

Page 1: Future Sales & Earnings Growth Rates

1. Historic growth rates – 10 years (First eliminate any outliers)

Fundamental Company Data													
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Growth(%)	Projection(%)	5 yr Est
Historical Sales	17,305	20,133	22,572	24,807	20,915	21,039	24,222	24,412	24,889	24,537	3.0%		
Historical Earnings	1.70	2.24	2.68	3.11	2.27	2.60	3.24	2.67	2.76	3.05	4.3%		
Pre-Tax Profit	2,149	2,884	3,107	3,591	2,417	2,879	3,650	3,707	3,198	3,348	3.9%		

2. Historic Growth Rate- 5 years

Fundamental Company Data													
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Growth(%)	Forecast (%)	5 yr Est
Historical Sales (\$M)	1,245	1,481	1,883	2,110	2,338	2,788	2,972	2,992	3,358	4,044	12.8%		---
Historical EPS (\$)	0.42	0.90	1.63	1.97	2.39	3.10	3.57	3.56	5.63	7.38	31.1%		---
Pre-Tax Profit (\$M)	57	124	220	273	329	433	490	478	576	816	27.9%		

Click mouse on green box for Forecast EPS judgment.

▶ Determine EPS 5 Year Forecast

Select 5 Year Forecast EPS Growth Rate: _____

Projection Starting Point: QUARTER [EPS = 7.70, Sales = 4,109]

Your EPS Growth Rate Forecast: % 5 Year Estimate: ---

Analyst Estimate:

Preferred Procedure Growth Calculation: 5 Year Estimate: 6.44

Preferred Procedure Calculation

Restore Defaults

	Defaults	Judgments	Result
Projected 5 Year Sales Growth Rate (Your Forecast):	---	<input type="text" value=""/>	4,110
Less Expenses (5 Yr Avg % Pre-Tax Profit Margin):	17.1%	<input type="text" value="17.1"/>	-3,407
Less Taxes (Last Yr. Tax Rate):	25.7%	<input type="text" value="25.7"/>	-181
Less Preferred Dividends (Current Pref'd Div):	0.0	<input type="text" value="0.0"/>	0
Projected 5 Yr Total Earnings:			522
Divided by Shares Outs. (Current Dil. Shares(M):	81.1	<input type="text" value="81.1"/>	6.44
5 Year Compound Annual EPS Growth Rate:			-3.5%

Update Study

Historical Data

▶ Sales



2009	1,245
2010	1,481
2011	1,883
2012	2,110
2013	2,338
2014	2,788
2015	2,972
2016	2,992
2017	3,358
2018	4,044

2019 Q1	4,109

▶ Pre-Tax Profit Margin

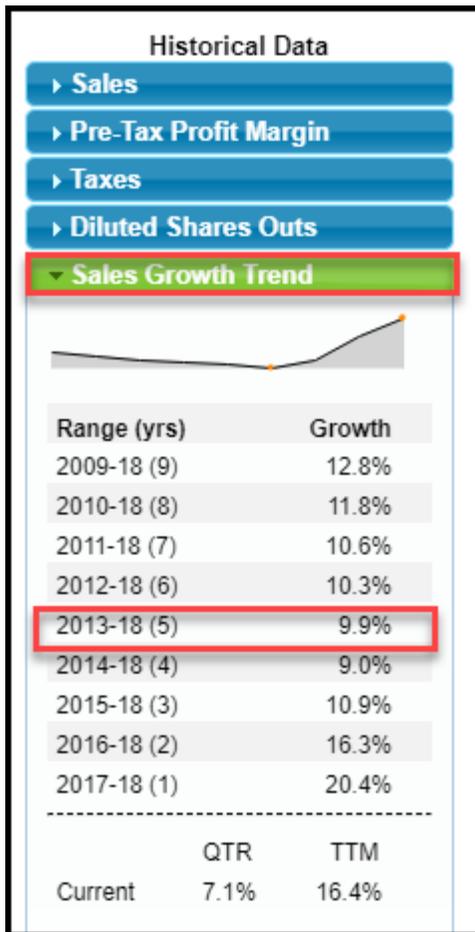
▶ Taxes

▶ Diluted Shares Outs

▶ Sales Growth Trend

▶ EPS Growth Trend

Select Sales & EPS “Growth Trend” tabs, one at a time.



3. Is growth rate acceptable for size of company?

Small-sized company (rev. \$1B or less) – 12% growth or greater

Medium-sized company (rev. \$1B- \$10B) – 7-12% growth

Large-sized company (rev. greater than \$10B) – 5-7% growth

4. Recent quarterly growth rate

Recent Quarterly Figures

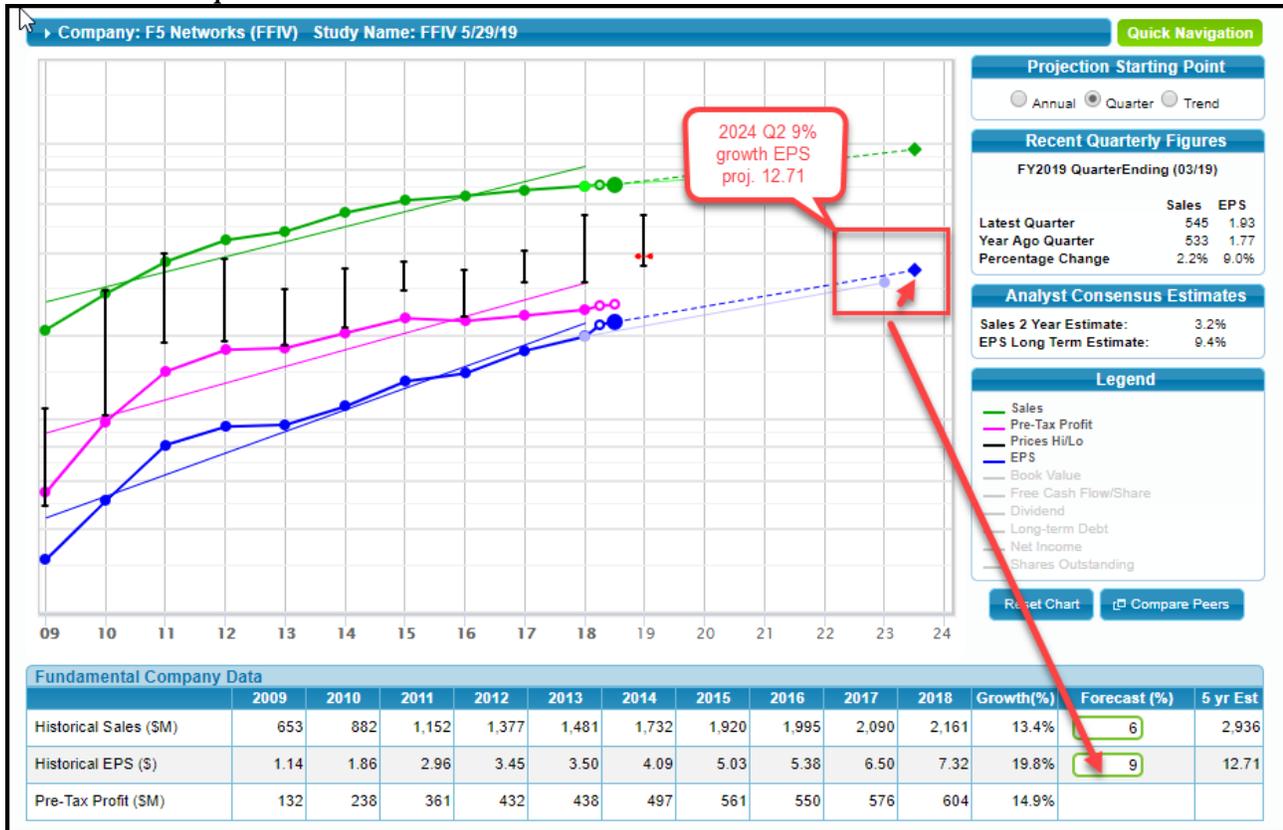
FY2015 QuarterEnding (02/15)

	Sales	EPS
Latest Quarter	248	1.48
Year Ago Quarter	227	1.22
Percentage Change	9.2%	19.7%

5. Value Line Growth Projection (Annual Rates)

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '07-'09 to '13-'15
Sales	17.0%	15.5%	9.5%
"Cash Flow"	22.0%	16.5%	11.0%
Earnings	20.0%	14.0%	15.0%
Dividends	--	--	Nil
Book Value	17.5%	17.0%	14.0%

6. Growth Estimate from dragging “diamond” at the end of the trend line until \$ amount equals Value Line \$ estimate



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Revenues per sh ^A	52.80
“Cash Flow” per sh	14.45
Earnings per sh ^{A B}	12.60
Div'ds Decl'd per sh	Nil

7. Analysts EPS Future Growth Projections

Analyst Consensus Estimates	
Sales 2 Year Estimate:	4.3 %
EPS Long Term Estimate:	10.4 %

8. Yahoo Analyst’s EPS Future Growth Projection (finance.yahoo.com)

Growth Est	FISV	Industry	Sector	S&P 500
Current Qtr.	1.7%	19.4%	15.0%	10.5%
Next Qtr.	5.1%	14.0%	14.6%	10.7%
This Year	8.7%	13.4%	15.0%	12.0%
Next Year	11.6%	14.9%	12.5%	10.1%
Past 5 Years (per annum)	17.2%	N/A	N/A	N/A
Next 5 Years (per annum)	15.0%	13.53%	12.22%	10.60%

9. Yahoo Analysts EPS (\$) Estimate Trend

EPS Trend	Current Qtr.	Next Qtr.	Current Year	Next Year
Current Estimate	3.22	2.15	9.04	10.07
7 Days Ago	3.23	2.15	9	10.07
30 Days Ago	3.18	2.16	8.96	10.14
60 Days Ago	3.13	2.14	8.9	10.07
90 Days Ago	3.1	2.15	8.9	10.07

UP (Current Year) STEADY (Next Year)

10. BI member sentiment growth estimate range



Click “Research”, then from the drop down menu select “BetterInvesting”, and from the next menu click on “BetterInvesting Member Sentiment”. To see sentiment averages, click “Sel” box and scroll to the bottom.

BetterInvesting Member Sentiment											
Member Judgment Forecasts from Recent Studies (Total Studies = 57)											
Sel	Last Update	Sales (%)	EPS (%)	High PE	High EPS	High Price	Low PE	Low EPS	Low Price	Payout (%)	Pot. Return
<input type="checkbox"/>	03/30/2015	5.0	5.0	22.00	4.02	88.44	15.80	3.05	45.24	53.98	11.81
<input type="checkbox"/>	03/30/2015	4.0	9.0	20.00	4.85	97.00	15.80	3.05	45.24	53.98	14.10
<input type="checkbox"/>	03/29/2015	4.0	7.4	21.50	4.35	93.53	15.79	3.05	47.10	53.98	13.10
<input type="checkbox"/>	03/27/2015	2.5	2.0	22.00	3.48	76.56	15.00	3.05	45.80	53.98	8.73
<input type="checkbox"/>	03/27/2015	3.0	4.2	21.00	3.85	80.85	15.80	3.05	47.10	53.98	10.01
<input type="checkbox"/>	03/26/2015	4.7	6.4	21.83	4.16	89.98	15.79	3.05	48.16	56.40	12.32
<input type="checkbox"/>	03/26/2015	4.0	4.8	21.00	3.85	80.85	15.80	3.05	47.10	53.98	9.96
<input type="checkbox"/>	03/23/2015	4.7	6.1	21.80	4.10	88.56	15.80	3.05	50.00	53.98	11.83
<input type="checkbox"/>	03/22/2015	10.0	4.8	21.50	3.85	82.78	15.80	3.05	48.00	53.98	10.54
<input type="checkbox"/>	03/21/2015	4.0	7.0	21.00	4.28	89.88	14.00	3.05	45.00	53.98	12.23

11. EPS estimate from “Preferred Procedure”

Fundamental Company Data													
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Growth(%)	Forecast (%)	5 yr Est
Historical Sales (\$M)	653	882	1,152	1,377	1,481	1,732	1,920	1,995	2,090	2,161	13.4%	6	2,936
Historical EPS (\$)	1.14	1.86	2.96	3.45	3.50	4.09	5.03	5.38	6.50	7.32	19.8%	8	12.14
Pre-Tax Profit (\$M)	132	238	361	432	438	497	561	550	576	604	14.9%		

Click mouse in EPS forecast green box.

Use historic data from charts on the right-hand side to update entries in the “Preferred Procedure”. You can also use Value Line’s Forecasted Tax Rate and Shares Outstanding.

Preferred Procedure Calculation			
	Defaults	Judgments	Result
Projected 5 Year Sales Growth Rate (Your Forecast):	6.0%	<input type="text" value="6"/>	2,936
Less Expenses (5 Yr Avg % Pre-Tax Profit Margin):	28.2%	<input type="text" value="28.2"/>	-2,108
Less Taxes (Last Yr. Tax Rate):	24.9%	<input type="text" value="21"/>	-174
Less Preferred Dividends (Current Pref'd Div):	0.0	<input type="text" value="0.0"/>	0
Projected 5 Yr Total Earnings:			654
Divided by Shares Outs. (Current Dil. Shares(M)):	60.0	<input type="text" value="54.0"/>	12.11
5 Year Compound Annual EPS Growth Rate:			8.0%

Historical Data	
Sales	
2009	653
2010	882
2011	1,152
2012	1,377
2013	1,481
2014	1,732
2015	1,920
2016	1,995
2017	2,090
2018	2,161

2019 Q1	2,182
2019 Q2	2,194

Pre-Tax Profit Margin
Taxes
Diluted Shares Outs
Sales Growth Trend
EPS Growth Trend

FUTURE SALES GROWTH JUDGMENT: Observe growth rate trends. Always make estimate less than the historic sales growth rate. Seldom should the future growth rate estimate be higher than 15-20%.

FUTURE EPS GROWTH JUDGMENT: Observe growth rate trends. Always make estimate less than the historic EPS growth rate. Seldom should the future growth estimate be higher than future sales growth estimate, but can be less. Seldom should future growth estimate be higher than 15-20%.

SECOND OPINION: You can use the “Preferred Procedure” & the plotting of Analyst’s EPS & Sales estimates on Page 1 graph as second opinions for your judgments.

Page 2/Section 4: Selecting Future High & Low P/E

Current P/E

3. PRICE EARNINGS HISTORY as an indicator of the future

PRESENT PRICE: 55.89 HIGH THIS YEAR: 69.94 LOW THIS YEAR: 54.95

Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
1 2010	53.8	37.5	2.60	20.7	14.4	1.34	51.5	3.6
2 2011	64.6	41.3	3.24	19.9	12.8	1.38	42.8	3.3
3 2012	53.8	39.5	2.67	20.1	14.8	1.60	59.9	4.1
4 2013	66.8	47.1	2.78	24.2	17.1	1.64	59.4	3.5
5 2014	70.7	60.9	3.05	23.2	20.9	1.72	56.4	2.8
AVERAGE		45.3		21.6	15.8		54.0	
CURRENT/TTM			3.15			1.88	59.6	
AVERAGE PRICE EARNINGS RATIO: 18.7						CURRENT PRICE EARNINGS RATIO: 17.7		

1. SSG Columns “High P/E” & “Low P/E” Are there any outliers?
2. 5-Year Average P/E
3. Last 5-Year trend (steady, decreasing, increasing?)
4. Most recent High & Low P/E (enter the high and low P/E of the most recent fiscal year).
5. Value Line projected **average** P/E

187.91	191.25	194.26	194.25	181.8	183.00	Common Shs Outst'g	175.00
34.0	27.5	21.8	18.4	18.5		Avg Ann'l P/E Ratio	25.0
1.74	1.50	1.24	.98	.97		Relative P/E Ratio	1.65
--	--	--	--	--		Avg Ann'l Div'd Yield	Nil

6. Value Line projected **high** P/E (divide projected high price by projected 3-5 year EPS)

2008-10 PROJECTIONS			
	Price	Gain	Ann'l Total Return
High	115	(+180%)	29%
Low	75	(+80%)	16%

VALUE LINE PUB., INC. 08-10	
Revenues per sh ^{B E}	29.70
"Cash Flow" per sh	5.05
Earnings per sh ^{A E}	3.80
Div'ds Decl'd per sh	Nil

$$115 / 3.80 = 30.3$$

7. BI Member Sentiment (See instructions above).

HIGH P/E JUDGMENT: Observe the historic trend in P/Es. If P/Es are descending, the current or 5-year average P/E might make a good choice. Seldom should it be higher than the historic average. Use Value Line’s projected **average** P/E as a reality check.

LOW P/E JUDGMENT: Observe the historic trend in P/Es. Seldom should it be higher than the historic average.

Page 2/Section 4: Selecting Future Low Price

Current Price

3. PRICE EARNINGS HISTORY as an indicator of the future

PRESENT PRICE: 55.89 HIGH THIS YEAR: 69.94 LOW THIS YEAR: 54.95

Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
1 2010	53.8	37.5	2.60	20.7	14.4	1.34	51.5	3.8
2 2011	64.6	41.3	3.24	19.9	12.8	1.38	42.8	3.3
3 2012	53.8	39.5	2.87	20.1	14.8	1.60	59.9	4.1
4 2013	66.8	47.1	2.76	24.2	17.1	1.64	59.4	3.5
5 2014	70.7	60.9	3.05	23.2	20.0	1.72	66.4	2.8
AVERAGE		45.3		21.6	15.8		54.0	
CURRENT/TTM			3.15			1.88	59.6	
AVERAGE PRICE EARNINGS RATIO: 18.7			CURRENT PRICE EARNINGS RATIO: 17.7					

Click in green box

B. LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E: 0.00 X Estimate Low Earnings/Share 3.05 = Forecasted Low Price: 0.0

(b) Avg. Low Price of Last 5 Years: 45.2

(c) Recent Market Low Price: 47.10
 2013 Low Stock Price: 47.10 52 Week Low Stock Price: 54.95
 2014 Low Stock Price: 60.85

(d) Price Dividend Will Support: $\frac{\text{Present Dividend}}{\text{High Yield}} = \frac{1.88}{2.80\%} = 67.1$

Selected Forecasted Low Price:

1. Selected Low P/E times Low EPS Est. (TTM -last 4 quarters). The concept being, that if this is a growth company, the lowest the EPS should ever be in the future is what it is currently.

Determine Low Price - Next 5 Years

Select Low Stock Price Forecast

Your Low Stock Price Forecast:

Low P/E X Low EPS Forecast:

Average Low P/E Forecast: X Low EPS Forecast: = Forecast Low Stock Price:

5 Year Average Low P/E: 15.8 Last 4 Qtr EPS: 3.15 Closing Price (4/1/2015): 55.89

5 Year Average P/E: 18.7

Current P/E: 17.73

Recent Market Low Price: 47.10
 2013 Low Stock Price: 47.10 52 Week Low Stock Price: 54.95
 2014 Low Stock Price: 60.85

Average Low Price of Last Five Years: 45.2

Price Dividend Will Support: $\frac{\text{Present Dividend}}{\text{High Yield}} = \frac{1.88}{2.80\%} = 67.1$

2. Five-Year Average Low Price. Best for cyclical companies.
3. Most Recent Severe Market Low. Useful if the economy is coming out of a recession.
4. 52-week Low
5. Price Dividend will support, if applicable (Mostly for companies that have about 3% payout).

6. BI Member Sentiment (see above instructions).
7. 80% of current price. It is often helpful to see where the price of the stock would be if there was suddenly a 20% drop in price from the current price.

$$.80 \times 55.89 = 44.71$$

LOW PRICE JUDGMENT: The forecasted low price should be lower than the current price and probably lower than the 52-week low. The low price selection can dramatically change the “Buy”/ “Hold”/ ”Sell” zones on the SSG so it is recommended that you select a low price *as high as* is comfortable and reasonable.