

ELK-DESA RESOURCES (ELKDESA-KU)

Banking & Investment Svcs. / Banking Services / Consumer Lending

DETAILED STOCK REPORT

Report Date: 30 August 2020

Last Close 1.46 (MYR)	Avg Daily Vol 215,625	52-Week High 1.77	Trailing PE 15.7	Annual Div 0.07	ROE 6.9%	LTG Forecast --	1-Mo Return 6.6%
28 August 2020 MALAYSIA Exchange	Market Cap 434M	52-Week Low 1.09	Forward PE 17.2	Dividend Yield 5.0%	Annual Rev 143M	Inst Own 1.9%	3-Mo Return 7.4%

AVERAGE SCORE

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

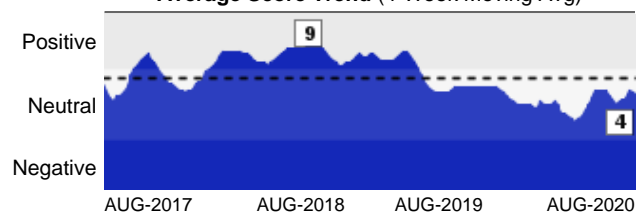
AVERAGE
SCORE

4

Score Averages

Banking Services Group:	7.0	Small Market Cap:	5.2
Banking & Investment Svcs. Sector:	6.6	FBM KLCI Index:	6.1

Average Score Trend (4-Week Moving Avg)



Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
RCECAP	10	10	10	10	10	
AEONCR	8	7	7	7	8	
MBSB	8	9	8	8	8	
ELKDESA	5	6	6	4	4	
JOHAN	5	5	4	5	4	

HIGHLIGHTS

- The score for ELK-Desa Resources last changed from 7 to 4 on 23/08/20.
- The recent change in the Average Score was due to a decline in the Earnings, Relative Valuation, and Price Momentum component scores.

I/B/E/S MEAN

Hold

1 Analyst

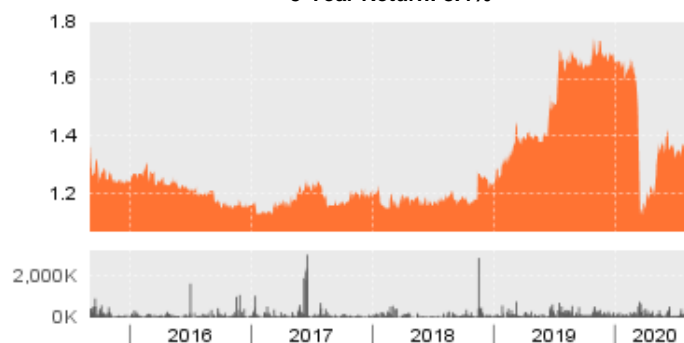
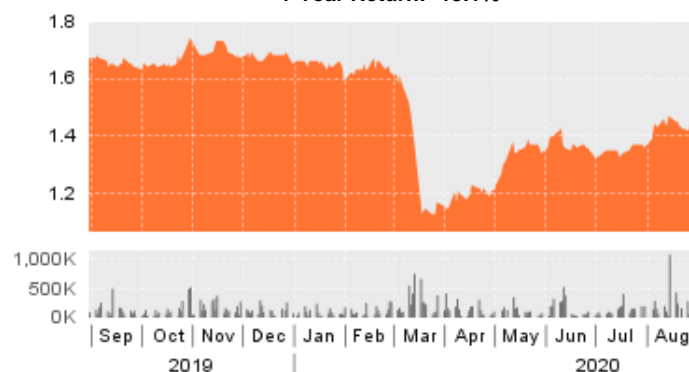
Mean recommendation from all analysts covering the company on a standardized 5-point scale.

Strong Sell	Sell	Hold	Buy	Strong Buy
		▲		

PRICE AND VOLUME CHARTS

1-Year Return: -13.1%

5-Year Return: 8.4%



BUSINESS SUMMARY

ELK Desa Resources Bhd. ELK-Desa Resources Berhad is an investment holding company. The Company, through its subsidiary, ELK-Desa Capital Sdn Bhd is primarily involved in the business of hire purchase financing for used motor vehicles. The Company is also involved in selling general insurance policies as an insurance agent through ELK-Desa Risk Agency Sdn Bhd. The Company's segments include Hire purchase financing, which is engaged in hire-purchase financing and other integrated services (insurance agent), and Furniture, which is engaged in trading of furniture. The Company operates its furniture business under its subsidiary, ELKDesa Furniture Sdn Bhd, with its house brand name ELK-DeSa. The Company has approximately four furniture retail showrooms located in Klang and Shah Alam. The Company also exports its furniture to other countries.

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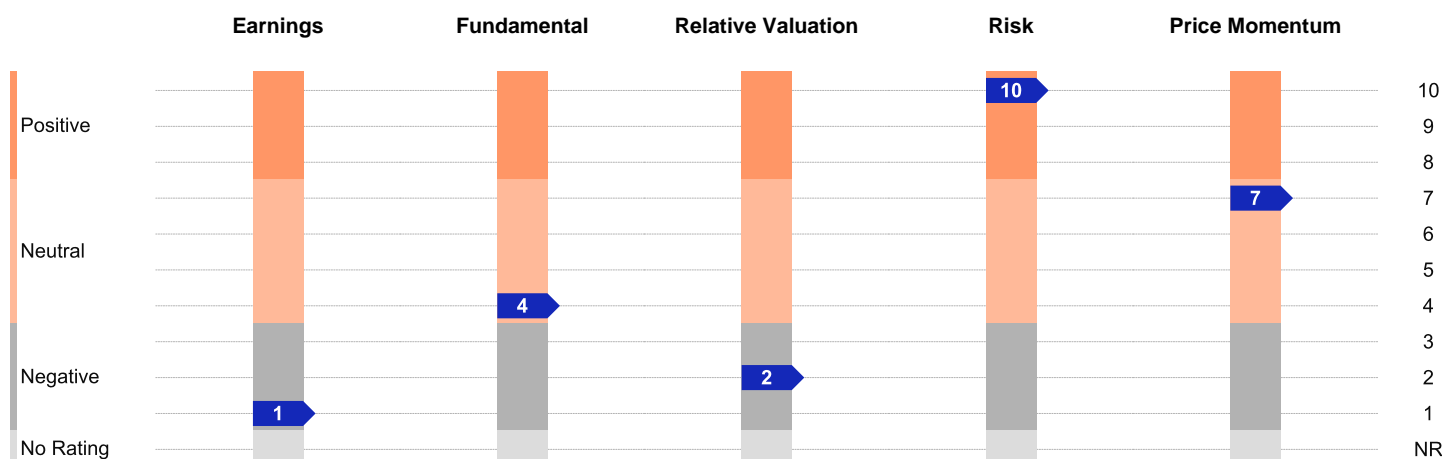
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INDICATOR COMPONENTS

AVERAGE
SCORE

4

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 MYR

		PRICE MOMENTUM					VALUATION		FUNDAMENTAL		ANALYSTS		
Average Score	Ticker	Price (28/08/20)	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	# of Analysts
5	MAYBANK	7.33	-6.4%	-1.1%	-14.1%	82.4B	11.1	12.9	8.7%	21.1%	3.9%	Hold	20
7	PBBANK	16.42	-6.3%	8.2%	-19.2%	63.7B	11.8	14.6	4.5%	25.5%	2.4%	Hold	21
6	CIMB	3.30	-8.1%	-6.0%	-33.7%	32.7B	8.3	11.1	7.9%	14.0%	8.3%	Hold	21
7	HLBANK	14.00	-6.5%	3.2%	-13.9%	30.3B	11.2	12.4	3.6%	30.5%	3.3%	Hold	17
8	RHBBANK	4.58	-8.6%	-3.4%	-19.4%	18.4B	7.6	10.3	6.8%	21.2%	4.3%	Buy	17
6	HLFG	12.34	-8.6%	-7.9%	-23.1%	14.2B	7.8	8.4	3.4%	20.0%	5.5%	Buy	6
8	MBSB	0.58	5.5%	-10.1%	-29.3%	4.0B	8.7	9.5	5.2%	13.8%	--	Buy	3
8	AEONCR	9.04	-1.8%	2.0%	-39.7%	2.3B	10.6	9.6	4.0%	13.5%	--	Hold	7
10	RCECAP	1.93	-1.0%	0.5%	19.9%	731M	6.2	6.1	5.7%	39.0%	--	Buy	3
4	ELKDESA	1.46	6.6%	7.4%	-13.1%	434M	15.7	17.2	5.0%	19.5%	--	Hold	1
4	JOHAN	0.17	83.3%	106.3%	120.0%	103M	--	--	--	-42.4%	--	--	--
6.6	Average	6.47	4.4%	9.0%	-6.0%	22.7B	9.9	11.2	5.5%	16.0%	4.6%	Hold	11.6

PEER COMPANIES

MAYBANK	Malayan Banking	HLFG	Hong Leong Financial Group
PBBANK	Public Bank	MBSB	Malaysia Building Society
CIMB	CIMB Group Holdings	AEONCR	AEON Credit Service (M)
HLBANK	Hong Leong Bank	RCECAP	RCE Capital
RHBBANK	RHB Bank	JOHAN	Johan Holdings

ELK-DESA RESOURCES (ELKDESA-KU)

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EARNINGS

EARNINGS

1

Currency in MYR

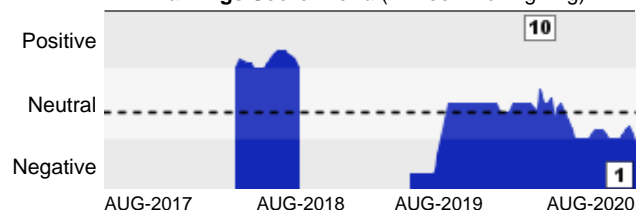
NEGATIVE OUTLOOK: Weak earnings with recent analyst downgrades or a history of missing consensus estimates.

Earnings Score Averages

Banking Services Group: **5.6**
Banking & Investment Svcs. Sector: **5.7**

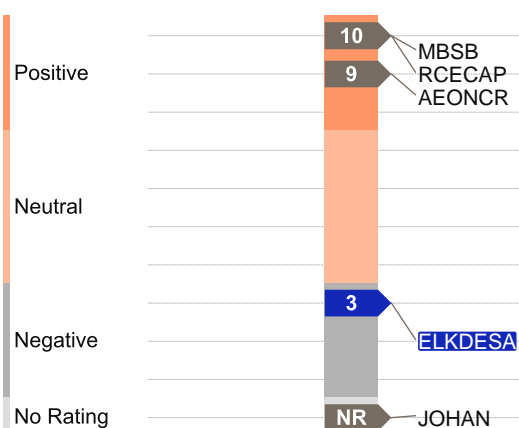
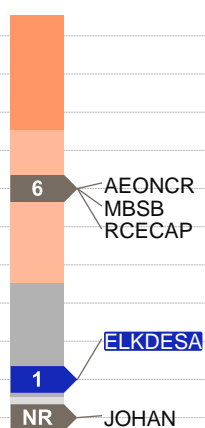
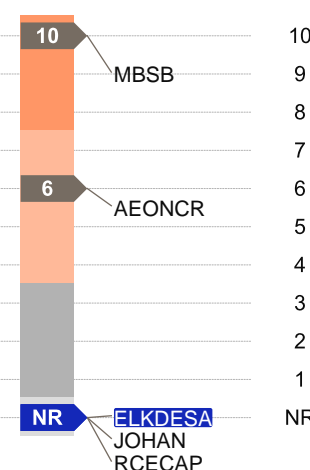
Small Market Cap: **5.0**
FBM KLCI Index: **6.2**

Earnings Score Trend (4-Week Moving Avg)



Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
MBSB	8	10	7	7	10	
RCECAP	10	8	10	10	9	
AEONCR	9	9	8	9	8	
ELKDESA	4	4	4	1	1	
JOHAN	NR	NR	NR	NR	NR	

EARNINGS INDICATORS

Earnings Surprises
(33.3% weight)Estimate Revisions
(33.3% weight)Recommendation Changes
(33.3% weight)

Last 4 Years

# Positive Surprises (> 2%)	1
# Negative Surprises (< -2%)	2
# In-Line Surprises (within 2%)	0
Avg Surprise	-4.8%

Last 4 Weeks

# Up Revisions	0
# Down Revisions	1
Avg Up Revisions	0.0%
Avg Down Revisions	-100.0%

Last 120 Days

# Broker Upgrades	0
# Broker Downgrades	0

HIGHLIGHTS

- ELK-Desa Resources currently has an Earnings Rating of 1, which is significantly more bearish than the Consumer Lending industry average of 7.0.
- There have been no upward or downward broker recommendation changes for ELK-Desa Resources over the past 120 days.

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 (MYR)	1.40
High	1.40
Low	1.40
Target vs. Current	-4.1%
# of Analysts	1

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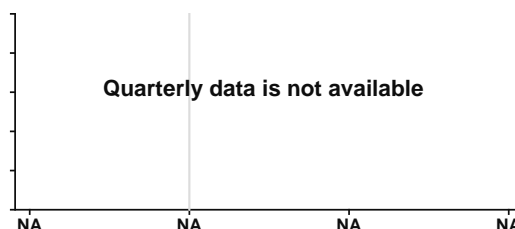
EARNINGS PER SHARE

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.

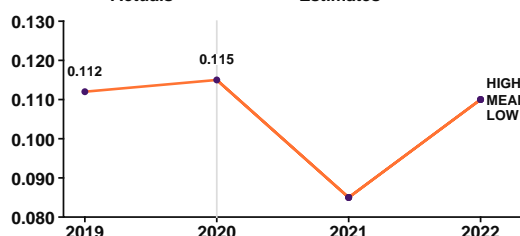
Actuals Estimates

Quarterly data is not available



Quarterly	NA	NA
Mean	--	--
High	--	--
Low	--	--
# of Analysts	--	--

Actuals Estimates



Annual	2021	2022
Mean	0.085	0.110
High	0.085	0.110
Low	0.085	0.110
# of Analysts	1	1

MEAN ESTIMATE TREND

	Q	Q	Y	Y	Price
	--	--	2021	2022	Target
Current	--	--	0.085	0.110	1.40
30 Days Ago	--	--	0.110	0.110	1.62
90 Days Ago	--	--	0.110	0.110	1.47
% Change (90 Days)	--	--	-22.7%	0.0%	-4.8%

Current Fiscal Year End: 03-21

Next Expected Report Date: 17/11/20

ANALYST RECOMMENDATIONS

I/B/E/S Mean: **Hold (1 Analyst)**

Strong Buy	0
Buy	0
Hold	1
Sell	0
Strong Sell	0

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 6 Years)

Surprise Type	Amount	Percent
Positive Years (> 2%)	1	33.3%
Negative Years (< -2%)	2	66.7%
In-Line Years (within 2%)	0	--

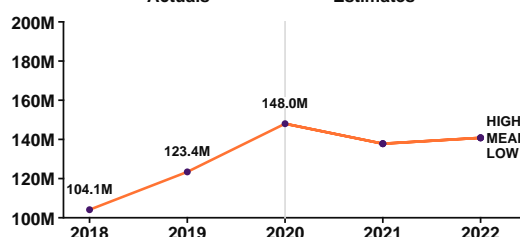
Surprise Detail (Last 6 Periods)

Surprise Type	Announce Date	Period End Date	Actual EPS	Mean EPS	Surprise (%)
Negative	09/06/20	31/03/20	0.115	0.124	-7.3%
Negative	21/05/19	31/03/19	0.112	0.125	-10.4%
Positive	24/05/18	31/03/18	0.093	0.090	3.3%

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.

Actuals Estimates



	2021	2022
Mean	137.8M	140.8M
High	137.8M	140.8M
Low	137.8M	140.8M
Forecasted Growth	-6.9%	-4.9%
# of Analysts	1	1

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FUNDAMENTAL

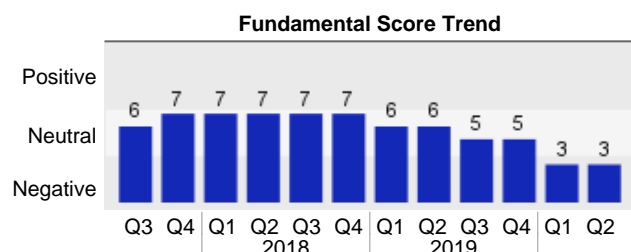
FUND-
AMENTAL

4

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

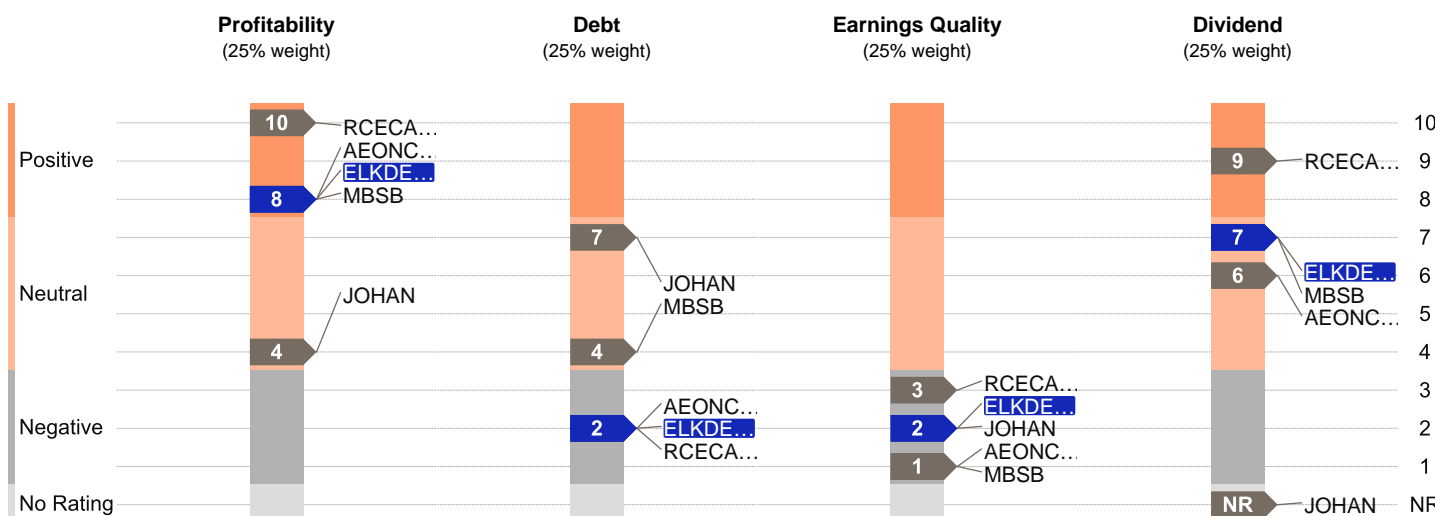
Fundamental Score Averages

Banking Services Group:	6.9	Small Market Cap:	5.2
Banking & Investment Svcs. Sector:	6.6	FBM KLCI Index:	6.4



Peers	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Current	3Y Trend
RCECAP	7	6	6	6	7	
ELKDESA	5	5	3	3	4	
MBSB	5	4	3	3	4	
AEONCR	4	4	4	3	3	
JOHAN	4	6	3	2	3	

FUNDAMENTAL INDICATORS



Revenue Growth	10.3%	Current Ratio	2.1	Oper. Cash Yield	-231.6%	Dividend Growth	50.0%
For year over year ending 06-2020		For interim period ending 06-2020		For latest 12 months ending 06-2020		For year over year ending 03-2020	
Gross Margin	80.5%	Debt-to-Capital	30.1%	Accruals	36.2%	Dividend Payout	89.3%
For latest 12 months ending 06-2020		For annual period ending 03-2020		For latest 12 months ending 03-2020		For latest 12 months ending 03-2020	
Return On Equity	6.9%	Interest Funding	26.4%	Days Sales In Inv.	152.1	Dividend Coverage	3.1
For interim period ending 06-2020		For interim period ending 06-2020		For annual period ending 03-2020		For annual period ending 03-2020	
Net Margin	19.5%	Interest Coverage	1.8	Days Sales In Rec.	358.5	Current Div. Yield	5.0%
For latest 12 months ending 06-2020		For interim period ending 06-2020		For annual period ending 03-2020		For latest 12 months ending 08-2020	

HIGHLIGHTS

- ELK-Desa Resources currently has a Fundamental Rating of 4, which is significantly more bearish than the Banking Services industry group average of 6.9.
- The company's net margin has been higher than its industry group average for each of the past five years.
- The company's current ratio has been higher than its industry group average for each of the past five years.
- The company's operating cash yield has been lower than its industry group average for each of the past five years.
- Of the 15 firms within the Banking Services industry group, ELK-Desa Resources is among 14 companies that pay a dividend. The stock's dividend yield is currently 5.0%.

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RELATIVE VALUATION

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

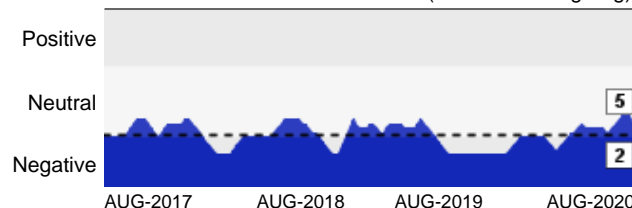
RELATIVE
VALUATION

2

Relative Valuation Score Averages

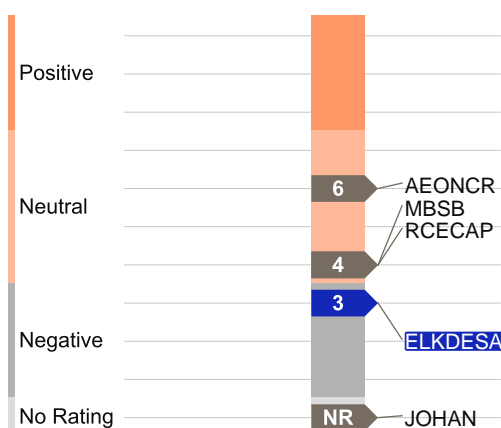
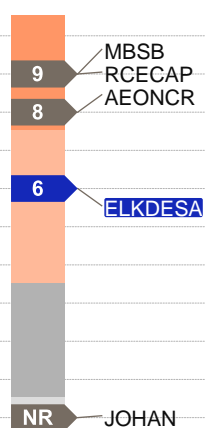
Banking Services Group: **6.6** Small Market Cap: **5.8**
Banking & Investment Svcs. Sector: **5.8** FBM KLCI Index: **3.1**

Relative Valuation Score Trend (4-Week Moving Avg)



Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
AEONCR	3	7	7	8	9	
RCECAP	9	6	6	7	8	
MBSB	5	6	8	8	7	
ELKDESA	2	4	5	2	2	
JOHAN	NR	NR	NR	NR	NR	

RELATIVE VALUATION INDICATORS

Price to Sales
(50% weight)Trailing PE
(25% weight)Forward PE
(25% weight)

Price to Sales	3.2	Trailing PE	15.7	Forward PE	17.2
5-Yr Average	3.7	5-Yr Average	13.2	5-Yr Average	12.2
Rel. to 5-Yr Avg.	15% Discount	Rel. to 5-Yr Avg.	19% Premium	Rel. to 5-Yr Avg.	41% Premium
FBM KLCI Index	2.7	FBM KLCI Index	23.1	FBM KLCI Index	20.9
Rel. to FBM KLCI	19% Premium	Rel. to FBM KLCI	32% Discount	Rel. to FBM KLCI	18% Discount

HIGHLIGHTS

- ELK-Desa Resources currently has a Relative Valuation Rating of 2 which is significantly below the FTSE BURSA MALAYSIA COMPOSITE index average rating of 3.4.
- The company's Trailing P/E and Forward P/E are both currently at or near their 5-year highs.
- ELKDESA's Price to Sales ratio of 3.2 represents a 15% Discount to its 5-year average of 3.7.
- ELKDESA's Trailing P/E of 15.7 represents a 19% Premium to its 5-year average of 13.2.
- ELKDESA's Forward P/E of 17.2 represents a 41% Premium to its 5-year average of 12.2. If the Forward P/E returned to historical form, the stock would trade at 1.04.

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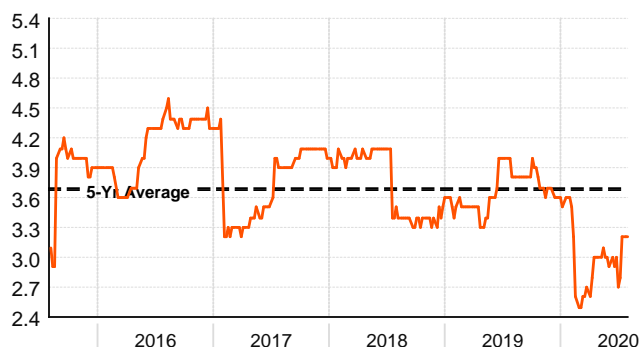
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PRICE TO SALES

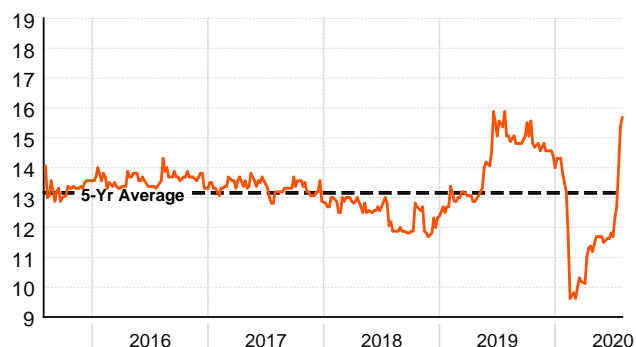
The most recent week's close price divided by the revenue per share.

Price to Sales: 3.2
 5-Year Average: 3.7
 FBM KLCI Index Average: 2.7
 Banking Services Group Average: 3.0

**TRAILING PE**

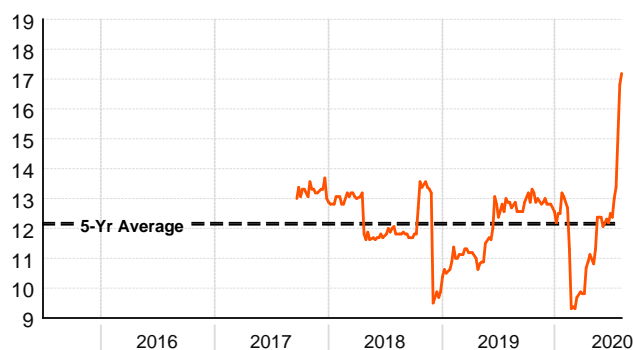
The most recent week's close price divided by the sum of the four most recently reported quarterly earnings.

Trailing PE: 15.7
 5-Year Average: 13.2
 FBM KLCI Index Average: 23.1
 Banking Services Group Average: 9.9

**FORWARD PE**

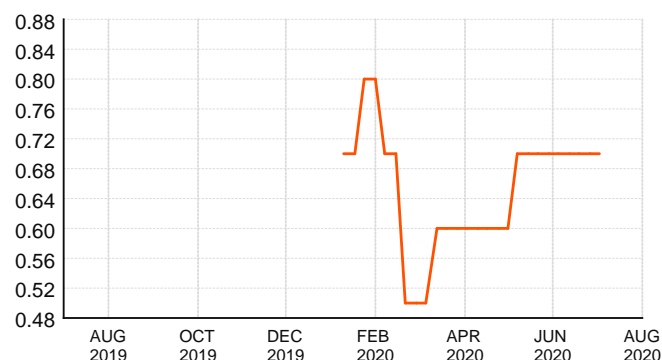
The most recent week's close price divided by the sum of the four upcoming quarterly consensus estimates.

Forward PE: 17.2
 5-Year Average: 12.2
 FBM KLCI Index Average: 20.9
 Banking Services Group Average: 11.8

**FORWARD PEG**

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

Forward PEG: --
 5-Year Average: --
 FBM KLCI Index Average: 2.1
 Banking Services Group Average: 2.6



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RISK

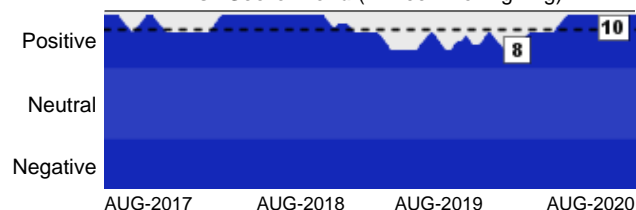
POSITIVE OUTLOOK: Consistent return patterns (low volatility).

RISK
10

Risk Score Averages

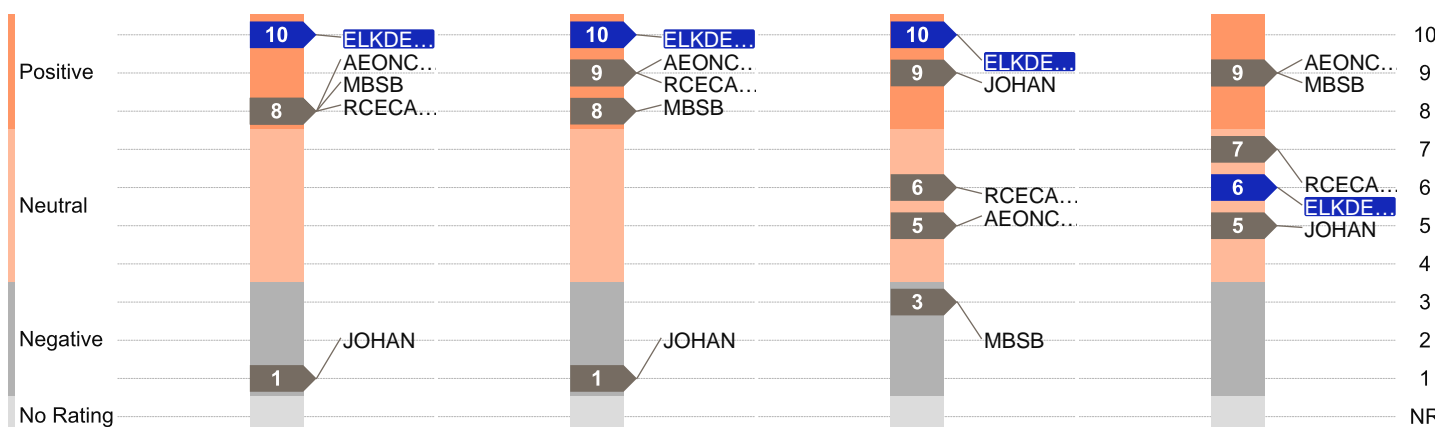
Banking Services Group: **9.0** Small Market Cap: **5.0**
Banking & Investment Svcs. Sector: **8.2** FBM KLCI Index: **8.6**

Risk Score Trend (4-Week Moving Avg)



Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
ELKDESA	9	10	10	10	10	
AEONCR	9	10	9	9	9	
RCECAP	7	9	9	9	9	
MBSB	10	8	8	8	8	
JOHAN	4	3	3	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)

Best 3.6%
Worst -4.2%

Monthly Returns (Last 60 Months)

Best 10.7%
Worst -28.4%

Standard Deviation

Last 90 Days 1.24
Last 60 Months 5.22

Intra-Day Swing (Last 90 Days)

Average 2.0%
Largest 7.3%

Beta vs. FBM KLCI

0.62
Positive Days Only 0.20
Negative Days Only 1.14

Beta vs. Group

0.56
Positive Days Only 0.24
Negative Days Only 0.85

Correlation vs. FBM KLCI

0.62
Last 90 Days 20%
Last 60 Months 41%

Correlation vs. Group

0.56
Last 90 Days 25%
Last 60 Months 64%

HIGHLIGHTS

- ELK-Desa Resources currently has a Risk Rating of 10 while the FTSE BURSA MALAYSIA COMPOSITE index has an average rating of 9.
- On days when the market is up, ELKDESA tends to underperform versus the FTSE BURSA MALAYSIA COMPOSITE index. Also, on days when the market is down, the shares generally decrease more than the index.
- In the short term, ELKDESA has shown low correlation (≥ -0.1 and < 0.2) with the FTSE BURSA MALAYSIA COMPOSITE index. The stock has, however, shown high correlation (≥ 0.4) with the market in the long term.
- Over the last 90 days, ELKDESA shares have been less volatile than the overall market, as the stock's daily price has fluctuated less than 96% of FTSE BURSA MALAYSIA 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
ELKDESA	3.6%	-4.2%	23	16	7.3%	10.7%	-28.4%
AEONCR	7.3%	-4.8%	28	31	7.7%	17.5%	-39.1%
JOHAN	92.3%	-24.0%	19	19	48.0%	82.9%	-42.9%
MBSB	6.7%	-5.0%	19	32	7.9%	24.6%	-32.9%
RCECAP	5.0%	-4.9%	25	25	6.0%	36.9%	-32.6%
FBM KLCI	2.1%	-3.1%	31	31	3.8%	6.8%	-8.9%

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PRICE MOMENTUM

PRICE
MOMENTUM

7

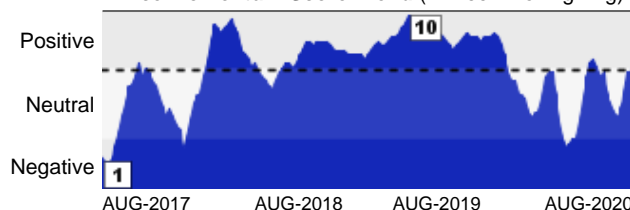
Currency in MYR

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

Price Momentum Score Averages

Banking Services Group:	3.1	Small Market Cap:	5.6
Banking & Investment Svcs. Sector:	4.0	FBM KLCI Index:	4.1

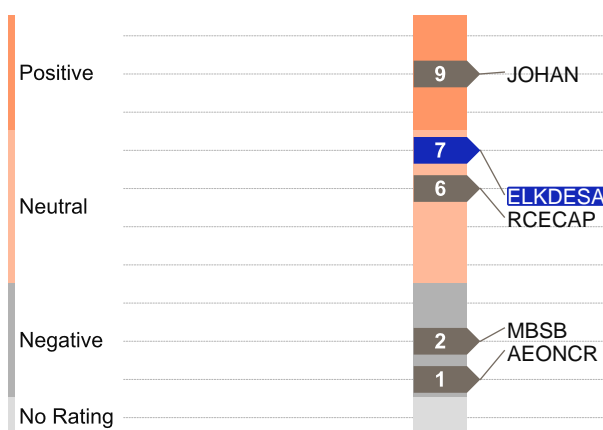
Price Momentum Score Trend (4-Week Moving Avg)



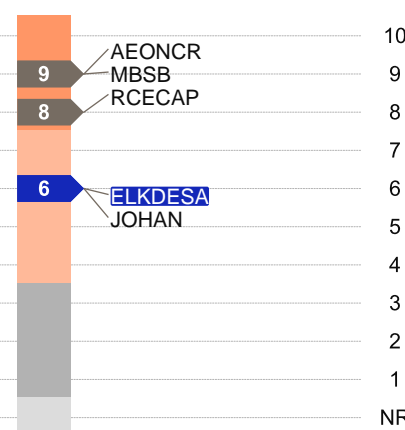
Peers	-6M	-3M	-1M	-1W	Current	1Y Trend
JOHAN	6	6	7	9	9	
ELKDESA	8	6	5	6	7	
RCECAP	8	10	8	8	7	
MBSB	3	2	3	3	4	
AEONCR	9	3	3	3	3	

PRICE MOMENTUM INDICATORS

Relative Strength (70% weight)



Seasonality (30% weight)



Relative Strength Indicator (Scale from 1 to 100)

	ELKDESA	Industry Avg
Last 1 Month	61	54
Last 3 Months	53	51
Last 6 Months	51	50

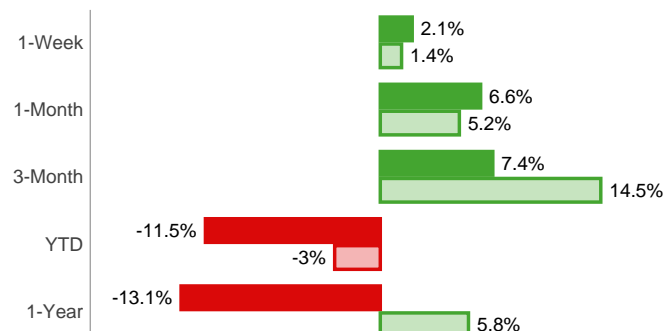
Average Monthly Return (Last 10 Years)

	AUG	SEP	OCT
Company Avg	-2.0%	-3.9%	1.7%
Industry Avg	--	--	--
Industry Rank	--	--	--

PRICE PERFORMANCE

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

ELKDESA
FBM Small



	ELKDESA	FBM Small
Close Price (28/08/20)	1.46	13,743
52-Week High	1.77	14,323
52-Week Low	1.09	7,689

- The Price Momentum Rating for ELK-Desa Resources decreased significantly over the past week from 9 to 6.
- On 28/08/20, ELKDESA closed at 1.46, 17.5% below its 52-week high and 33.9% above its 52-week low.
- ELKDESA shares are currently trading 5.3% above their 50-day moving average of 1.39, and 0.9% above their 200-day moving average of 1.45.

ELK-DESA RESOURCES (ELKDESA-KU)

Banking & Investment Svcs. / Banking Services / Consumer Lending

DETAILED STOCK REPORT

Report Date: 30 August 2020

DETAILED STOCK REPORT TIPS

The Stock Report from Refinitiv 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 Stock Reports Plus 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 Refinitiv Business Classification (TRBC) schema 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 automated text-generation system from Refinitiv 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 I/B/E/S, the Institutional Brokers Estimate System, from Refinitiv. 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

ELK-DESA RESOURCES (ELKDESA-KU)

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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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