Officer	OT - Officer / Treasurer
CT - Chief Technology Officer	OX - Divisional Officer
D - Director	P - President
DO - Director / Beneficial Owner	R - Retired
DS - Indirect Shareholder	S - Secretary
EC - Member of Exec Committee	SH - Shareholder
EVP - Exec Vice President	SVP - Senior Vice President
FO - Former	T - Trustee
GC - General Counsel	UT - Unknown
GP - General Partner	VC - Vice Chairman
H - Officer / Director / Owner	VP - Vice President

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