

Last Close 19.53 (CAD)	Avg Daily Vol 3.9M	52-Week High 21.72	Trailing PE --	Annual Div --	ROE -6.6%	LTG Forecast --	1-Mo Return -2.2%
2017 December 14 TORONTO Exchange	Market Cap 3.7B	52-Week Low 6.58	Forward PE --	Dividend Yield --	Annual Rev 58M	Inst Own 5.2%	3-Mo Return 94.1%

AVERAGE SCORE

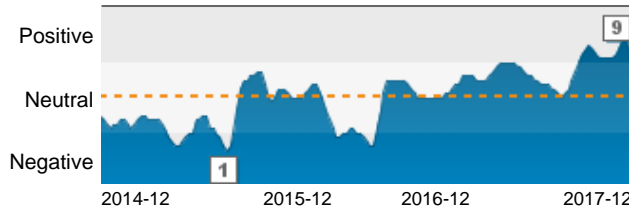


NEUTRAL OUTLOOK: WEED's current score is relatively in-line with the market.

Score Averages

Pharmaceuticals Group:	5.9	Mid Market Cap:	7.4
Pharma. & Med. Research Sector:	5.1	TSX Comp Index:	7.5

Average Score Trend (4-Week Moving Avg)



Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
CMED	NR	3	9	9	9	
ACB	5	9	6	7	7	
WEED	6	8	9	6	7	
LEAF	NR	5	5	4	6	
MJN	3	5	6	6	5	

HIGHLIGHTS

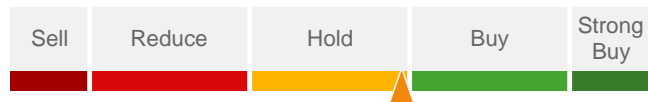
- The score for Canopy Growth Corp improved slightly this week from 6 to 7.
- The recent change in Average Score was due to relative changes in other companies within the market as a comparison, even though the underlying component scores did not improve for this company.

THOMSON REUTERS I/B/E/S MEAN

Hold

9 Analysts

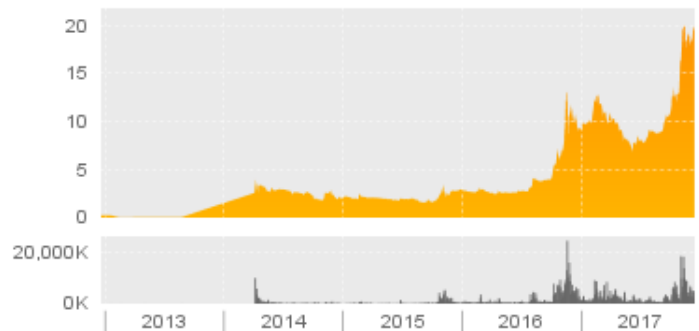
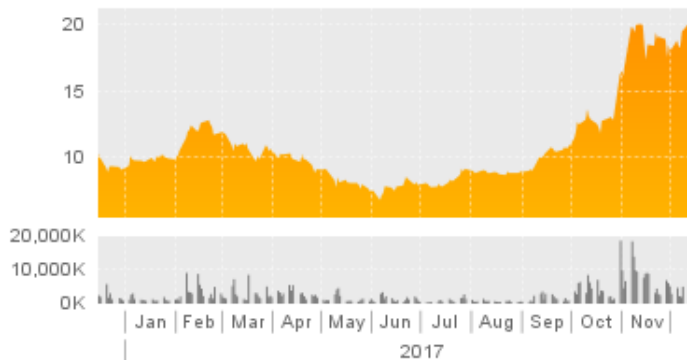
Mean recommendation from all analysts covering the company on a standardized 5-point scale.



PRICE AND VOLUME CHARTS

1-Year Return: 89.6%

5-Year Return: 5480%



BUSINESS SUMMARY

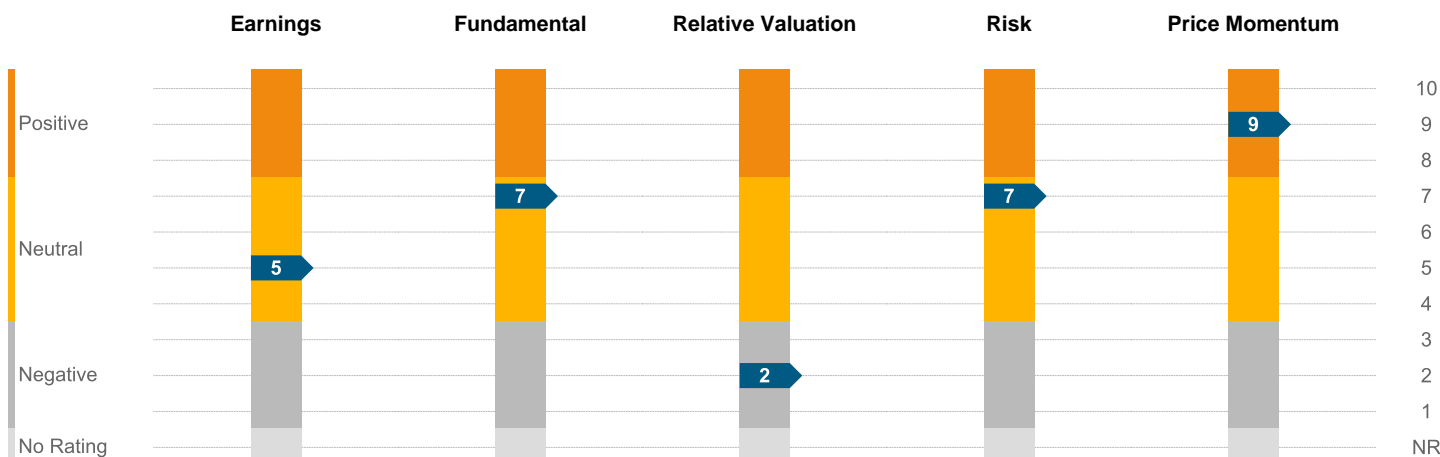
Canopy Growth Corporation, formerly Tweed Marijuana Inc., is a diversified cannabis company. The Company, through its subsidiaries Tweed Inc. (Tweed), Bedrocan Canada Inc. (Bedrocan) and Tweed Farms Inc. (Tweed Farms), is engaged in the business of producing and selling legal marijuana in the Canadian medical market. It is also focusing on producing and selling marijuana in the recreational market in Canada. Its core brands are Tweed and Bedrocan. Tweed is a licensed producer of medical marijuana. Tweed's commercial license covers approximately 168,000 square feet of its Smiths Falls facility and allows Tweed to produce and sell approximately 3,540 kilograms of medical marijuana per year. Tweed's built-out production capacity is over 10 climate controlled indoor growing rooms. Bedrocan is a medical-grade cannabis. Bedrocan's over 52,000 square feet production facility in Toronto, Ontario is licensed, and includes over 30 vegetative and growing rooms, and over three dispensing rooms.



INDICATOR COMPONENTS

AVERAGE SCORE
7

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 CAD

Average Score	Ticker	PRICE MOMENTUM				VALUATION		FUNDAMENTAL		ANALYSTS		
		Price (2017-12-14)	1-Mo Return	3-Mo Return	1-Yr Return	Market Cap	Trailing PE	Forward PE	Dividend Yield	Net Margin	LTG Forecast	I/B/E/S Mean
7	WEED	19.53	-2.2%	94.1%	89.6%	3.7B	--	--	--	-49.2%	-- Hold	9
7	ACB	7.10	10.8%	173.1%	206.0%	2.9B	--	--	--	-16.3%	-- Buy	4
6	LEAF	16.00	-3.7%	72.2%	--	1.5B	179.1	111.9	--	19.2%	-- Strong Buy	6
5	MJN	4.72	9.8%	95.9%	218.9%	672M	472.0	--	--	62.0%	-- Buy	6
9	CMED	19.35	26.5%	115.0%	--	458M	--	--	--	-79.1%	-- Buy	6
5	FIRE	1.92	19.3%	54.8%	6.1%	392M	--	--	--	-913.1%	-- Strong Buy	3
8	EMH	4.94	112.0%	311.7%	277.1%	374M	--	--	--	-727.7%	-- Strong Buy	1
NR	ABCN	1.55	33.6%	84.5%	545.8%	144M	--	--	--	--	-- Buy	1
6	IMH	1.46	13.2%	31.5%	10.6%	130M	--	--	--	-722.5%	-- Buy	2
10	ICC	0.91	-11.7%	3.4%	3.4%	110M	--	--	--	-2096%	-- Buy	3
6	HVST	1.24	45.9%	92.3%	2671%	98M	19.6	--	--	-9913%	-- Strong Buy	2
6.9	Average	7.16	23.0%	102.6%	447.6%	946M	223.6	111.9	--	-1444%	-- Buy	3.9

PEER COMPANIES

ACB	Aurora Cannabis Inc	EMH	Emerald Health Therapeutics
LEAF	MedReleaf Corp	ABCN	ABcann Global Corp
MJN	Cronos Group Inc	IMH	Invictus MD Strategies Corp
CMED	CanniMed Therapeutics Inc	ICC	ICC International Cannabis
FIRE	Supreme Pharmaceuticals Inc	HVST	Harvest One Cannabis Inc



EARNINGS

EARNINGS

5

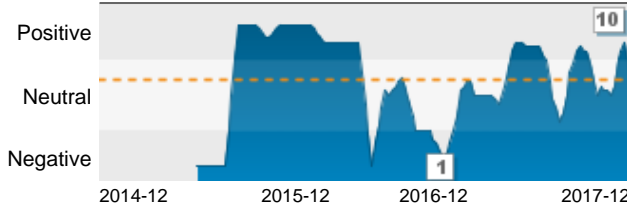
Currency in CAD

NEUTRAL OUTLOOK: Mixed earnings expectations and performance.

Earnings Score Averages

Pharmaceuticals Group: **5.4** Mid Market Cap: **6.3**
Pharma. & Med. Research Sector: **5.5** TSX Comp Index: **6.6**

Earnings Score Trend (4-Week Moving Avg)



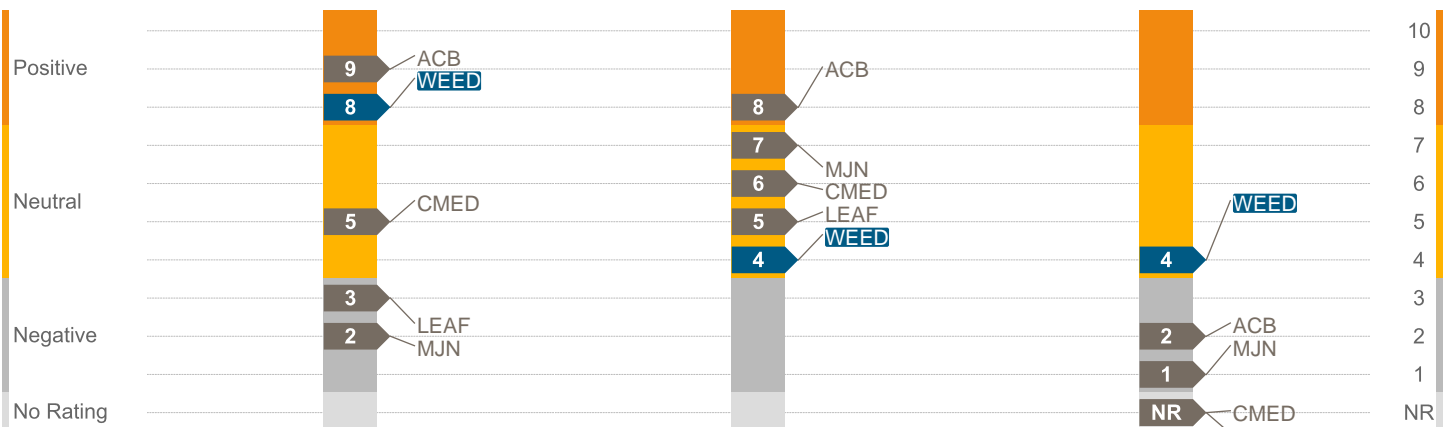
Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
ACB	NR	NR	NR	8	8	
CMED	NR	2	5	5	5	
WEED	6	6	10	5	5	
LEAF	NR	NR	NR	4	3	
MJN	7	3	4	2	2	

EARNINGS INDICATORS

Earnings Surprises (33.3% weight)

Estimate Revisions (33.3% weight)

Recommendation Changes (33.3% weight)



Last 4 Quarters

# Positive Surprises (> 2%)	3
# Negative Surprises (< -2%)	1
# In-Line Surprises (within 2%)	0
Avg Surprise	22.5%

Last 4 Weeks

# Up Revisions	1
# Down Revisions	2
Avg Up Revisions	11.1%
Avg Down Revisions	-22.2%

Last 120 Days

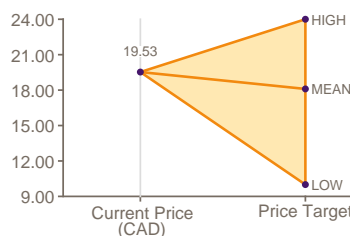
# Broker Upgrades	1
# Broker Downgrades	3

HIGHLIGHTS

- Canopy Growth Corp currently has a relatively neutral Earnings Rating of 5, despite having two of three bearish (4 or less) component ratings. The average Earnings Rating for its Pharmaceuticals industry is 5.4 and the S&P/TSX COMPOSITE index average is 6.4.
- 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 22.5%. Most recently on 2017-11-14, the company reported quarterly earnings of -0.01 per share, a positive surprise of 71.4% above the consensus of -0.04.
- WEED's current quarter consensus estimate has decreased over the past 90 days from -0.06 to -0.06, a loss of -14.5%. This trails the Pharmaceuticals industry average of 4.0% 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

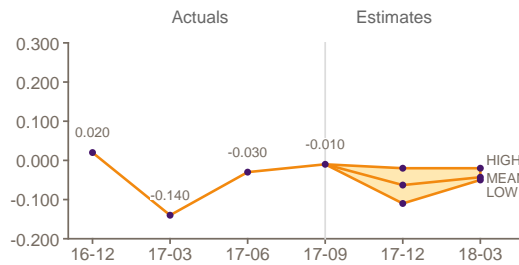
Mean (CAD)	18.10
High	24.00
Low	10.00
Target vs. Current	-7.3%
# of Analysts	10



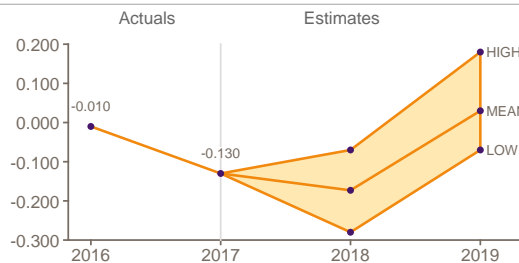
EARNINGS PER SHARE

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	17-12	18-03
Mean	-0.063	-0.043
High	-0.020	-0.020
Low	-0.110	-0.050
# of Analysts	4	4



Annual	2018	2019
Mean	-0.173	0.030
High	-0.070	0.180
Low	-0.280	-0.070
# of Analysts	6	6

MEAN ESTIMATE TREND

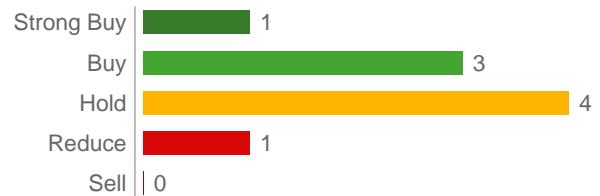
	Q 17-12	Q 18-03	Y 2018	Y 2019	Price Target
Current	-0.063	-0.043	-0.173	0.030	18.10
30 Days Ago	-0.047	-0.065	-0.178	0.020	14.50
90 Days Ago	-0.055	-0.090	-0.180	0.043	11.80
% Change (90 Days)	-14.5%	52.2%	3.9%	-30.2%	53.4%

Current Fiscal Year End: 18-03

Next Expected Report Date: 2018-02-20

ANALYST RECOMMENDATIONS

Thomson Reuters I/B/E/S Mean: **Hold** (9 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)

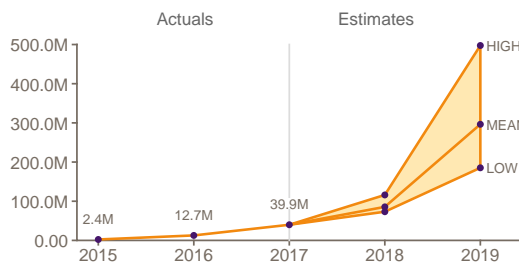
Surprise Type	Amount	Percent
Positive Quarters (> 2%)	6	54.5%
Negative Quarters (< -2%)	5	45.5%
In-Line Quarters (within 2%)	0	--

Surprise Detail (Last 6 Periods)

Surprise Type	Announce Date	Period End Date	Actual EPS	Mean EPS	Surprise (%)
Positive	2017-11-14	2017-09-30	-0.010	-0.035	71.4%
Positive	2017-08-14	2017-06-30	-0.030	-0.050	40.0%
Negative	2017-06-27	2017-03-31	-0.140	-0.047	-197.9%
Positive	2017-02-14	2016-12-31	0.020	-0.030	166.7%
Positive	2016-11-14	2016-09-30	0.050	-0.020	350.0%
Negative	2016-08-29	2016-06-30	-0.040	-0.027	-48.1%

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	85.6M	296.4M
High	116.0M	497.5M
Low	73.2M	185.3M
Forecasted Growth	114.5%	642.9%
# of Analysts	8	8



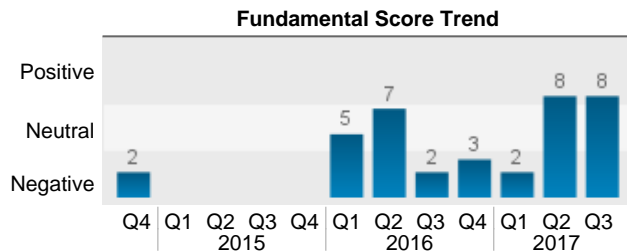
FUNDAMENTAL



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

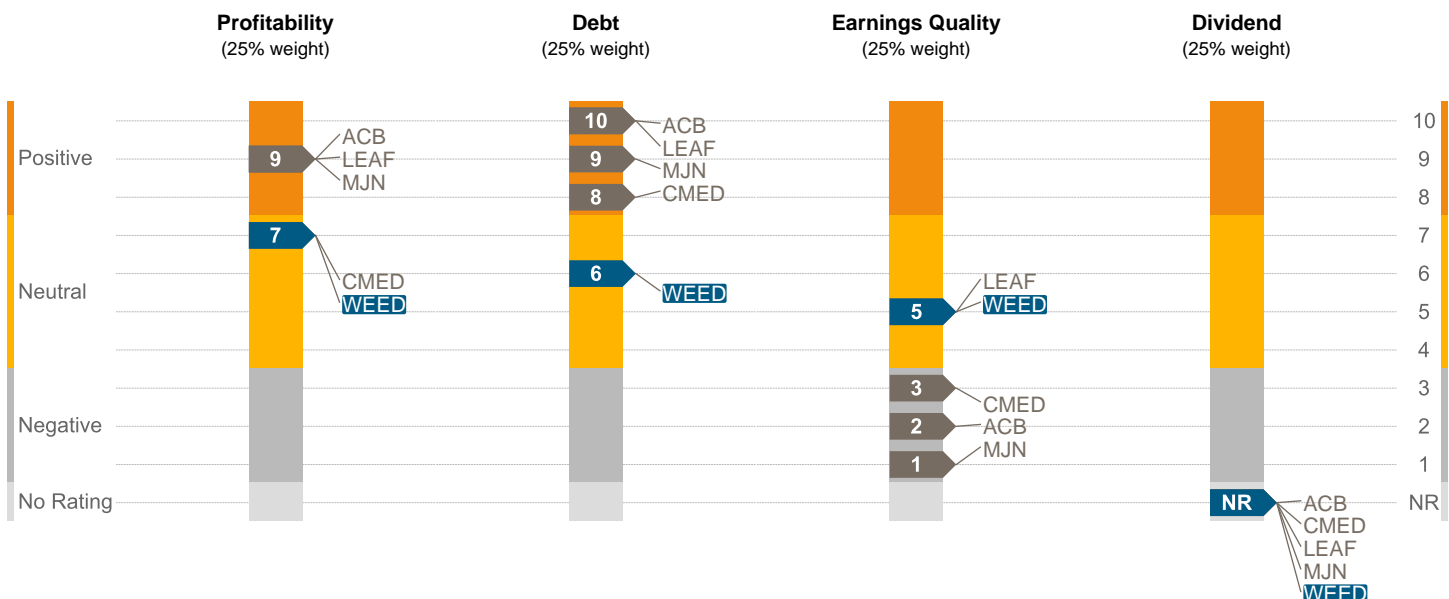
Fundamental Score Averages

Pharmaceuticals Group:	5.7	Mid Market Cap:	7.3
Pharma. & Med. Research Sector:	4.9	TSX Comp Index:	7.3



Peers	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Current	3Y Trend
LEAF	NR	NR	NR	NR	10	
ACB	1	4	3	8	9	
MJN	6	2	2	2	7	
WEED	3	2	8	8	7	
CMED	1	NR	NR	NR	6	

FUNDAMENTAL INDICATORS



Revenue Growth	141.0%	Current Ratio	10.5	Oper. Cash Yield	-44.0%	Dividend Growth	--
For year over year ending 2017-09		For interim period ending 2017-09		For latest 12 months ending 2017-09		For year over year ending --	
Gross Margin	-63.9%	Debt-to-Capital	1.4%	Accruals	9.2%	Dividend Payout	--
For latest 12 months ending 2017-09		For annual period ending 2017-03		For latest 12 months ending 2017-03		For latest 12 months ending --	
Return On Equity	-6.6%	Interest Funding	-0.1%	Days Sales In Inv.	255.0	Dividend Coverage	--
For interim period ending 2017-09		For interim period ending 2017-03		For annual period ending 2017-03		For annual period ending --	
Net Margin	-49.2%	Interest Coverage	-257.5	Days Sales In Rec.	33.4	Current Div. Yield	--
For latest 12 months ending 2017-09		For interim period ending 2017-03		For annual period ending 2017-03		For latest 12 months ending --	

HIGHLIGHTS

- Canopy Growth Corp currently has a Fundamental Rating of 7. The average Fundamental Rating for its Pharmaceuticals industry group is 5.7 and the S&P/TSX COMPOSITE index average is 7.3.
- WEED's gross margin of -63.9% is substantially below the Pharmaceuticals industry group average of 47.0%.
- The company's current ratio has been higher than its industry group average for each of the past five years.
- The accruals ratio for the company is at its five-year low.
- Canopy Growth Corp does not currently pay a dividend. Of 46 firms within the Pharmaceuticals industry group, it is among the 46 companies without a dividend.



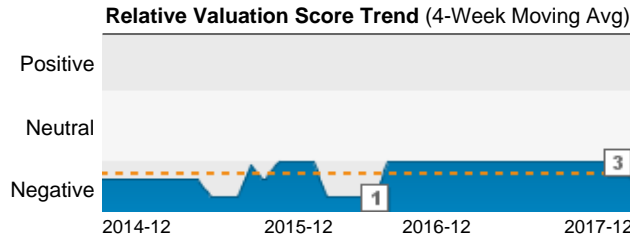
RELATIVE VALUATION



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

Relative Valuation Score Averages

Pharmaceuticals Group:	3.8	Mid Market Cap:	4.9
Pharma. & Med. Research Sector:	3.7	TSX Comp Index:	4.9



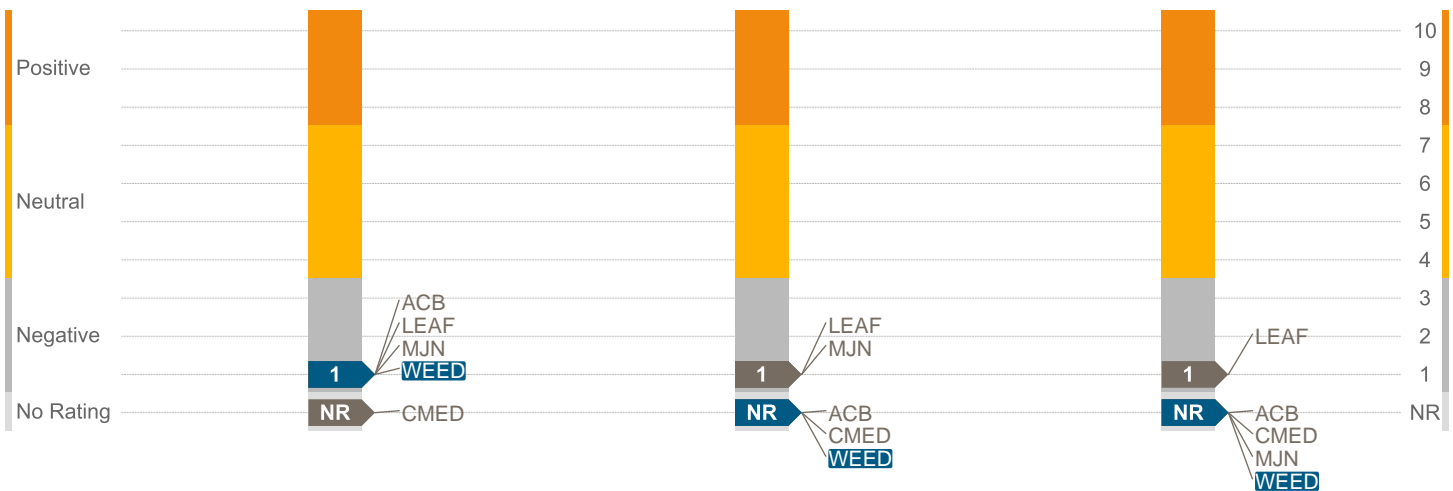
Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
ACB	NR	NR	1	2	2	
WEED	3	3	2	2	2	
LEAF	NR	1	1	1	1	
MJN	2	1	1	1	1	
CMED	NR	NR	NR	NR	NR	

RELATIVE VALUATION INDICATORS

Price to Sales (50% weight)

Trailing PE (25% weight)

Forward PE (25% weight)



Indicator	WEED	Peer 1	Peer 2	Peer 3	Peer 4
Price to Sales	64.7	1	NR	NR	NR
5-Yr Average	20.0	1	NR	NR	NR
Rel. to 5-Yr Avg.	>100% Premium	1	NR	NR	NR
Trailing PE	--	1	NR	NR	NR
5-Yr Average	--	1	NR	NR	NR
Rel. to 5-Yr Avg.	--	1	NR	NR	NR
Forward PE	--	1	NR	NR	NR
5-Yr Average	--	1	NR	NR	NR
Rel. to 5-Yr Avg.	--	1	NR	NR	NR
TSX Comp Index	1.7	1.7	17.7	16.8	16.8
Rel. to TSX Comp	>100% Premium	--	--	--	--

HIGHLIGHTS

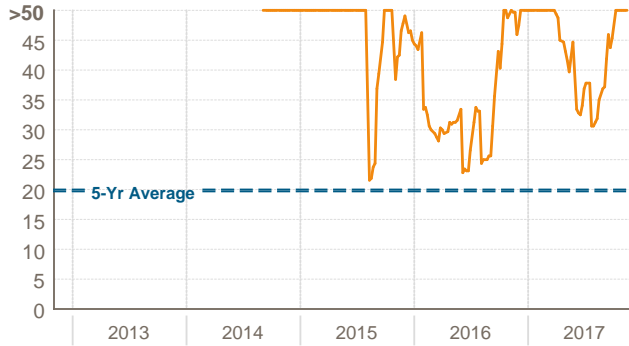
- Canopy Growth Corp currently has a Relative Valuation Rating of 2 which is significantly below the S&P/TSX COMPOSITE index average rating of 4.9.
- WEED's Price to Sales ratio of 64.7 represents a >100% Premium to its 5-year average of 20.0.



PRICE TO SALES

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

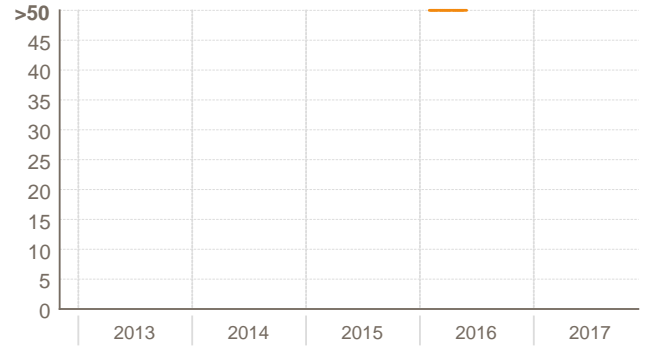
Price to Sales: 64.7
5-Year Average: 20.0
TSX Comp Index Average: 1.7
Pharmaceuticals Group Average: 2.1



TRAILING PE

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

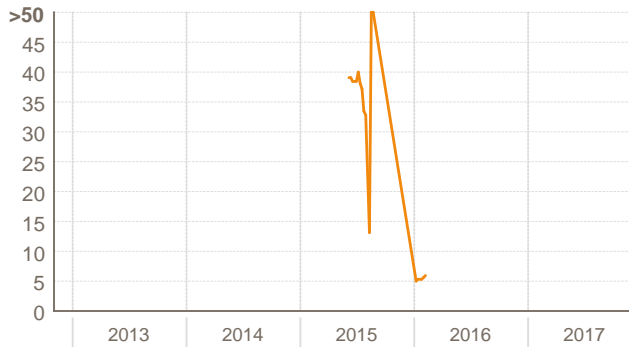
Trailing PE: --
5-Year Average: --
TSX Comp Index Average: 17.7
Pharmaceuticals Group Average: --



FORWARD PE

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

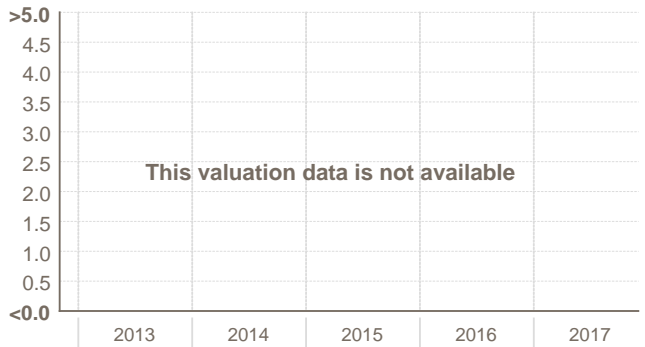
Forward PE: --
5-Year Average: --
TSX Comp Index Average: 16.8
Pharmaceuticals Group Average: 23.1



FORWARD PEG

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

Forward PEG: --
5-Year Average: --
TSX Comp Index Average: 1.4
Pharmaceuticals Group Average: --



RISK

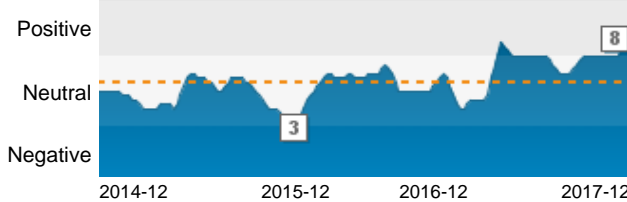


NEUTRAL OUTLOOK: Moderate risk (medium volatility).

Risk Score Averages

Pharmaceuticals Group:	5.4	Mid Market Cap:	8.4
Pharma. & Med. Research Sector:	5.1	TSX Comp Index:	8.7

Risk Score Trend (4-Week Moving Avg)



Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
CMED	7	8	8	7	7	
MJN	5	5	6	7	7	
WEED	7	7	7	7	7	
LEAF	NR	5	4	4	4	
ACB	3	4	5	3	3	

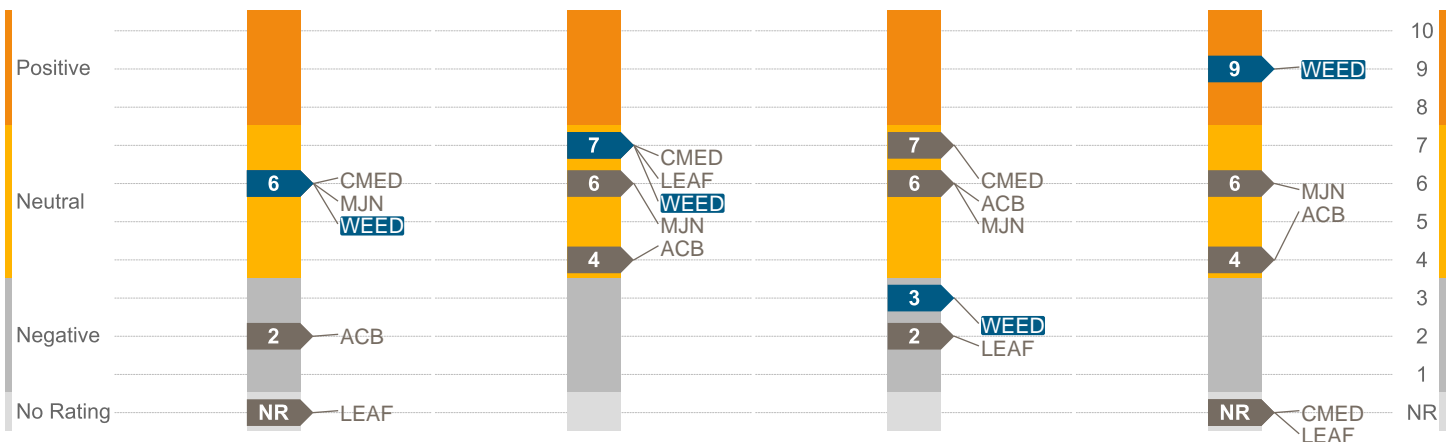
RISK INDICATORS

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. TSX Comp		Correlation vs. TSX Comp	
Best	19.0%	Last 90 Days	4.42	Positive Days Only	1.73	Last 90 Days	28%
Worst	-7.5%	Last 60 Months	23.06	Negative Days Only	1.33	Last 60 Months	29%
Monthly Returns (Last 60 Months)		Intra-Day Swing (Last 90 Days)		Beta vs. Group		Correlation vs. Group	
Best	80.2%	Average	5.3%	Positive Days Only	0.10	Last 90 Days	56%
Worst	-22.5%	Largest	13.1%	Negative Days Only	-0.01	Last 60 Months	25%

HIGHLIGHTS

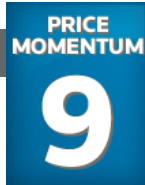
- Canopy Growth Corp currently has a Risk Rating of 7 while the S&P/TSX COMPOSITE index has an average rating of 8.6.
- On days when the market is up, WEED shares tends to outperform the S&P/TSX COMPOSITE index. However, on days when the market is down, the shares generally decrease by more than the index.
- In both short-term and long-term periods, WEED has shown average correlation (> 0.2 and < 0.4) with the S&P/TSX COMPOSITE index. Thus, this stock would provide only average levels of diversification to a portfolio similar to the broader market.
- Over the last 90 days, WEED shares have been more volatile than the overall market, as the stock's daily price fluctuations have exceeded that of 99% of S&P/TSX COMPOSITE 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
WEED	19.0%	-7.5%	38	26	13.1%	80.2%	-22.5%
ACB	28.7%	-14.0%	39	26	25.6%	246.4%	-26.7%
CMED	29.4%	-7.9%	34	30	14.5%	34.0%	-17.0%
LEAF	16.0%	-9.0%	34	31	19.6%	--	--
MJN	12.8%	-11.4%	41	23	20.7%	93.5%	-26.0%
TSX Comp	0.9%	-0.7%	40	24	0.9%	4.9%	-4.3%



PRICE MOMENTUM



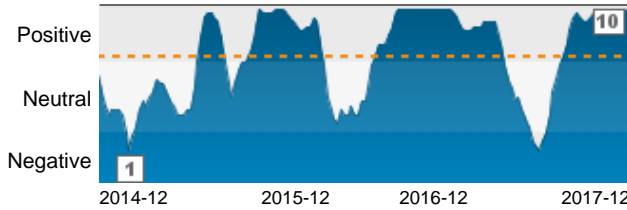
Currency in CAD

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

Price Momentum Score Averages

Pharmaceuticals Group:	6.8	Mid Market Cap:	5.4
Pharma. & Med. Research Sector:	6.0	TSX Comp Index:	5.5

Price Momentum Score Trend (4-Week Moving Avg)



Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
CMED	NR	4	10	10	10	
LEAF	NR	NR	NR	NR	10	
MJN	3	9	10	10	10	
ACB	5	10	10	9	9	
WEED	4	10	10	9	9	

PRICE MOMENTUM INDICATORS

Relative Strength (70% weight)

Seasonality (30% weight)



Relative Strength Indicator (Scale from 1 to 100)

	WEED	Industry Avg
Last 1 Month	60	54
Last 3 Months	62	54
Last 6 Months	60	53

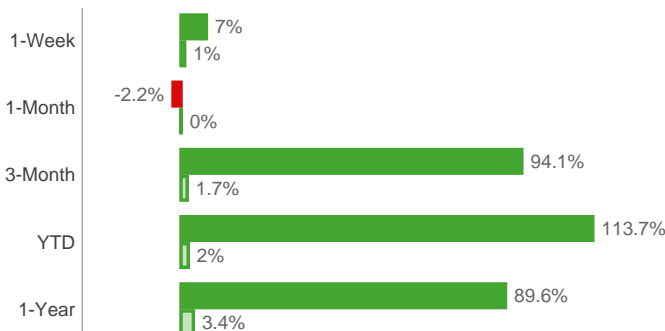
Average Monthly Return (Last 10 Years)

	DEC	JAN	FEB
Company Avg	-10.0%	-15.4%	13.2%
Industry Avg	4.1%	7.0%	4.3%
Industry Rank	31 of 76	19 of 76	24 of 77

PRICE PERFORMANCE

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

■ WEED
■ TSX Mid



	WEED	TSX Mid
Close Price (2017-12-14)	19.53	987
52-Week High	21.72	1,010
52-Week Low	6.58	944

- Canopy Growth Corp has a Price Momentum Rating of 9, which is significantly above the S&P/TSX COMPOSITE index average rating of 5.5.
- On 2017-12-14, WEED closed at 19.53, 10.1% below its 52-week high and 196.8% above its 52-week low.
- WEED shares are currently trading 16.7% above their 50-day moving average of 16.73, and 77.4% above their 200-day moving average of 11.01.



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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