



# Fabrinet

Recommendation [as of September 07, 2017]: **HOLD**

Risk Evaluation: MODERATE Price: 37.41 (Sep 08, 2017 close) Trading Currency: USD Country: Cayman Islands

GICS Sector: Information Technology

Sector Ranking: Marketweight

S&P Capital IQ Quality Ranking: NA

GICS Industry: Electronic Manufacturing Services

**Business Summary:** Fabrinet provides optical packaging and precision optical, electro-mechanical, and electronic manufacturing services to original equipment manufacturers of optical communication components, modules and sub-systems, industrial lasers, medical devices, and sensors.

## Quantitative Model [as of September 07, 2017]

### Drivers

Recommendation: **HOLD**

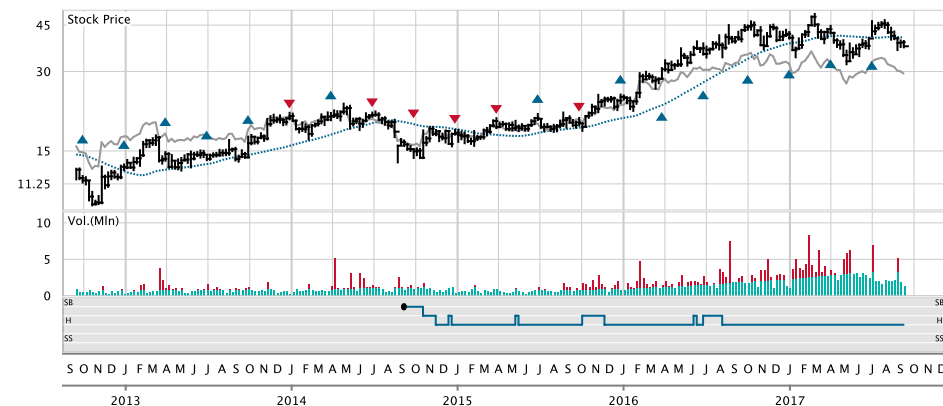
Neutral



## Risk Evaluation : MODERATE

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

## Price Performance



Relative Strength vs Index  
40-Week Mov. Avg.  
Volume: Below Avg. Above Avg.  
As Reported Earnings vs Previous Year: Up, Down, No Change  
Quantitative Ranking

Total Return[%CAGR]	YTD	1Yr	3Yr	5Yr
NYSE:FN	-7.2	-11.0	33.3	24.9
Peer Average	41.5	52.7	13.2	16.8
S&P 500	11.3	15.1	9.3	14.3

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.

## Model Ranking Commentary

- NYSE: FN's HOLD recommendation is based on its score from CFRA's quantitative model for the United States.
- Growth and Valuation model sub-categories are the largest positive and negative drivers, respectively, of the HOLD recommendation.
- Growth includes factors that measure EPS growth and stability and cash flow growth and stability.
- Valuation includes factors such as price to earnings, price to EBITDA, and price to cash flow.
- NYSE: FN's overall score ranked in the 47th percentile of all stocks in the model universe [1 = best and 100 = worst].

## Key Statistics

Market Cap [Mln of USD]	1,398
52-Wk Range [USD]	31.97 - 49.63
Value of USD 10K Invested 5 Yrs ago	30,390
Beta vs S&P 500	-0.66
Common Shares Outstanding[Mln]	37.4
Average Daily Volume [Mln]	0.549
Insider Ownership[%]	2.62

## Dividend Data

Currency: USD

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

## Payment Details

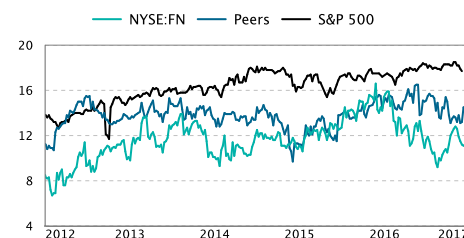
-No Dividend Data Available

## Compound Annual Growth Rates

Revenue - %CAGR	1Yr	3Yr	5Yr
Company	45.4	28.0	20.3
Peer Average	7.0	5.5	3.2
S&P 500	5.2	1.4	2.0
Operating EPS - %CAGR			
Company	59.7	30.1	22.5
Peer Average	20.9	12.4	4.4
S&P 500	9.8	3.5	5.2

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

Current	
NYSE:FN	10.8
Peer Average	14.6
S&P 500	17.9
5-Year Average	
NYSE:FN	11.6
Peer Average	13.8
S&P 500	16.5





# Fabrinet

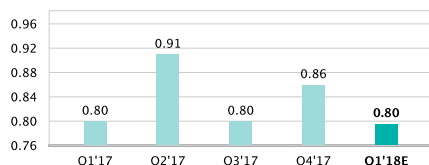
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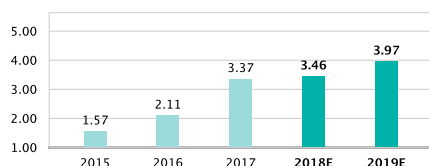
## Earnings Per Share and Revenues (Millions USD, except per share)

Fiscal year ends Jun 30.

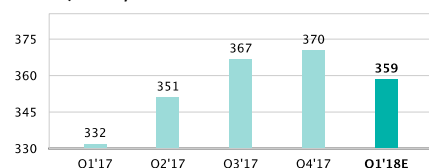
### EPS Quarterly - Actual & Estimated



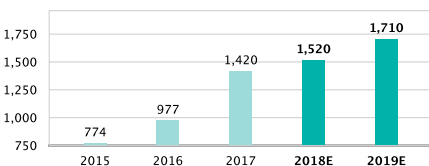
### EPS Annual - Actual & Estimated



### Revenues Quarterly - Actual & Estimated



### Revenues Annual - Actual & Estimated



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.

## Key Profitability Ratios

	2013	2014	2015	2016	2017
% Operating Margin	7.1	6.9	6.2	7.3	7.7
Peer Average	2.1	3.4	4.1	4.4	4.6
% Net Margin	10.8	13.5	5.6	6.3	6.8
Peer Average	2.4	3.4	3.5	3.4	3.1
% Return on Capital	8.9	7.3	6.3	7.8	10.0
Peer Average	3.2	5.7	6.4	6.2	6.5
% Cash Flow to Sales	7.6	9.8	6.8	4.8	5.0
Peer Average	6.1	6.8	4.9	7.1	5.9

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18E
%Yr.-Yr Chg.	77.8	82.0	42.9	43.3	-0.5
% EPS Surprise	12.2	15.7	-9.1	3.2	-
No. of Analysts	6	6	6	6	6

	2015	2016	2017	2018E	2019E
%Yr.-Yr Chg.	2.6	34.4	59.7	2.7	14.8
Forward P/E	-	-	-	10.8	9.4
No. of Analysts	6	6	6	6	5

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18E
%Yr.-Yr Chg.	53.4	50.7	46.2	34.0	8.0

	2015	2016	2017	2018E	2019E
%Yr.-Yr Chg.	14.1	26.3	45.4	7.0	12.5

## Key Valuation Ratios

	2013	2014	2015	2016	2017	Current
Fwd P/E - High	11.4	14.3	13.5	16.1	17.3	10.8
Fwd P/E - Low	6.7	9.6	9.3	10.5	9.0	
Peer Average	10.7	14.7	13.1	10.7	11.9	14.6
Avg EV/EBITDA	7.6	6.9	6.9	8.1	15.2	9.0
Peer Average	5.2	6.4	6.4	5.1	5.9	9.1
Avg Price to Sales	0.8	0.9	0.9	0.9	1.6	1.0
Peer Average	0.2	0.4	0.4	0.4	0.5	0.6
Avg Price to Book	1.7	1.8	1.4	1.8	2.5	2.0
Peer Average	1.1	1.3	1.4	1.3	1.5	2.0

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

Fiscal Year Ending: Jun. 30.

	2011	2012	2013	2014	2015	2016	2017
Revenue	744	565	642	678	774	977	1,420
Operating Income	69.9	38.4	45.6	46.6	48.3	71.2	109.1
Net Income	64.3	-56.5	69.0	91.7	43.6	61.9	97.1
Operating Cash Flow	41.3	2.3	48.8	66.6	52.6	47.1	70.9
Capital Expenditures	23.9	38.5	10.8	10.8	51.4	40.6	68.3
Earnings Per Share	1.87	-1.64	1.98	2.58	1.21	1.68	2.57
Dividends Per Share	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Dividend Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Free Cash Flow Per Share	0.50	-1.06	1.09	1.57	0.03	0.17	0.02
Cash and Short Term Investments	127	116	150	233	256	285	285
Long Term Debt	12.0	28.9	19.2	10.5	4.5	36.1	22.7
Total Debt	16.4	38.6	28.9	16.5	40.5	60.4	72.5
Common Equity	302	251	325	427	479	554	682

Source: S&P Global Market Intelligence

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.



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## Peer Group Comparison

Peer Group	Stock Symbol	Stk.Mkt.Cap [Min USD]	Recent Stock Price[USD]	52 Week Low/High[USD]	Beta	Dividend Yield[%]	Fwd P/E	P/B Ratio	S&P Capital IQ Ranking <sup>1</sup>	Return On Revenue[%]	Return On Equity[%]	LTD to Cap[%]
<b>Fabrinet</b>	<b>NYSE:FN</b>	<b>1,398</b>	<b>37.41</b>	<b>31.97/49.63</b>	<b>-0.66</b>	<b>Nil</b>	<b>10.8</b>	<b>2.0</b>	<b>Hold</b>	<b>6.8</b>	<b>15.7</b>	<b>3.1</b>
Benchmark Electronics, Inc.	NYSE:BHE	1,595	31.95	23.22/35.25	-0.39	Nil	20.6	1.1	★ ★ ★	2.8	4.9	12.5
Celestica Inc.	TSX:CLS	1,514	12.11	11.07/16.41	-0.45	Nil	9.2	1.3	★ ★ ★	2.1	10.6	11.7
Hana Microelectronics Public Company Limited	SET:HANA	1,014	1.260	0.823/1.683	NA	4.8	12.8	1.7	NA	12.4	13.6	NA
Integrated Micro-Electronics, Inc.	PSE:IMI	555.9	0.299	0.112/0.330	NA	1.5	15.0	2.2	NA	3.3	12.1	24.4
Jabil Inc.	NYSE:JBL	5,456	30.44	20.32/31.70	-0.32	1.1	12.1	2.3	★ ★ ★	0.6	5.0	36.3
Lumentum Holdings Inc.	NasdaqGS:LITE	3,470	56.40	32.90/68.63	NA	Nil	18.7	5.6	Sell	-10.2	-18.5	31.0
Min Aik Technology Co., Ltd.	TSEC:3060	167.8	0.963	0.855/1.372	NA	5.2	NA	1.2	NA	2.4	3.9	2.6
NOTE AB	OM:NOTE	83.52	2.893	1.698/3.459	0.28	3.0	NA	2.1	Strong Buy	5.6	20.0	1.4
Neways Electronics International N.V.	ENXTAM:NEWAY	174.2	15.22	9.616/16.214	0.48	2.7	14.2	1.9	Hold	2.5	13.2	4.1
Venture Corporation Limited	SGX:V03	3,234	11.42	6.672/12.338	-0.07	3.3	17.5	2.3	Strong Buy	6.4	11.9	NA

<sup>1</sup> Quantitative Rankings : Strong Buy , Buy , Hold , Sell , Strong Sell ; Qualitative Rankings(STARS) : \*\*\*\*\* = Strong Buy , \*\*\*\* = Buy , \*\*\* = Hold , \*\* = Sell , \* = 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.

## Sub-Industry Outlook: Electronic Manufacturing Services

Our fundamental outlook for the electronic manufacturing services (EMS) sub-industry is neutral. EMS providers saw a strong rebound in sales in 2010, following a global economic downturn that hurt industry results in 2009. The following year saw further cyclical expansion, but at a more moderate pace, dampened by supply chain disruptions stemming from the earthquake in Japan, rising costs for materials and labor, and the Thailand flooding. Over the last several years, the segment experienced uneven growth. Given the ongoing uncertainty in the global economy as well as difficulties in some major customers, we expect the uneven pace to continue through 2017 and into 2018. For 2017, we see roughly 2.9% revenue growth for EMS companies, slightly down from 2016 levels of 4.1%. Sales growth in the industry remains volatile as companies continue to counter slowing industry growth with heightened execution and margin expansion, which we think remains key in the industry for success. We think that firms with strong cost controls, global scale, and a diversified revenue base remain the best prospects. Recently, we see inventory trends remaining slightly elevated, but see the recent reversal in demand (ISM new order index) offsetting, and providing a relatively healthy supply-demand outlook. The last big EMS merger was in 2007, when Flextronics International completed its acquisition of Solectron Corporation. We think EMS companies, rather than simply seeking larger scale, are looking to add capabilities, including vertical integration, to gain a larger proportion of the bill of material from their customers. We think EMS companies are diversifying their revenue bases in an attempt to reduce the volatility of their business models and enter higher-margin industries. Also, integration along the supply chain has led to vendors adding capabilities outside traditional electronic manufacturing in areas such as electro-mechanical assemblies, plastics and metals. We point to FLEX, which has pivoted to new markets with its recent partnerships with Nike and Bose, that we think materially expands its total addressable market (TAM) and enables a buffer to any future slowdowns in handsets, given its customer engagements with Motorola. Companies are also coping with wage-hike pressures in China, as workers are gaining bargaining leverage. Year-to-date through June 2, the S&P EMS Index has risen 16.8%, while the S&P 1500 Index has increased 8.4%. In 2016, the S&P EMS Index climbed 19.2%, versus a 10.6% increase in the S&P 1500 Index. We think near-term performance will be dictated by a combination of mix and volumes, as moderate demand in the Americas and Europe likely combines with better growth in more competitive, lower-margin Asian markets. David Holt



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Recommendation<sup>[as of September 07, 2017]:</sup> **HOLD**

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### Business Summary

Fabrinet provides optical packaging and precision optical, electro-mechanical, and electronic manufacturing services to original equipment manufacturers of optical communication components, modules and sub-systems, industrial lasers, medical devices, and sensors. It offers a range of optical and electro-mechanical capabilities across the manufacturing process, including process design and engineering, supply chain management, manufacturing, printed circuit board assembly, packaging, integration, final assembly, and test. The company's products comprise switching products, such as reconfigurable optical add-drop multiplexers, optical amplifiers, modulators, and other optical components and modules that enable network managers to route voice, video, and data communications traffic through fiber optic cables at various wavelengths and speeds, and over various distances; tunable lasers, transceivers, and transponders; and active optical cables, which provide high-speed interconnect capabilities for data centers and computing clusters, as well as for Infiniband, Ethernet, fiber channel, and optical backplane connectivity. It also offers solid state, diode-pumped, gas, and fiber lasers used across semiconductor processing, biotechnology and medical device, metrology, and material processing industries; and sensors, such as differential pressure, micro-gyro, fuel, and other sensors used in automobiles, as well as non-contact temperature measurement sensors for the medical industry. In addition, the company designs and fabricates application-specific crystals, lenses, prisms, mirrors, and laser components and substrates, as well as other custom and standard borosilicate, clear fused quartz, and synthetic fused silica glass products. It has operations in North America, the Asia-Pacific, and Europe. The company was incorporated in 1999 and is based in George Town, the Cayman Islands.

### Key Developments

Aug-21-2017	<b>Earnings Release Date</b>	Fabrinet to Report Q4, 2017 Results on Aug 21, 2017
Aug-21-2017	<b>Earnings Calls</b>	Fabrinet, Q4 2017 Earnings Call, Aug 21, 2017
Aug-21-2017	<b>Announcements of Earnings</b>	Fabrinet Announces Unaudited Consolidated Earnings Results for the Fourth Quarter and Fiscal Year Ended June 30, 2017; Provides Earnings Guidance for the First Quarter Ending September 29, 2017
Jun-07-2017	<b>Company Conference Presentations</b>	Fabrinet Presents at Baird's 2017 Global Consumer, Technology & Services Conference, Jun-07-2017 04:20 PM
Jun-05-2017	<b>Company Conference Presentations</b>	Fabrinet Presents at Stifel 2017 Technology, Internet & Media Conference, Jun-05-2017 10:55 AM
May-25-2017	<b>Company Conference Presentations</b>	Fabrinet Presents at 18th Annual B. Riley & Co. Institutional Investor Conference, May-25-2017 09:30 AM
May-22-2017	<b>Company Conference Presentations</b>	Fabrinet Presents at 45th Annual J.P. Morgan Global Technology, Media and Telecom Conference, May-22-2017 10:40 AM
May-08-2017	<b>Earnings Release Date</b>	Fabrinet to Report Q3, 2017 Results on May 08, 2017
May-08-2017	<b>Earnings Calls</b>	Fabrinet, Q3 2017 Earnings Call, May 08, 2017
May-08-2017	<b>Announcements of Earnings</b>	Fabrinet Announces Unaudited Consolidated Earnings Results for the Third Quarter and First Nine Months Ended March 31, 2017; Provides Guidance for the Year Ending June 30, 2017
Feb-06-2017	<b>Earnings Calls</b>	Fabrinet, Q2 2017 Earnings Call, Feb 06, 2017
Feb-06-2017	<b>Earnings Release Date</b>	Fabrinet to Report Q2, 2017 Results on Feb 06, 2017
Feb-06-2017	<b>Announcements of Earnings</b>	Fabrinet Reports Unaudited Consolidated Earnings Results for the Second Quarter and Six Months Ended December 30, 2016; Provides Earnings Guidance for the Third Quarter Ending March 31, 2017
Dec-15-2016	<b>Annual General Meeting</b>	Fabrinet, Annual General Meeting, Dec 15, 2016
Nov-07-2016	<b>Earnings Calls</b>	Fabrinet, Q1 2017 Earnings Call, Nov 07, 2016
Nov-07-2016	<b>Earnings Release Date</b>	Fabrinet to Report Q1, 2017 Results on Nov 07, 2016
Nov-07-2016	<b>Announcements of Earnings</b>	Fabrinet Announces Unaudited Consolidated Earnings Results for First Quarter Ended September 30, 2016; Provides Earnings Guidance for the Second Quarter Ending December 30, 2016, and Fiscal Year 2017
Sep-14-2016	<b>M&amp;A Transaction Closings</b>	Fabrinet [NYSE:FN] acquired Exception EMS Ltd. for \$13.5 million.

### Corporate Information

**Office**  
190 Elgin Avenue  
George Town  
Grand Cayman  
KY1-9005  
Cayman Islands

**Telephone**  
662-524-9600

**Web Site**  
www.fabrinet.com

**Key Officers**  
*Founder, Chairman & CEO*  
D.T.Mitchell  
*President & COO*  
H.S.Gill  
*Executive VP & CFO*  
T.Ng  
*Executive VP & CTO*  
H.Q.Hou  
*VP & General Counsel*  
C.R.Campbell

**Board Members**  
H.Bahrami Ph.D., T.F.Kelly, F.H.Levinson Ph.D,  
D.T.Mitchell, R.E.Olson

**Country of Incorporation**  
Cayman Islands

**Founded**  
1999

**Employees**  
10,541

## 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 Capital IQ'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%

**Sells:** next 20%

**Strong Sells:** 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 same 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-STARs (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-STARs (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-STARs (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-STARs (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 Capital IQ Quality Ranking

[also known as S&P Capital IQ Earnings & Dividend Rankings]- Growth and stability of earnings and dividends are deemed key elements in establishing S&P Capital IQ'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	

**A Quality Ranking will not be made available and will be displayed as "NA" if there is insufficient data available to generate the Ranking.**

### S&P Capital IQ Consensus Estimates

S&P CIQ 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 an 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

$\text{EBIT} / (\text{Total Equity} + \text{Total Debt} + \text{Deferred Tax Liability Non Current} + \text{Deferred Tax Liability Current})$  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

$\text{Earnings From Continuing Operations} / ((\text{Total Equity}[t] + \text{Total Equity}[t-1]) / 2)$  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).**

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