International Business Machines Corp

S&P Recommendation | BUY | ★★★
---|---|---
Price | $208.65 (as of Mar 30, 2012) | 12-Mo. Target Price | $227.00
Investment Style | Large-Cap Growth

GICS Sector | Information Technology | Summary | IBM’s global capabilities include information technology services, software, computer hardware equipment, fundamental research, and related financing.
---|---|---|---
Sub-Industry | IT Consulting & Other Services

Key Stock Statistics (Source S&P, Vickers, company reports)

| Trailing 12-Month EPS | $10.16 | S&P Oper. EPS 2013 | $16.41 | Yield (%) | 1.44
| Trailing 12-Month P/E | 16.0 | P/E on S&P Oper. EPS 2012 | 14.0 | Dividend Rate/Share | $3.00
| $18K Invested 5 Yrs Ago | $24,172 | Common Shares Outstanding (M) | 1,158.7 | Institutional Ownership (%) | 59

Price Performance

- 30-Week Moving Average
- 10-Week Moving Average
- GAAP Earnings vs. Previous Year
- Volume Above Average
- STARS

Highlights

- After a 7.1% increase in revenues in 2011, we expect growth to moderate to 2.0% in 2012 and 3.5% in 2013. We have some concerns about the global economy, particularly Europe, and we think portions of the hardware segment will struggle. The services business is likely to grow in the low single digits in the coming quarters, but we think contract signings may be slow in the near term. Demand for software will likely remain robust; this segment should also benefit from recent acquisitions. Growth in emerging markets should remain in the low double digits, but we think that antitrust and other lawsuits could hamper results.

- We look for gross margins to widen modestly this year and next, reflecting ongoing cost reduction efforts, productivity gains, and an improved sales mix. Effective tax rates should benefit from more international business.

- Operating EPS in 2011 was $13.49. We estimate EPS of $14.93 for 2012 and $16.41 for 2013. The company spent about $15 billion on share repurchases in 2011, and we expect share buybacks to continue to bolster EPS going forward.

- Our 12-month target price of $227 reflects a target multiple of 15.2X, which is at the high end of the five-year historical range for IBM, applied to our 2012 EPS estimate of $14.93. Our target P/E is above a recent P/E of 13.2X for Information Technology Sector companies in the S&P 500 based on 2012 earnings estimates. We view the stock’s valuation as attractive, given IBM’s economies of scale and relatively steady earnings performance.
CORPORATE OVERVIEW. With a corporate history dating back to 1911, International Business Machines has grown to be a major contributor to each major category that comprises the total information technology market: hardware, software, and services. The company is a leading server vendor, among the largest software vendors (behind Microsoft Corp.), and has the largest global services organization.

The company strives for innovation as a means of product differentiation, and had a research and development budget of $6.3 billion in 2011, up from $6.0 billion in 2010, which is approximately 6% of revenue for each year. IBM reports being awarded 6,180 patents in 2011, more than any other company for the 19th consecutive year.

The company operates in over 170 countries. The global scope of operations is reflected in the mix of revenue sources in 2010 (latest available), with the Americas representing about 43%, EMEA (Europe, Middle East and Africa) 33%, and Asia Pacific 24%. The company’s revenue from the so-called BRIC countries (Brazil, Russia, India and China) grew 10% in 2011.

CORPORATE STRATEGY. IBM has evolved from being a computer hardware vendor to a systems, services and software company that focuses on integrated solutions. While computer hardware (included in the Systems and Technology segment) accounted for about 18% of sales in 2011 (18% of sales in 2010), IBM has emphasized -- through acquisitions and investments -- services and software. These areas serving adjacent markets to hardware have gained momentum as IBM leverages its ability to offer total solutions to customers. IBM is focusing on higher value added segments such as services, at over 56% of 2011 sales (57% of 2010 sales), and software 23% (22%). Global financing represented approximately 2% (2%) of 2011 revenues, and is primarily used to leverage IBM’s financial structuring and portfolio management, and to expand the customer base.

The Systems and Technology segment ($19 billion of revenue in 2011) focuses largely on servers and systems that provide required computing infrastructure for business. IBM has made a transition to more open systems; all IBM servers can run Linux, a key open source operating system. This segment also includes storage product operations that address information retention and archiving needs, microelectronics (semiconductor) operations, and retail store solutions. While IBM introduced the PC, it sold this business to Lenovo Group Ltd. in May 2005, for $1.75 billion.

IBM’s Services segments (over $60 billion revenue in 2011) include Global Technology Services ($41 billion) and Global Business Services ($19 billion). Global Technology encompasses strategic outsourcing, integrated technology services, business transformation outsourcing, and maintenance. We believe the services operation has a strong position in emerging e-business services, with a services backlog of $141 billion as of the end of 2011, up from $137 billion at the end of 2009, as estimated by the company.

The Software segment ($25 billion revenue in 2011) has sought growth based on the strength of IBM’s middleware and database offerings. IBM has made a number of acquisitions in recent years, including the February 2008 acquisitions of Cognos, which added offerings in business intelligence and performance management, and Net Integration Technologies Inc., which added a business server software solution for small and medium-sized businesses.

FINANCIAL TRENDS. An information technology industry downturn in 2009 turned to a recovery in 2010 and most of 2011, but may see a modest pace of growth in 2012, by our projections. We believe IBM’s revenue growth is challenged by the sheer size of its business (which approached $107 billion in revenues in 2011). However, we see potential for continuing margin expansion as a result of restructuring efforts in the company’s hardware business, a more software-oriented business mix, and productivity initiatives in its Services segments. The company spent about $15 billion on share repurchases in 2011, which we view as particularly aggressive in the context of a long-standing and ongoing program of share buybacks.
International Business Machines Corp

Quantitative Evaluations

S&P Fair Value Rank

<table>
<thead>
<tr>
<th>S&amp;P Fair Value Rank</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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<tbody>
<tr>
<td>LOWEST</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>HIGHEST</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Based on S&P's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

Fair Value Calculation

$233.20

Analysis of the stock's current worth, based on S&P's proprietary quantitative model suggests that IBM is slightly undervalued by $24.55 or 11.8%.

Investability Quotient

<table>
<thead>
<tr>
<th>Investability Quotient</th>
<th>LOWEST = 1</th>
<th>HIGHEST = 100</th>
</tr>
</thead>
</table>

IBM scored higher than 100% of all companies for which an S&P Report is available.

Stock Report | March 31, 2012 | NYS Symbol: IBM

Company Financials | Fiscal Year Ended Dec. 31


- Tangible Book Value
- Cash Flow
- Earnings
- S&P Core Earnings
- Dividends
- Payout Ratio
- Prices:High
- Prices:Low
- P/E Ratio:High
- P/E Ratio:Low

Income Statement Analysis (Million $)

- Revenue
- Operating Income
- Depreciation
- Interest Expense
- Pretax Income
- Effective Tax Rate
- Net Income
- S&P Core Earnings

Balance Sheet & Other Financial Data (Million $)

- Cash
- Current Assets
- Total Assets
- Current Liabilities
- Long Term Debt
- Common Equity
- Total Capital
- Capital Expenditures
- Cash Flow
- % Long Term Debt of Capitalization
- % Net Income of Revenue
- % Return on Assets
- % Return on Equity

Key Growth Rates and Averages

Past Growth Rate (%)

- 1 Year
- 3 Years
- 5 Years
- 9 Years

- Sales
- Net Income

Key Rates and Averages

- Sales
- Net Income

Ratio Analysis

- Net Margin (%)
- % LT Debt to Capitalization
- Return on Equity (%)

Insider Activity

- UNFAVORABLE
- NEUTRAL
- FAVORABLE


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Sub-Industry Outlook

Our fundamental outlook for the IT Consulting & Other Services sub-industry is neutral. Spending on consulting and infrastructure-based services quickened in 2010. In 2011, there were comments from companies in the IT Consulting sub-industry indicating increased interest from clients on projects that are more discretionary in nature, including longer-term consulting and large scale systems integration. More recently, however, a level of caution has been seen among clients given a hazy outlook for the global economy, particularly in Europe.

According to a survey by IDC, a global industry provider of IT data, spending on IT and business services worldwide is expected to increase at a compound annual growth rate of 4.7% between 2010 and 2015. IDC expects there to be pockets of strength, including growth of 5.2% in business process outsourcing and 7.9% in hosting infrastructure services. IDC looks for IT consulting services spending to increase 3.5% annually between 2010 and 2015.

We see modest near-term growth prospects, and believe some IT service companies will look to supplement growth via acquisitions and partnerships. This trend has begun to quicken, given the acquisitions of Perot Systems by Dell Inc. (DELL 17, Buy) and Affiliated Computer Services by Xerox Corp. (XRX 8, Hold). Another strategy we think is gaining momentum involves focusing on smaller and shorter duration IT service contracts, which often involve reduced upfront costs and provide a faster return on investment. In the government marketplace, we view increased spending on IT-related defense and homeland security initiatives as positive factors, as well as interest in IT-related projects within the health care sector. Longer term, we think computer services concerns will continue to benefit from the effects of an increasingly global economy, deregulation, an IT labor shortage, e-business opportunities, and a constant need on the part of corporations and governments to use services and systems that can help boost productivity and cut costs. We think that cost-cutting initiatives will be a source of strength for the India-based outsourcing companies in the group.

Year to date through March 16, the S&P IT Consulting & Other Services Index rose 14.2%, while the S&P 1500 increased 11.8%. In 2011, it gained 16.8%, versus a 0.3% decrease for the larger index. In general, we favor companies that have broad-based exposure to different verticals and are able to deliver services from locations around the world.

--Dylan Cathers

Sub-Industry : IT Consulting & Other Services
Peer Group*: Information Technology Services - Larger Cos.

<table>
<thead>
<tr>
<th>Peer Group</th>
<th>Stock Symbol</th>
<th>Stk. Mkt. Cap. (Mil. $)</th>
<th>Recent Stock Price($)</th>
<th>52 Week High/Low($)</th>
<th>Beta</th>
<th>Yield (%)</th>
<th>P/E Ratio</th>
<th>Fair Value Calc.($)</th>
<th>S&amp;P IQ %ile</th>
<th>Return on Revenue (%)</th>
<th>LTD to Cap (%)</th>
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</thead>
<tbody>
<tr>
<td>Intl Bus. Machines</td>
<td>IBM</td>
<td>241,755</td>
<td>208.05</td>
<td>209.12/157.13</td>
<td>0.66</td>
<td>1.4</td>
<td>16</td>
<td>233.20</td>
<td>A+</td>
<td>100</td>
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<tr>
<td>Accent Corp</td>
<td>ACXM</td>
<td>1,148</td>
<td>14.88</td>
<td>15.41/8.94</td>
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<td>Nil</td>
<td>NM</td>
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<td>B</td>
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<td>CGI Group</td>
<td>GIB</td>
<td>5,148</td>
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<td>25.63/16.51</td>
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<td>Infosys Ltd ADS</td>
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<td>74.25/46.12</td>
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<td>Unisys Corp</td>
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<td>857</td>
<td>19.72</td>
<td>33.14/13.77</td>
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<td>9.00</td>
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NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.
Stock Report | March 31, 2012 | NYS Symbol: IBM

International Business Machines Corp

S&P Analyst Research Notes and other Company News

March 16, 2012
10:16 am ET ... S&P LOWERS OPINION ON SHARES OF IBM TO BUY FROM STRONG BUY, ON VALUATION (IBM 207.01***). To reflect higher peer valuations, we are raising our 12-month target price to $227 from $205, using a peer-premium P/E of 15.2x our 2012 EPS estimate of $14.93. However, given the strong run the shares have had since the company reported results on January 19, we are lowering our opinion to buy from strong buy, given the smaller appreciation potential we see. Our fundamental outlook for IBM is unchanged, and we anticipate revenue growth of just 2.0% this year, as we see headwinds from Europe’s weak economy and softness in the hardware business, offset by strong software sales. /D. Cathers

March 2, 2012
International Business Machines Corp. announced the formation of a new Watson Healthcare Advisory Board. The initial nine-member board represents organizations in various areas of healthcare delivery, and includes: Charles Barnett, Ascension Health, President, Healthcare Operations and Chief Operating Officer. Barnett now oversees Ascension Health operations nationwide; Dr. Michael Barr, American College of Physicians ACP, Senior Vice President is responsible for promoting best practices according to the principles of patient-centered care and professionalism through the development of innovative products and services, quality improvement programs and educational initiatives for internists and other healthcare professionals; Dr. Herbert Chase, Columbia University Faculty, Professor of Clinical Medicine (in Biomedical Informatics) has collaborated with IBM Research on the Watson technology and related use cases in healthcare; Dr. Lynda Chin, The University of Texas MD Anderson Cancer Center, Professor and Chair, Department of Genomic Medicine. Actively involved in the Cancer Genome Atlas (TCGA) and the International Cancer Genome Consortium (ICGC), Dr. Chin is a recognized leader in the translation of the cancer genome; Chris Coburn, Cleveland Clinic, Executive Director of Innovation, has built a high performing team of nearly three dozen professionals in collaboration with some of the nation’s top venture capitalists; Dr. Douglas Henley, American Academy of Family Physicians (AAFP), Executive Vice President and Chief Executive Officer; Dr. Michael K Magill, The Department of Family and Preventive Medicine, University of Utah School of Medicine, Past President, Association of Departments of Family Medicine; Dr. Steven Shapiro, University of Pittsburgh School of Medicine, Chief Medical & Scientific Officer. Dr. Shapiro’s primary focus is working with his colleagues across UPMC and the School of Medicine to develop improved models of clinical care based upon good science and smart technology; Dr. David R. Spriggs, Head, Division of Solid Tumor Oncology; Vice Chair Experimental Therapeutics, Department of Medicine, Winthrop Rockefeller Chair of Medical Oncology.

January 20, 2012
IBM posts $4.71 vs. $4.25 Q4 non-GAAP EPS on 2% revenue rise. Capital IQ consensus forecast was $4.62. Sees ’12 non-GAAP EPS of at least $14.85.

January 20, 2012
09:53 am ET ... INTERNATIONAL BUSINESS MACHINES CORP. (IBM 186.92**) UP 6.4, INTL BUSINESS MACHINES (IBM) POSTS SOLID Q4. JANNEY RAISES EST, REITERATES BUY... Analyst Joseph Foresti tells salesforce IBM reported $4.71 non-GAAP EPS, above his $4.63 est., consensus of $4.62. Considers these satisfying results given macro economic backdrop. Says results appear to imply level of stability in general market place, particularly on services side. Likes IBM for a number of reasons incl. its competitive advantage (full stack of services), catalysts (grow markets, analytics, smarter planet, etc.), its ability to remain on plan for $20 in earnings in ’15. Raises $14.83 ’12 EPS estimate to $14.87. Keeps $208 fair value estimate. M.Morrow

January 9, 2012
DOWN 2.15 to 180.39... BMO Capital cuts EPS, revenue estimates for IBM. Keeps market perform, $190 target. ...

January 9, 2012
12:06 pm ET ... INTERNATIONAL BUSINESS MACHINES CORP. (IBM 180.52) DOWN 2.02, BMO CAPITAL CUTS ESTS ON INTL BUS MACHINES (IBM). KEEPS MKT PERFORM, $190 TGT... Analyst Keith Bachman says change in his revenue ests greater than EPS ests, he assumes Other Income, share count, tax rate and opex will offset portion of lower revs. Estimates revs in Q4 of $29.66B, revisions are in software and systems. Also, says based on his services revenue est, he thinks IBM will need to sign more than $21B in reported bookings, or an increase of 71% q/q, to have backlog remain flat on a y/y basis, which is at the top end of his expected range. Lowers $110.78 ‘12 rev. est. to $108.9B, $14.85 EPS to $14.78. Initiates $16.25 ‘13 EPS est. S.Trombino

January 9, 2012
International Business Machines Corp. announced that it has named Bruno Di Leo as sales chief and Bridget Van Kralingen as head of consulting. The company also reported that Di Leo will be senior vice-president of sales and distribution. He was previously the general manager of the company’s growth markets unit, while Van Kralingen was formerly the general manager of the company’s North America sales and distribution unit.

November 15, 2011
02:50 pm ET ... S&P COMMENTS ON PROMINENT INVESTOR’S INTEREST IN IT STOCKS (IBM 189.24****): Warren Buffet’s Berkshire Hathaway (BRK.B 76, Hold) made notable investments in IT bellwethers IBM, Intel (INTC 23, Hold), and Visa (V 96, Hold) in Q3. BRK.B also had a stake in in MasterCard (MA 372, Hold), and thus BRK.B holds interests in 4 of the 12 largest U.S. tech companies by market cap. Interestingly, 3 of these companies are categorized within the GICS IT Services industry. All of them have global franchises and pay dividends, and the 3 IT Services companies have what we view as strong earnings visibility. Equity Strategy has an Overweight opinion on the sector. /S. Kessler

October 31, 2011
International Business Machines Corp. announced that following the close of First Quarter Labs Inc. acquisition, First Quarter Labs CEO Brendan Hannigan will assume the role of general manager of IBM’s newly formed Security Systems Division.

October 26, 2011
IBM announces it has elected Virginia M. Rometty president and CEO of the company, effective January 1, 2012, succeeding Samuel J. Palmisano, who currently is IBM chairman, president and chief executive officer. S&P Capital IQ maintains strong buy....
Of the total 45 companies following IBM, 33 analysts currently publish recommendations.

<table>
<thead>
<tr>
<th>Rating</th>
<th>No. of Ratings</th>
<th>% of Total</th>
<th>1 Mo. Prior</th>
<th>3 Mos. Prior</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buy</td>
<td>10</td>
<td>30</td>
<td>11</td>
<td>11</td>
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<tr>
<td>Buy/Hold</td>
<td>4</td>
<td>12</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Hold</td>
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<td>48</td>
<td>16</td>
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<tr>
<td>Weak Hold</td>
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<td>0</td>
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<tr>
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<td>0</td>
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<tr>
<td>No Opinion</td>
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<td>9</td>
<td>3</td>
<td>3</td>
</tr>
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<td><strong>Total</strong></td>
<td><strong>33</strong></td>
<td><strong>100</strong></td>
<td><strong>34</strong></td>
<td><strong>34</strong></td>
</tr>
</tbody>
</table>

Wall Street Consensus Estimates

For fiscal year 2012, analysts estimate that IBM will earn $14.90. For fiscal year 2013, analysts estimate that IBM’s earnings per share will grow by 10% to $16.44.
Glossary

S&P STARS
Since January 1, 1987, Standard and Poor’s Equity Research Services has ranked a universe of common stocks based on a given stock’s potential for future performance. Under proprietary STARS (Stock Appreciation Ranking System), S&P equity analysts rank stocks according to their individual forecast of a stock’s future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350 Index or S&P 500 Index), based on four to six months horizon). STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst’s own models as well as internal proprietary models resulting from dynamic data inputs.

S&P 12-Month Target Price
The S&P equity analyst’s projection of the market price a given stock is expected to reach within one year, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Fair Value.

Investment Style Classification
Characterizes the stock as Growth or Value, and indicates its capitalization level. Growth is evaluated along three dimensions (earnings, sales and internal growth), while Value is evaluated along four dimensions (book-to-price, cash flow-to-price, dividend yield and sale-to-price). Growth stocks score higher than the market average on growth dimensions and lower on value dimensions. The reverse is true for Value stocks. Certain stocks are classified as Blend, indicating a mixture of growth and value characteristics and cannot be classified as purely growth or value.

S&P EPS Estimates
Standard & Poor’s earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P EPS estimates reflect either forecasts of S&P equity analysts; or, the consensus (average) EPS estimate, which is independently compiled by Capital IQ, a data provider to Standard & Poor’s Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in the case of S&P Core Earnings, expenses; pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

Qualitative Risk Assessment
The S&P equity analyst’s view of a given company’s operational risk, or the risk of a firm’s ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company’s operations, as opposed to risk and volatility measures associated with share prices.

Quantitative Evaluations
In contrast to our qualitative STARS recommendations, which are assigned by S&P analysts, the quantitative evaluations described below are derived from proprietary arithmetic models. These computer-driven evaluations may at times contradict an analyst’s qualitative assessment of a stock. One primary reason for this is that different measures are used to determine each. For instance, when designating STARS, S&P analysts assess many factors that cannot be reflected in a model, such as risks and opportunities, management changes, recent competitive shifts, patent expiration, litigation risk, etc.

S&P Quality Ranking
Growth and stability of earnings and dividends are deemed key elements in establishing S&P’s Quality Rankings for common stocks, which are designed to capitalize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

- A+ Highest
- A+ High
- A Above Average
- A+ Average
- B+ Average
- NR Not Ranked

S&P Fair Value Ranking
Using S&P’s exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 1, the most undervalued stocks, to Group 5, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stocks with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

S&P Fair Value Calculation
The price at which a stock should trade should, according to S&P’s proprietary quantitative model that incorporates both actual and estimated variables (as opposed to only actual variables in the case of S&P Quality Ranking). Relying heavily on a company’s actual return on equity, the S&P Fair Value model places a value on a security based on placing a formula-derived price-to-book multiple on a company’s consensus earnings per share estimate.

Insider Activity
Gives an insight as to insider sentiment by showing whether directors, officers and key employees who have proprietary information not available to the general public, are buying or selling the company’s stock during the most recent six months.

Funds From Operations (FFO)
FFO is Funds from Operations and equal to a REIT’s net income, excluding gains or losses from sales of property, plus real estate depreciation.

Investment Quotient (IQ)
The IQ is a measure of investment desirability. It serves as an indicator of potential medium-to-long term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P proprietary measures.

S&P’s IQ Rationale:
- Int'l Bus. Machines
- Proprietary S&P Measures
- Raw Score
- Max Value
- Technical Indicators
- Liquidity/Volatility Measures
- Quantitative Measures
- IQ Total

Volatility
Rates the volatility of the stock’s price over the past year.

Technical Evaluation
In researching the past market history of prices and trading volume for each company, S&P’s computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank
Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P’s universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS)
An industry classification standard, developed by Standard & Poor’s in collaboration with Morgan Stanley Capital International (MSCI), GICS is currently comprised of 10 Sectors, 24 Industry Groups, 68 Industries, and 154 Sub-Industries.

S&P Issuer Credit Rating
A Standard & Poor’s Issuer Credit Rating is a current opinion of an issuer’s overall financial capacity (its creditworthiness) to pay its financial obligations. This opinion focuses on the obligor’s capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, it does not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation. The Issuer Credit Rating is not a recommendation to purchase, sell, or hold a financial obligation issued by an obligor, as it does not comment on market price or suitability for a particular investor. Issuer Credit Ratings are based on current information furnished by obligors or obtained by Standard & Poor’s from other sources it considers reliable. Standard & Poor’s does not perform an audit in connection with any Issuer Credit Rating and may, on occasion, rely on unaudited financial information. Issuer Credit Ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances.

Exchange Type
ASE - American Stock Exchange; AU - Australia Stock Exchange; BB - Bulletin Board; NGM - Nasdaq Global Market; NNM - Nasdaq Global Select Market; NSC - Nasdaq Capital Market; NYS - New York Stock Exchange; OTCN - Other OTC (Over the Counter); OTC - Over the Counter; QB - OTCQB; OX - OTCDDX; TS - Toronto Stock Exchange; TXV - TSX Venture Exchange; NEX - NEX Exchange.

S&P Equity Research Services
Required Disclosures

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