

Electro Scientific Industries, Inc.

Recommendation [as of November 13, 2017]: **BUY**

Risk Evaluation: MODERATE Price: 22.90 [Nov 14, 2017 close] Trading Currency: USD Country: United States

GICS Sector: Information Technology

Sector Ranking: Marketweight

SPGMI's Quality Ranking: C

GICS Industry: Electronic Equipment and Instruments

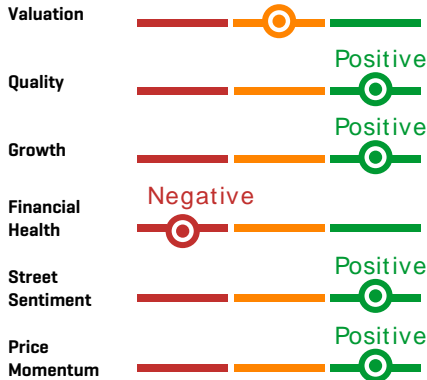
Business Summary: Electro Scientific Industries, Inc., together with its subsidiaries, supplies laser-based microfabrication solutions for the microtechnology industry worldwide.

Quantitative Model [as of November 13, 2017]

Drivers

Recommendation: **BUY**

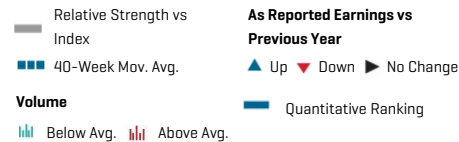
Neutral



Risk Evaluation : **MODERATE**

Asset/Market Size Risk	High
Financial Leverage Risk	Low
Price Volatility Risk	High
Liquidity Risk	Moderate

Price Performance



Total Return[%CAGR]	YTD	1Yr	3Yr	5Yr
NasdaqGS:ESIO	284.5	339.4	46.4	23.1
Peer Average	38.8	49.2	16.6	21.5
S&P 500	17.1	24.7	10.8	15.0

Quantitative Rankings: SB = Strong Buy, H = Hold, SS = Strong Sell
Past performance is not an indication of future performance and should not be relied upon as such.
Source: CFRA, S&P Global Market Intelligence [SPGMI]

Model Ranking Commentary

- NasdaqGS: ESIO's BUY recommendation is based on its score from CFRA's quantitative model for the United States.
- Growth and Quality model sub-categories are the two largest drivers of NasdaqGS: ESIO's BUY recommendation.
- Growth includes factors that measure EPS growth and stability and cash flow growth and stability.
- Quality includes factors that consider profitability, cash flow generation, operating efficiency, and earnings quality.
- NasdaqGS: ESIO's overall score ranked in the 23rd percentile of all stocks in the model universe [1 = best and 100 = worst].

Key Statistics

Market Cap [Mln of USD]	764.3
52-Wk Range [USD]	5.025 - 24.150
Value of USD 10K Invested 5 Yrs ago	29,393
Beta vs S&P 500	0.61
Common Shares Outstanding[Mln]	33.5
Average Daily Volume [Mln]	0.668
Insider Ownership[%]	2.45

Compound Annual Growth Rates

Revenue - %CAGR	1Yr	3Yr	5Yr
Company	32.1	14.1	-0.6
Peer Average	11.7	9.4	7.5
S&P 500	5.8	1.5	2.2

Operating EPS - %CAGR

Company	NM	NM	20.3
Peer Average	16.6	27.9	355.3
S&P 500	10.1	4.1	5.3

Dividend Data

Currency: USD

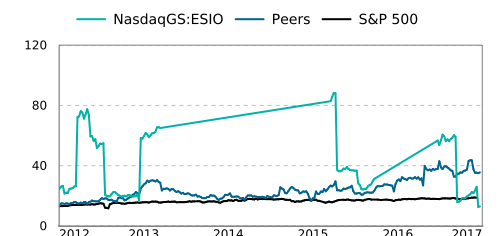
	5Yr Low	5Yr Hi
Indicated Rate/Share	NIL	
Yield [%]	NIL	5.4
Payout Ratio [%]	NIL	NM

Payment Details

Amount [USD]	Ex Div Date	Record Date	Payment Date
0.080	Nov 26	Dec 1	Dec 15, 2014
0.080	Aug 28	Sep 2	Sep 12, 2014
0.080	May 22	May 27	Jun 10, 2014
0.080	Feb 25	Feb 27	Mar 13, 2014

5 year P/E Ratio Comparisons [forward 12-month EPS estimates]

Current	
NasdaqGS:ESIO	13.1
Peer Average	34.6
S&P 500	18.7
5-Year Average	
NasdaqGS:ESIO	39.8
Peer Average	24
S&P 500	16.6





Electro Scientific Industries, Inc.

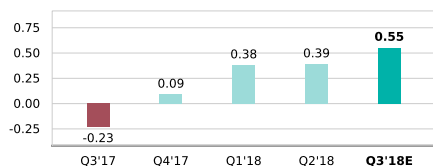
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Earnings Per Share and Revenues (Millions USD, except per share)

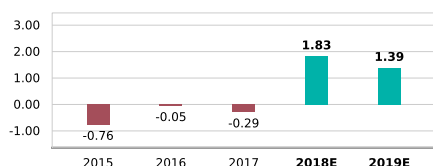
Fiscal year ends Apr 1. Next earnings report expected: Late Jan.

EPS Quarterly - Actual & Estimated



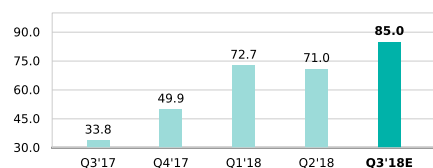
	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18E
%Yr.-Yr Chg.	NM	-18.2	NM	NM	NM
% EPS Surprise	9.8	NM	NM	42.7	-
No. of Analysts	2	3	3	3	3

EPS Annual - Actual & Estimated



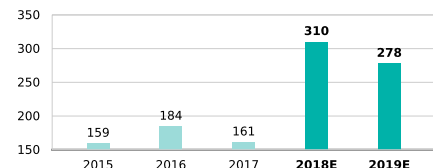
	2015	2016	2017	2018E	2019E
%Yr.-Yr Chg.	NM	NM	NM	NM	-23.9
Forward P/E	-	-	-	12.5	16.4
No. of Analysts	3	2	3	3	3

Revenues Quarterly - Actual & Estimated



	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18E
%Yr.-Yr Chg.	-22.1	-3.0	52.5	NM	NM

Revenues Annual - Actual & Estimated



	2015	2016	2017	2018E	2019E
%Yr.-Yr Chg.	-12.2	15.9	-12.7	92.5	-10.4

Key Profitability Ratios

	2013	2014	2015	2016	2017	LTM
% Operating Margin	-13.4	-16.3	-17.6	-4.4	-11.2	6.9
Peer Average	11.3	10.8	10.5	8.4	8.3	10.6
% Net Margin	-25.3	-21.2	-27.5	-6.6	-23.2	-9.0
Peer Average	8.5	9.8	8.9	6.8	6.4	8.9
% Return on Capital	-5.6	-7.6	-8.7	-2.9	-6.9	5.9
Peer Average	6.7	5.9	5.6	4.5	4.1	5.4
% Cash Flow to Sales	7.9	-10.6	-17.3	2.6	-0.5	9.2
Peer Average	6.5	10.6	8.3	6.6	10.3	16.5

Key Valuation Ratios

	2013	2014	2015	2016	2017	Current
Fwrd P/E - High	77.5	68.6	NM	38.7	39.2	13.1
Fwrd P/E - Low	17.3	19.0	NM	36.2	20.1	
Peer Average	12.3	16.8	19.9	26.4	32.4	34.6
Avg EV/EBITDA	NA	11.4	9.3	9.3	12.9	27.9
Peer Average	8.3	8.9	8.9	6.3	6.8	22.3
Avg Price to Sales	1.3	1.3	1.3	0.8	0.9	3.4
Peer Average	0.8	1.4	1.4	1.0	1.6	2.5
Avg Price to Book	0.9	1.2	1.0	1.0	1.2	5.1
Peer Average	1.5	2.0	1.8	1.5	1.7	3.0

Source: S&P Global Market Intelligence

Note: EPS & Revenues in graphs above may represent analyst-adjusted actuals and estimates and therefore may not match numbers in the financial data presentation below.

Income Statement, Cash Flow and Balance Sheet Data (Millions USD, except per share)

Fiscal Year Ending: Mar. 31

	2011	2012	2013	2014	2015	2016	2017	LTM#
Revenue	257	254	217	181	159	184	161	227
Operating Income	9.6	6.5	-29.0	-29.6	-28.0	-8.2	-18.0	15.8
Net Income	7.9	4.9	-54.7	-38.3	-43.8	-12.3	-37.4	-20.5
Operating Cash Flow	50.6	14.3	17.1	-19.1	-27.5	4.7	-0.8	20.9
Capital Expenditures	6.56	4.94	6.21	7.58	5.37	3.69	4.04	2.77
Earnings Per Share	0.28	0.17	-1.86	-1.28	-1.43	-0.39	-1.15	-0.62
Dividends Per Share	Nil	0.08	0.32	0.32	0.24	Nil	Nil	Nil
Dividend Payout Ratio	Nil	47%	NM	NM	NM	Nil	Nil	Nil
Free Cash Flow Per Share	1.54	0.32	0.37	-0.89	-1.07	0.03	-0.15	0.54
Cash and Short Term Investments	186	176	145	107	58	58	62	81
Long Term Debt	NIL	NIL	NIL	NIL	NIL	NIL	13.5	13.0
Total Debt	Nil	Nil	Nil	Nil	Nil	Nil	13.9	13.4
Common Equity	362	379	264	223	177	170	145	154

#LTM Last 12 months ended Sep 30, 2017. For balance sheet items, data is as of Sep 30, 2017.

Note: Data may be restated; before results of discontinued operations/special items. Per share data adjusted for stock dividends as of ex-dividend date.

NA = Not Available. NM = Not Meaningful.

Source: S&P Global Market Intelligence (SPGMI)



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Peer Group Comparison

Peer Group	Stock Symbol	Stk.Mkt.Cap [Mln USD]	Recent Stock Price[USD]	52 Week Low/High[USD]	Beta	Dividend Yield[%]	Fwrd P/E	P/B Ratio	Ranking ¹	Return On Revenue[%]	Return On Equity[%]	LTD to Cap[%]
Electro Scientific Industries, Inc.	NasdaqGS:ESIO	764.3	22.90	5.025/24.150	0.61	Nil	13.1	5.1	Buy	-9.0	-12.7	7.8
Beijing SDL Technology Co.,Ltd.	SZSE:002658	1,298	2.140	2.034/3.014	NA	0.5	33.4	4.7	NA	20.1	12.7	0.4
Changsha Kaiyuan Instruments Co., Ltd	SZSE:300338	1,110	3.180	2.874/4.204	NA	0.0	42.2	3.5	NA	15.5	7.7	NA
Dkk-Toa Corporation	TSE:6848	150.6	7.518	4.160/7.941	NA	1.5	NA	1.2	NA	9.1	10.2	0.5
Espec Corp.	TSE:6859	543.2	22.38	10.51/23.75	NA	2.2	17.7	1.5	NA	7.1	8.0	NA
FARO Technologies, Inc.	NasdaqGS:FARO	870.6	51.95	31.90/54.40	1.44	Nil	67.6	2.4	Hold	NM	NM	NA
LPKF Laser & Electronics Aktiengesellschaft	XTRA:LPK	222.2	9.717	6.806/12.784	0.99	Nil	34.6	3.7	Hold	-8.2	-14.8	23.1
Orbotech Ltd.	NasdaqGS:ORBK	2,474	52.49	28.01/53.95	0.75	Nil	15.7	3.0	Buy	11.8	13.0	6.1
Suntront Technology Co., Ltd.	SZSE:300259	841.9	1.555	1.432/1.823	NA	0.3	34.8	3.0	NA	21.8	7.7	NA
Takamisawa Cybernetics Company, Ltd.	JASDAQ:6424	39.10	8.796	5.165/9.184	NA	1.0	NA	5.8	NA	0.9	4.5	10.1

¹ Quantitative Rankings : Strong Buy , Buy , Hold , Sell , Strong Sell ; Qualitative Rankings(STARS) : 5 = Strong Buy , 4 = Buy , 3 = Hold , 2 = Sell , 1 = Strong Sell

Rankings are not predictive of future performance. For full definitions of Rankings, see the glossary section of this report.

Note: Peer Group selection is performed using CFRA's proprietary peer ranking system. Peers are selected based on factors such as similarity of analyst coverage, industry, size, and region. The subject company is ranked against a universe of companies (the "Universe") which has been compiled by CFRA and consists of a list of companies with similar characteristics, but may not include all the companies within the same industry and/or that engage in the same line of business. The subject company and some of the companies in the Peer Group may be ranked by two different ranking systems. For the purpose of the overall ranking/recommendation, the subject company is ranked against all the companies in the Universe and not necessarily against the companies listed in the Peer Group.



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Business Summary

Electro Scientific Industries, Inc., together with its subsidiaries, supplies laser-based microfabrication solutions for the microtechnology industry worldwide. It provides printed circuit boards, including laser via drilling systems for electrical interconnect applications; micro via drilling technology that addresses the changing applications in integrated circuit packages, multichip modules, and high density interconnect circuit boards; and ultraviolet laser processing systems comprising single-beam and multi-beam systems. It also offers semiconductor manufacturing products comprising wafer marking equipment for use in serialization and wafer identification; wafer and circuit trim tools that adjust the electrical performance of semiconductor devices or hybrid circuits; and liquid crystal display (LCD) repair tools; and laser LCD repair systems to enhance the manufacture of flat panel displays. In addition, the company provides component test products that combine high-speed small parts handling technology with real-time control systems to provide inspection solutions for manufacturers of multilayer ceramic capacitors and other passive components, such as capacitor arrays, inductors, resistors, varistors, and hybrid circuits. Further, it offers industrial machining products, such as platforms for precision drilling, scribing, cutting, etching, routing, and marking various materials and devices; and laser systems to manufacturers of end devices for drilling, marking, and cutting. The company sells its products through direct sales and service offices, value-added resellers, and independent representatives. Electro Scientific Industries, Inc. was founded in 1944 and is headquartered in Portland, Oregon.

Key Developments

Dec-05-2017	Company Conference Presentations	Electro Scientific Industries, Inc. Presents at 6th Annual NYC Investor Summit 2017, Dec-06-2017
Nov-15-2017	Company Conference Presentations	Electro Scientific Industries, Inc. Presents at Three Part Advisors Southwest IDEAS Investor Conference, Nov-15-2017 01:10 PM
Nov-01-2017	Earnings Calls	Electro Scientific Industries, Inc., Q2 2018 Earnings Call, Nov 01, 2017
Nov-01-2017	Earnings Release Date	Electro Scientific Industries, Inc. to Report Q2, 2018 Results on Nov 01, 2017
Nov-01-2017	Announcements of Earnings	Electro Scientific Industries Inc. Reports Unaudited Consolidated Earnings Results for Second Quarter and Six Months Ended September 30, 2017; Provides Earnings Guidance Third Quarter of Fiscal Year 2018
Sep-28-2017	Company Conference Presentations	Electro Scientific Industries, Inc. Presents at The Sidoti & Company Fall 2017 Convention, Sep-28-2017 02:30 PM
Sep-12-2017	Company Conference Presentations	Electro Scientific Industries, Inc. Presents at Lake Street Capital Best Ideas Growth Conference, Sep-13-2017
Aug-30-2017	Company Conference Presentations	Electro Scientific Industries, Inc. Presents at Midwest Ideas Investor Conference, Aug-30-2017 02:30 PM
Aug-14-2017	Company Conference Presentations	Electro Scientific Industries, Inc. Presents at D.A. Davidson 9th Annual Technology Forum, Aug-15-2017
Aug-10-2017	Annual General Meeting	Electro Scientific Industries, Inc., Annual General Meeting, Aug 10, 2017
Aug-02-2017	Earnings Calls	Electro Scientific Industries, Inc., Q1 2018 Earnings Call, Aug 02, 2017
Aug-02-2017	Earnings Release Date	Electro Scientific Industries, Inc. to Report Q1, 2018 Results on Aug 02, 2017
Aug-02-2017	Announcements of Earnings	Electro Scientific Industries, Inc. Announces Unaudited Consolidated Earnings Results for the First Quarter Ended July 1, 2017; Provides Earnings Guidance for the Second Quarter of Fiscal 2018
Jul-11-2017	Company Conference Presentations	Electro Scientific Industries, Inc. Presents at Ninth Annual CEO Investor Summit 2017, Jul-12-2017
Jun-06-2017	Company Conference Presentations	Electro Scientific Industries, Inc. Presents at Stifel 2017 Technology, Internet & Media Conference, Jun-06-2017 10:55 AM

Corporate Information

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Key Officers
Chairman
R.H.Wills
CEO, President & Director
M.D.Burger
Senior VP of Administration, CFO & Corporate secretary
P.R.Oldham
Director of Investor Relations
B.Smith
Chief Marketing Officer
J.Latham
Vice President of Human Resources & Organizational Development
T.Jerijervi

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Y.Tai, S.S.Vogt, R.H.Wills, M.Wu

State of Incorporation
Oregon

Founded
1944

Employees
683

Glossary

Quantitative Model Overall Recommendation and drivers of the recommendation

CFRA's global quantitative stock reports provide a 5-tier recommendation assigning a Strong Buy, Buy, Hold, Sell, or Strong Sell recommendation based on a series of quantitative inputs from four separate regional models:

- United States
- Canada
- Developed Europe
- Developed Asia excluding Japan

Each of these regional models is based on between 25 and 40 different investment factors (financial ratios), selected from S&P Global Market Intelligence's Alpha Factor Library.

To provide its recommendation, CFRA ranks a universe of common stocks based on 5 measures or model categories: Valuation, Quality, Growth, Street Sentiment, and Price Momentum. In the U.S., a sixth sub-category for Financial Health will also be displayed.

Within these categories, factors are chosen based on their historical predictive strength [alpha] within the region and their correlation with other factors. Each regional model contains two separate sub-models; one that uses factors specific to financial companies and one that focuses on non-financial companies. Due to the large number of banks in the U.S., the U.S. model also has a third sub-model specifically for banks.

Each company within a region is grouped with a universe of stocks and receives a score on each of the five (or six in the U.S.) model categories. Percentile scores are used to compare each company to all other companies in the same universe for each model category. The five [six] model category scores are then weighted and rolled up into a single percentile ranking for that company. Rankings are then assigned investment labels, as follows:

Strong Buy: top 10% by model score

Buy: next 20%

Hold: next 40%

Sell: next 20%

Strong Sell: bottom 10%

Risk Evaluation

Risk Evaluation is a relative ranking, which represents an assessment of the risk of investing in a company's stock relative to the risk of investing in other companies' stocks in the same universe. To perform this assessment the following risk categories are evaluated:

Asset/Market Size Risk
Financial Leverage Risk
Price Volatility Risk
Liquidity Risk

Each company's stock is percentile ranked from 1 to 100 against the other companies within the universe on each of the four risk categories mentioned above, with 1 being low risk and 100 being

high risk. The overall risk evaluation represents the combined scores on these Risk categories, calculated as an equal-weighted average of percentile ranks of the 4 risk categories. The highest 40% of companies in each universe receive a high risk ranking, the next 35% receive a moderate risk ranking and, the lowest 25% receive a low risk ranking.

All investments carry some sort of risk and a low risk ranking represents a relative ranking of CFRA's assessment of the risk of investing in a company's stock versus the risk of investing in other companies that are part of that company's universe. Therefore, a low risk ranking should not be interpreted as an absolute risk evaluation, but as a relative measurement of the risk of investing in a company's stock.

Sector Ranking

CFRA's Investment Policy Committee (IPC) consists of a team of five seasoned investment professionals. It meets weekly to discuss market trends and projections, maintain an S&P 500 12-month forward price target, and make asset allocation/sector recommendations. The IPC establishes over, market, and underweight recommendations on the 10 sectors within the S&P 500. Overweight and underweight recommendations imply that the group expects these sectors to outperform or underperform the S&P 500 during the coming six-to-12 month period, respectively. A "marketweight" recommendation indicates that the sector is expected to be a market performer during this same timeframe. The IPC analyses economic projections, fundamental forecasts, technical considerations, and historical precedent when making such recommendations. Changes in recommendations can be made more frequently than every six-12 months as market conditions evolve. Sector rankings will only be made available for sectors in the S&P 500. If a ranking is not available, the value will be N/A.

Qualitative STARS Ranking system and definition:

★★★★★ 5-STAR (Strong Buy):

Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★ 4-STAR (Buy):

Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★ 3-STAR (Hold):

Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★ 2-STAR (Sell):

Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★ 1-STAR (Strong Sell):

Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

S&P Global Market Intelligence's Quality Ranking

[also known as S&P Global Market Intelligence's Earnings & Dividend Rankings]- Growth and stability of earnings and dividends are deemed key elements in establishing S&P Global Market Intelligence's earnings and dividend rankings for common stocks, which are designed to encapsulate 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 is measured 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	B Below Average
A High	B- Lower
A- Above Average	C Lowest
B+ Average	D In Reorganization
NR Not Ranked	

S&P Capital IQ Consensus Estimates

S&P Capital IQ Consensus Estimates represent the aggregation of individual estimates provided by analysts that are covering a public company. A consensus number can be provided as either the mean or the median. The size of the company and the amount of analyst coverage will determine the size of the group from which the Consensus is derived. All of the available analysts' estimates may not necessarily be included in the Consensus. The Consensus will only include analysts' estimates that are based on the same methodology. Consensus Mean: The mathematical average of the detailed estimates after the appropriate exclusions have been applied. Consensus Median: This represents the midpoint of the range of estimates that are ranked from highest to lowest after the appropriate exclusions have been applied. If the number of estimates is even, then the average of the middle two figures is the median.

Global Industry Classification Standard (GICS)

An industry classification standard, developed by Standard and Poor's in collaboration with Morgan Stanley Capital International (MSCI). Under the GICS structure, companies are classified in one of 154 sub-industries, which are grouped into 68 industries, 24 industry groups, and 10 economic sectors [consumer discretionary, consumer staples, energy, financials, health care, industrials, information technology, materials, telecom services, and utilities]. This four-tier structure accommodates companies across the world and facilitates sector analysis and investing.

Glossary

Peer Group

A subset of a universe that groups companies by specific criteria, such as industry/across industry, lines of business, geography (local, regional, national, and international), size of business (e. g. in terms of revenue), performance criteria, etc.

Universe

A set of companies that shares a common feature such as the same market capitalization, industry or index.

Beta

Beta is a measurement of the sensitivity of a company's stock price to the overall fluctuation of a given benchmark index. The beta values used in this report are levered, unadjusted and derived from a least squares regression analysis using stock and benchmark index returns based on a monthly frequency. Beta is calculated using 60 monthly returns (each as of month end) but if the company's trading history is too short to provide such a sample, fewer than 60 but not fewer than 24 monthly returns are used to run the regression. Beta in this report uses five different benchmark indices to better estimate a stock's volatility against a respective market: the S&P 500 for all US stocks, the S&P/TSX index for all Canadian stocks, the S&P Europe 350 for all European stocks, the S&P/ASX 200 index for all Australian stocks, and the S&P Global 1200 for all other international stocks.

Free Cash Flow (FCF)

Operating Cash Flow minus Capital Expenditures over the past 12 months

Funds from Operations (FFO)

Funds from Operations (FFO) represents a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

Not Meaningful (NM)

Value is available but it is not meaningful. Examples are certain negative ratios such as P/E, as well as certain ratios that are over +/- 100%

Not Available (NA)

Value is not available for this data item

Return on Capital

$EBIT / [(Total\ Equity + Total\ Debt + Deferred\ Tax\ Liability\ Non\ Current + Deferred\ Tax\ Liability\ Current)]$ Notes:

[1] If the denominator is less than or equal to zero then the ratio will be shown as NM

[2] If the return is less than (300%) then the value will be shown as NM

Return on Equity

$Earnings\ From\ Continuing\ Operations / [(Total\ Equity[t] + Total\ Equity[t-1]) / 2]$ Notes:

[1] If both periods of data (t and t-1) are not available then the ratio will be shown as NM

[2] If the denominator is less than or equal to zero then the ratio will be shown as NM

Relative Strength vs Index

Relative Strength vs Index measures the stock performance of the company versus all other stocks in the benchmark index each week. Weekly readings are accumulated to form the cumulative Relative Strength line.

Relevant benchmarks:

Region	Country	Index
US	US	S&P 500 Index
Canada	Canada	S&P/TSX Composite Index
Europe	All	S&P Europe 350 Index
Asia ex Japan	Australia	S&P/ASX 200 Index
Asia ex Japan	All except Australia	S&P Global 1200

Abbreviations used in CFRA Equity Research Reports

CAGR	Compound Annual Growth Rate
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest Taxes Depreciation and Amortization
EPS	Earnings Per Share
EV	Enterprise Value
FCF	Free Cash Flow
FFO	Funds from Operations
LTD	Long Term Debt
NM	Not Meaningful [see definition above]
P/E	Price/Earnings

Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).

Disclosures

S&P GLOBAL is used under license. The owner of this trademarks is S&P Global Inc. or its affiliate, which are not affiliated with CFRA Research or the author of this content.

Stocks are ranked in accordance with the following ranking methodologies:

STARS Stock Reports:

Qualitative STARS recommendations are determined and assigned by equity analysts. For reports containing STARS recommendations refer to the Glossary section of the report for detailed methodology and the definition of STARS rankings.

Quantitative Stock Reports:

Quantitative recommendations are determined by ranking a universe of common stocks based on 5 measures or model categories: Valuation, Quality, Growth, Street Sentiment, and Price Momentum. In the U.S., a sixth sub-category for Financial Health will also be displayed. Percentile scores are used to compare each company to all other companies in the same universe for each model category. The five [six] model category scores are then weighted and rolled up into a single percentile ranking for that company. For reports containing quantitative recommendations refer to the Glossary section of the report for detailed methodology and the definition of Quantitative rankings.

STARS Stock Reports and Quantitative Stock Reports:

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