Value Stock Analysis Scorecard

Company__________________  Date: ______________

Step 1) Analysts’ Ratings & Forecasts

   Sentiment Index
   Add one point for Sentiment Index score below minus 3.
   Subtract one point if the SI score is greater than 2.

   Earnings Growth
   Subtract one point for forecast Y-O-Y earnings growth over 4%

   Earnings Forecast Trend
   Subtract one point if EPS forecasts up more than $0.01 in last 90 days.

Step 2) Valuation

   Implied Growth
   Add one point for implied growth below 5%.
   Subtract one point for implied growth above 10%.

Step 3) Target Price

   Current price vs. target buy price
   Do not buy if current price above target buy price.

Step 4) Industry Analysis

   Industry Growth
   Add one point for industry sales growth rate 9%-14%
   Subtract one point if industry growth rate below 3%

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

Step 5) Business Plan

   Business Plan Score
   Record business plan score (max –4 to + 4)

Step 6) Management Quality

   Key Executive & Board Quality
   Add one point for quality rated very good or excellent

   Clean Accounting/Earnings Growth Stability
   Subtract one point for non-recurring more than 3% of sales
   or poor earnings growth stability.

Step 7) Financial Health

   Disqualify candidates that fail appropriate test.

Step 8) Profitability

   Expected Return on Assets
   Add one point for expected ROA over 14%, subtract one point for ROA below 6%.

Step 9) Red Flags

   Historical Capital Expenses vs. Depreciation
   Subtract one point for depreciation/capital expenditures yellow flag

Step 10) Ownership

   Total Insider Ownership
   Subtract one point if insider ownership above 55%

Step 11) Price Chart

   Share Price vs. Moving Average
   Subtract one point if the share price more than 10% above 200-day MA

Total