



FOUNDATION

SMG Stock Research Worksheet

This worksheet was developed by Nancy B. King, Alaska SMG Coordinator, NanKing@gci.net, for The Stock Market Game™. It is best used with Morningstar.com.

A. COMPANY PROFILE

Date		
Source		
Company		
Symbol		Industry
1. What does the company do?		
2. Who are its closest competitors?		
3. What is the company's history?		



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B. PROFITABILITY

Earnings Growth							
1. What is the company's earnings-per-share (EPS) growth rate?*							
Last Qtr	%	Year-Over-Year (1 yr.)	%	3-Year	%	5-Year	%
Is the EPS growth rate increasing?					Yes		No
2. What is the EPS <u>Five-Year Growth Forecast</u> for the company and the industry?*				Company	%	Industry	%
Is the forecast for the company EPS growth better than the industry?					Yes		No

* You want your company's earnings to continually increase on an average of 13 to 25 percent, or higher, per year.

** If a company's earnings increase on an average of 15 percent a year, the stock's price tends to double within five years. The company's forecasted growth rate should nearly equal or be above the industry forecasted growth rate.

Sales/Revenue Growth							
1. What is the company's sales/revenue growth rate?*							
Last Qtr	%	Year-Over-Year (1 yr.)	%	3-Year	%	5-Year	%
Is the sales growth rate increasing?					Yes		No

* You want your company's sales/revenues to continually increase on an average between 10 and 25 percent a year. The company needs its sales to grow in order to increase its earnings/profit.

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Profit Margin						
1. What is the company's <u>EBT (earnings-before-tax) margin</u> ?*						
2010	%	2011	%	TTM (Trailing 12 Months)	%	
Has the company's EBT Margin held steady?					Yes	No
2. How does the company's <u>Net Margin</u> (after-tax profit margin) compare with the industry average?*				Stock	%	Industry %
Is the company's Net Margin better than the industry average?					Yes	No

* You want your company to continually make additional profit from each dollar of sales. A 0.5 change is significant.

** You want your company to make more profit from each sales dollar than the average company in its industry.

PEG Ratio			
1. What is the company's <u>PEG Ratio</u> ?*			
Is the company's PEG Ratio less than 1.65?		Yes	No

* If the PEG Ratio (ratio of the stock's PE to its earnings Growth Rate) is above 2.5, you may be overpaying for the company's earning power.

C. FINANCIAL CONDITION

Debt Ratio			
1. What is the company's <u>Long-Term Debt-to-Equity Ratio</u> ?*			
Debt/Equity	_____ X 100 = _____		
Is the debt less than 55%?		Yes	No

* The less debt, the better.



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D. INSTITUTIONAL OWNERSHIP

Institutional Ownership				
1. What percent of the company is <u>owned by institutions</u>? *				
% Owned by Institutions				
<i>Is institutional ownership less than 90%?</i>		<input type="checkbox"/>	Yes	<input type="checkbox"/>
			No	

* Institutional buying drives up the stock price. When there is 90 to 95% institutional ownership, the major institutional buying and stock price rise may have taken place.

E. STOCK PRICE

Stock Price						
1. What is the stock's price?						
52 week Low	<input type="text"/>	52 week High	<input type="text"/>	Current Price	<input type="text"/>	<input type="text"/>
2. What is the stock's <u>current price trend</u>?*						
<i>Is the stock price in an uptrend?</i>			<input type="checkbox"/>	Yes	<input type="checkbox"/>	No

* Pay particular attention to the most recent 3-month section of the price chart.

F. WRAP-UP QUESTIONS

Wrap Up			
1. Tally your Yes and No responses.*			
Number of Yes responses	<input type="text"/>	Number of No responses	<input type="text"/>
2. What are your thoughts on the pros and cons of investing in this company?			

* If you are buying the stock, it should have a majority of YESs. The more yes answers, the higher the quality.

