Growth Stock Analysis Scorecard

Step 1) Analysts' Ratings & Forecasts

Sentiment Score
Add one point for score 0 to +4. Subtract one point for score below -3 or above 8.

Earnings Growth
Subtract one point if forecast Y-O-Y EPS growth below 15%.

Earnings Forecast Trend
Disqualify if current FY EPS trend down $0.03 three cents or more.

Earnings Surprise History
Disqualify if two of the last four earnings surprises negative.

Step 2) Valuation
Add one point for PEG 1.1 to 1.4. Subtract one point for PEG above 2.0

Step 3) Target Price
Subtract one point if current price exceeds low target buy price.

Step 4) Industry Analysis

Industry Growth
Add one point if growth rate exceeds 20%. Subtract one point if less than 10%.

Industry Concentration
Add one point if the industry has less than five major competitors.

Step 5) Business Plan
Record business plan score (max: –4 to +4)

Step 6) Management Quality

Key Executive & Board Quality
Add one point key exec & board quality rated very good or excellent.

Clean Accounting/Earnings Growth Stability
Subtract one point if non-recurring exceeds 3% of sales or poor EPS stability.

Step 7) Financial Health
Disqualify candidates that fail appropriate test.

Step 8) Profitability

Sales Growth
Add one point if Y-O-Y sales growth exceeds 25%, subtract one point if below 15%.

Operating Margins
Disqualify candidate if operating margins deteriorating.

Return on Assets
Add one point if ROA exceeds 14%. Subtract one point if ROA below 6%

Operating Cash Flow
Disqualify if OCF was negative in two of last three fiscal years.

Step 9) Red Flags

Red Flags
Disqualify if any red flags detected.

Yellow Flags
Subtract one point for each yellow flag

Step 10) Ownership

Institutional Ownership
Disqualify if institutional ownership below 30%

Insider Ownership
Subtract one point if insider ownership above 55%

Step 11) Price Chart

Share Price vs. Moving Average
Subtract one point if price below 200-day MA or more than 50% above

Total

Company ____________________ Date: ______________