



Value Line 201

Understanding a Company Report

Value Line 201

Understanding A Company Report

June 15, 2022

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In cooperation with the Portland Chapter of Oregon



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What We Will Cover

- We will discuss most of the data available on the survey.
 - Including each measure of the Value Line Ranking System.
- A few Formula using Value Line data to help with your SSG judgment.
- Our backroom staff is ready to answer your questions or hold them for me to answer as we progress through the class.

Handouts

- Reading the Value Line Report – ver. 2021.
- Value Line Home Depot Sample Page.
- Statistical Array
- Definitions.
- A one page per slide color PDF of this class.
- A three page per slide color PDF.

The Value Line Investment Survey® Sample Page

The Value Line System
Our Rank (see below) always use 1 for best and 5 for worst. It's best simply. Value Line rates stocks for Timeliness, Safety, and Technical in five groups, with Rank 1 being the best, always in comparison to all approximately 1,700 stocks we cover.

Please read the boxes at the bottom of this column titled Value Line Rank and Target Price Ranges.

Value Line Rank — The rank for Timeliness, the rank for Safety, the Technical rank. Data measures how volatile the stock price is relative to a 100% average listed stock. Data is not of our proprietary rates. Subdivisions are used as well as the equality of the stock.

The Legends box contains the "cash flow" multiple, and indicates if there are trades on the stock, "options" refer to rights to buy or sell shares of the stock at a set price.

The 18-month Target Price predicts a stock price over an 18-month horizon. The percentage difference between the current stock price and the target of the range is projected (based on the nearest 10). This percentage may be bought or sold at the stock's next trading day. Value Line predicts the median expected appreciation of the stock over the next 18 months. Value Line also projects the high to low price Value Line expects the stock to reach in the next 18 months. The total expected % gain/loss before dividends and the projected and low Annual Compound Total Return (including dividends) for the next three to five years.

Stock purchases/sales by institutions — the number of times institutions with more than \$100 million of assets under management bought or sold stock of this company during the past three quarters and the total number of shares of this stock held by these institutions at the end of each of the last three quarters.

Statistical Array — historical financial data appears in regular type. Value addresses an 18-24 type calendar years are used, unless the company has a fiscal year indicated in the Footnotes.

The Capital Structure as of the indicated recent date shows, if applicable, the number of shares of common and preferred stock, interest issues, the company's market capitalization (the stock price times the number of outstanding shares), the % of interest on long-term debt, and the % of capital represented by the two largest debt.

Current Position — total current assets and total current liabilities.

Annual Rates of Change are actual annual rates for each of the past five and 10 years, and are Value Line estimates for the next three to five years.

Quarterly Sales are shown on a gross basis (before taxes and paid premiums) in bold italic type.

Quarterly earnings are shown on a per-share basis (includes "stock split") type.

Quarterly Dividends Paid are actual payments. The stock of dividends paid in four quarters may be equal to the figure shown in the annual series on dividends declared in the Historical and Statistical Arrays. Other, if the company declares in the end of a calendar year, the first part in the beginning of the next calendar year. When a company announces an increase or decrease to the next dividend payment not yet paid, we will show that dividend in bold.

Value Line Rank and Target Price Ranges
Each Value Line Rank and the Target Price Range are at a different time frame. Please note the length of time you are likely to hold the stock. The Rank is for best and 5 for worst.

The Technical Rank is a trader's guide. It is Value Line's estimate of a stock's probable price performance over the next three to five months. It is the approximately 1,700 stocks in The Value Line Investment Survey. Stocks rated 1 for Technical are expected to perform best.

The Timeliness Rank is Value Line's estimate of the stock's probable price performance over the next three to five months. It is the approximately 1,700 stocks in The Value Line Investment Survey. Stocks rated 1 for Timeliness are expected to perform best.

The Safety Rank measures the overall risk of a stock. Every investor can benefit by considering the Safety Rank. Stocks rated 1 and 2 are safest, but usually their price is so high it is managed and full loss in a declining market.

The "Cash Flow" line — reported earnings plus depreciation ("cash flow") multiplied by a number selected to correlate with the stock's 3- to 5-year projected target price in the top right corner of the graph when the same time period. The line is plotted for the period for which full-year published financials have not been released.

Recent Price — Price as of the date listed on page 2 under Index of Stocks of this issue's Summary & Index.

P/E Ratio — the company's recent stock price divided by the latest six months' earnings per share plus earnings estimated for the next six months. P/E shows what price a shareholder would pay for each dollar of a stock's earnings.

Monthly price ranges of the stock — plotted on a ratio logarithmic grid to show percentage change in the price. For example, a ratio grid equalizes the move of a \$10 stock that rises to \$11 with the move of a \$100 stock that rises to \$110. Both have advanced 10% and over the same price on a ratio grid. Each vertical line represents one month. The length of the vertical line represents the high and low price for the month. The dot at the right end of the monthly price range graph is the latest price whenever the graph is not done on the last day of the month.

Trailing and Median P/E — the recent price divided by the sum of reported earnings for the past four reported quarters. The second P/E is not calculated when the trailing P/E is less than 10.

Relative P/E ratio — the stock's current P/E divided by the current median P/E for the approximately 1,700 stocks under Value Line review.

Dividend Yield — cash dividends estimated by Value Line to be declared in the next 12 months divided by the recent price.

The stock's highest and lowest prices of the calendar year referred to on the chart. The year is found at the bottom of each column. The chart uses arbitrary years.

Target Price Range — the range in which Value Line expects a stock's price is likely to trade in the next 3- to 5-year period. The "Projections" box near the top left of the page. The range from high to low is narrower for stocks with higher beta rates.

Relative Price Strength measures the stock's past price performance relative to the Value Line Arithmetic Index, which is an average of the prices of the approximately 1,700 stocks in The Value Line Investment Survey. It is using the indicator that this stock's price has outperformed the average of the stocks in the Value Line survey. A reading below 100 indicates that this stock's price has fallen less than that of the average stock in the Value Line survey.

The "Total Return shows the relative price appreciation and the number of shares of the stock for the past year, from the first year compared to the Value Line Arithmetic Index, which is an average of the prices of the approximately 1,700 stocks in The Value Line Investment Survey for the one, three and five years.

Financial Strength Rating — a quantitative measure of how volatile the earnings are. Earnings Predictability is based upon the stability of year-to-year earnings, with recent years being weighted more heavily than earlier ones. The most "predictable" ratings are from the highest earnings and Earnings Predictability of 100 (measured on a scale from 100 (highest) to 5 (lowest) in increments of 20) equal groups. The average P/E ratio is 15.

Price Growth Persistence — A measure of the historic tendency of a stock to show percentage price growth compared to the other stocks in The Value Line Investment Survey, over the past 10 years. Value Line price growth persistence ratings range from 100 (highest) to 5 (lowest) in increments of 20 in 20 equal groups. The average P/E ratio is 15.

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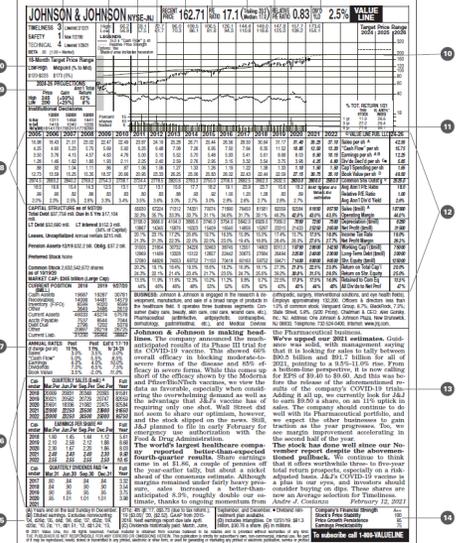
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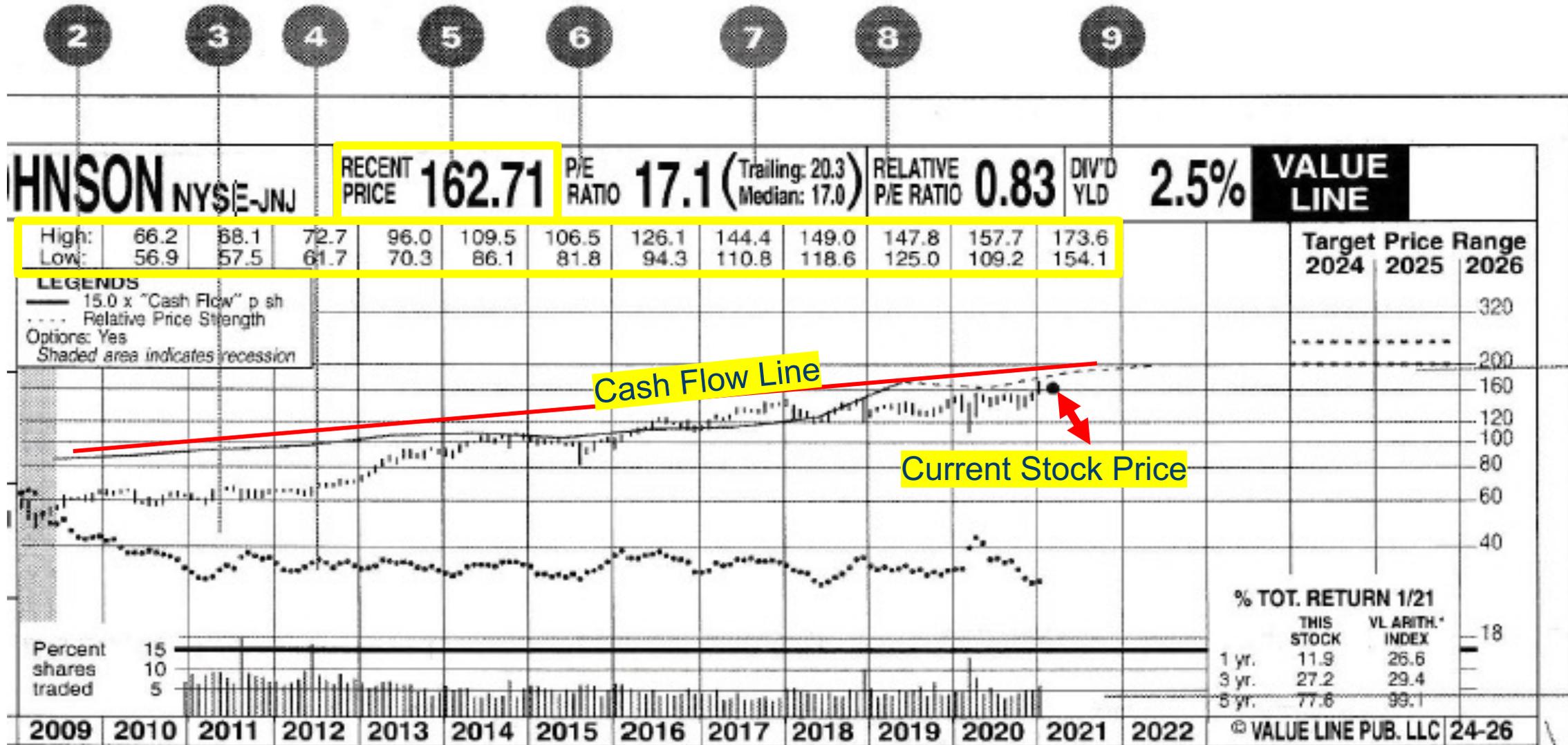
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- ### SAMPLE RESEARCH REPORT
- Value Line Rank — the rank for Timeliness, the rank for Safety, the Technical Rank. Best, the stock's sensitivity to fluctuations of the market as a box, is included in this box, but is not one of our proprietary ranks.
 - The Legends box contains the "cash flow" multiple, the amounts and dates of recent stock splits, and an indication if options on the stock are traded.
 - The Cash Flow line — reported earnings plus depreciation ("cash flow") multiplied by a number selected to correlate the stock's 3- to 5-year projected target price, with "cash flow" projected out over the same period.
 - Relative Price Strength describes the stock's past price performance relative to the Value Line (Arithmetic) Average of approximately 1,700 stocks. (A rising line indicates the stock price has been rising more than the Value Line universe.)
 - Recent Price — Price as of the date listed on page 2 under Index of Stocks of this issue's Summary & Index.
 - P/E Ratio — the recent price divided by the latest six months' earnings per share plus earnings estimated for the next six months.
 - Trailing and Median P/E — the first is the recent price divided by the sum of reported earnings for the past four reported quarters; the second is an average of the price/earnings ratios over the past 10 years.
 - Relative P/E ratio — the stock's current P/E divided by the median P/E for the approximately 1,700 stocks under Value Line review.
 - Dividend Yield — cash dividends estimated to be declared in the next 12 months divided by the recent price.
 - 3- to 5-year Target Price Range — the range in which a stock's price is likely to trade in the 3- to 5-year projection period. Also shown in the "Projections" box on the left.
 - The Percent of Shares Traded Monthly — the number of shares traded each month as a % of the total outstanding.
 - Statistical Array — Value Line estimates and projections appearing in the area on the right side are in bold italic.
 - Analyst's Commentary — A 300-400 word report on recent developments and prospects — issued every three months on a regular schedule. Supplementary reports are issued when it is important news.
 - Value Line Ratings for Financial Strength, Price Stability, Price Growth Persistence, and Earnings Predictability. (See Glossary valueLine.com for definitions.)
 - Footnotes explain a number of things, such as the way earnings are reported, whether basic or diluted. Basic earnings per share divided by the weighted average number of common shares outstanding during a year or quarter. Diluted earnings divide the net income by the number of common shares, assuming that any securities or other contracts to issue common stock (including options and warrants) were exercised or converted (if common stock). If a company does not use the calendar year, the day the report was issued is noted in the Footnotes.
 - Supplementary reports are issued when major changes occur in stock prices, etc. Please refer to Table VIII in our digital service and the use of Ratings & Reports for Segments.

The Graph



The Graph Cont.



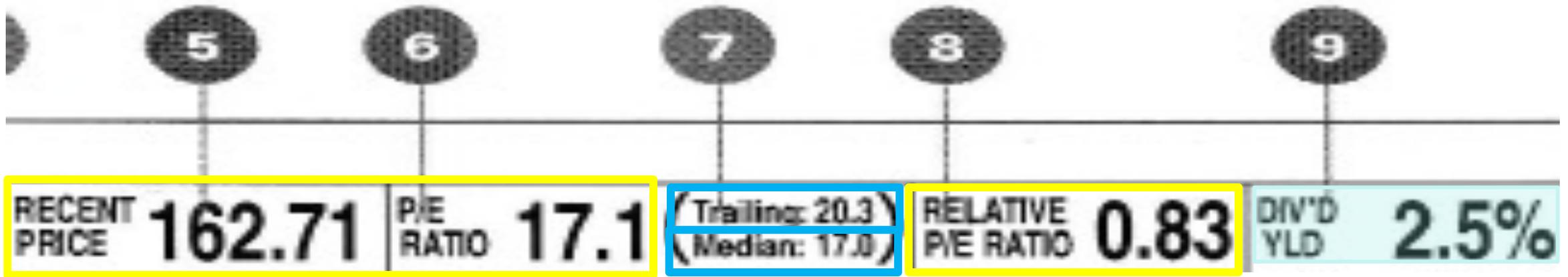
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The "Cash Flow" Line



Price Earnings Ratios and More



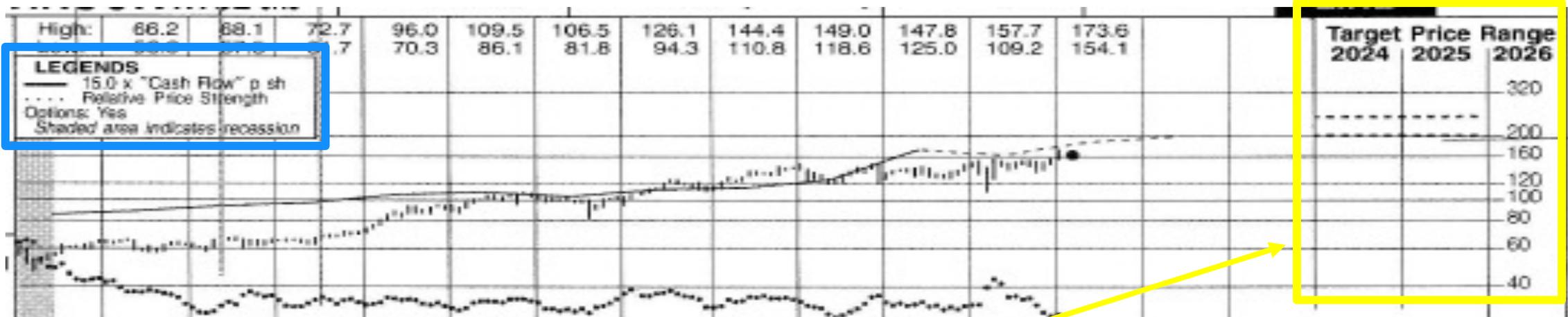
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Cal-endar	EARNINGS PER SHARE ^{AB}				Full Year
	Mar.Per	Jun.Per	Sep.Per	Dec.Per	
2018	1.60	1.45	1.44	1.12	5.61
2019	2.10	2.58	2.12	1.88	8.68
2020	2.30	1.67	2.20	1.86	8.03
2021	2.40	2.40	2.40	2.30	9.50
2022	2.55	2.55	2.55	2.50	10.15

Common Shs Outst'g ^E	2525.0
Avg Ann'l P/E Ratio	18.0
Relative P/E Ratio	1.00
Avg Ann'l Div'd Yield	2.6%
Sales (\$mill) ^A	107500
Operating Margin	44.0%
Depreciation (\$mill)	8250

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Legends, Target Price Ranges & Projections



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20	<p>18-Month Target Price Range</p> <p>Low-High Midpoint (% to Mid)</p> <p>\$120-\$225 \$173 (5%)</p>
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19	<p>2024-26 PROJECTIONS</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tr> <th></th> <th>Price</th> <th>Gain</th> <th>Return</th> </tr> <tr> <td>High</td> <td>245</td> <td>(+50%)</td> <td>13%</td> </tr> <tr> <td>Low</td> <td>200</td> <td>(+25%)</td> <td>8%</td> </tr> </table>		Price	Gain	Return	High	245	(+50%)	13%	Low	200	(+25%)	8%
	Price	Gain	Return										
High	245	(+50%)	13%										
Low	200	(+25%)	8%										

Statistical Array

Historical Results and Estimates

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2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	© VALUE LINE PUB. LLC	24-26							
16.98	18.43	21.51	23.02	22.47	22.49	23.87	24.19	25.28	26.71	25.44	26.56	28.50	30.64	31.17	31.40	35.25	37.10	Sales per sh ^A	42.55							
4.25	4.60	5.23	5.70	5.69	5.92	6.25	6.48	7.08	7.26	6.95	7.50	7.64	8.35	11.52	10.85	12.50	13.20	"Cash Flow" per sh	15.75							
3.50	3.76	4.15	4.57	4.63	4.76	5.00	5.10	5.52	5.70	5.48	5.93	5.41	5.61	8.68	8.03	9.50	10.15	Earnings per sh ^{A B}	12.25							
1.28	1.46	1.62	1.80	1.93	2.11	2.25	2.40	2.59	2.76	2.95	3.15	3.32	3.54	3.75	3.98	4.25	4.60	Div'ds Decl'd per sh ^C	5.35							
.88	.92	1.04	1.11	.86	.87	1.06	1.06	1.27	1.33	1.26	1.19	1.22	1.38	1.33	1.10	1.50	1.50	Cap'l Spending per sh	1.55							
12.73	13.59	15.25	15.35	18.37	20.66	20.95	23.33	26.25	25.06	25.83	26.02	22.43	22.44	22.59	27.15	30.75	35.10	Book Value per sh ^D	49.50							
2974.5	2893.2	2840.2	2769.2	2754.3	2738.1	2724.4	2778.5	2820.6	2783.3	2755.0	2706.5	2682.5	2662.3	2632.5	2630.0	2600.0	2580.0	Common Shs Outst'g ^E	2525.0							
18.5	16.6	15.4	14.3	12.5	13.1	12.7	13.1	15.6	17.7	18.2	19.1	23.9	23.7	15.6	18.2	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	16.0							
.99	.90	.82	.86	.83	.83	.80	.83	.88	.93	.92	1.00	1.20	1.26	.83	.89			Relative P/E Ratio	1.70							
2.0%	2.3%	2.5%	2.8%	3.3%	3.4%	3.5%	3.6%	3.0%	2.7%	3.0%	2.8%	2.6%	2.7%	2.8%	2.7%			Avg Ann'l Div'd Yield	2.6%							
													81581	82059	82584	91650	95750	Sales (\$mill) ^A	107500							
													33.1%	40.3%	42.0%	43.0%	43.5%	Operating Margin	44.0%							
													3158.0	3666.0	4104.0	3895.0	3746.0	3754.0	5642.0	6929.0	7009.0	7050	7250	7500	Depreciation (\$mill)	8250
													13867	14345	15876	16323	15409	16540	14856	15297	23310	21433	25250	26500	Net Profit (\$mill)	31500
													20.1%	23.1%	17.2%	20.6%	19.7%	16.5%	15.9%	15.0%	17.4%	15.7%	17.5%	18.0%	Income Tax Rate	19.0%
													21.3%	21.3%	22.3%	22.0%	22.0%	23.0%	19.4%	18.8%	28.4%	26.0%	27.6%	27.7%	Net Profit Margin	29.3%
													31505	21854	30732	34226	32463	38745	12551	14803	9310.0	19750	28500	34250	Working Cap'l (\$mill)	75000
													12969	11489	13328	15122	12857	22442	30675	27684	26494	32500	24000	23000	Long-Term Debt (\$mill)	20000
													57080	64826	74053	69752	71150	70418	60160	59752	59471	71400	80000	90500	Shr. Equity (\$mill)	125000
													20.2%	19.1%	18.4%	19.5%	18.6%	18.2%	16.9%	18.1%	27.3%	21.0%	22.5%	23.0%	Return on Total Cap'l	20.0%
													24.3%	22.1%	21.4%	23.4%	21.7%	23.5%	24.7%	25.6%	39.2%	30.0%	31.5%	29.5%	Return on Shr. Equity	25.0%
													13.5%	11.9%	11.6%	12.3%	10.2%	11.2%	9.8%	9.7%	22.5%	17.0%	17.5%	16.0%	Retained to Com Eq	13.5%
													44%	46%	46%	48%	53%	52%	60%	62%	43%	43%	44%	45%	All Div'ds to Net Prof	47%

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Capital Structure – Current Position

Annual & Growth Rates

CAPITAL STRUCTURE as of 9/27/20	
Total Debt \$37,758 mill. Due in 5 Yrs \$17,104 mill.	
LT Debt \$32,680 mill. LT Interest \$152.3 mill. (34% of Capital)	
Leases, Uncapitalized Annual rentals \$215 mill.	
Pension Assets-12/19 \$32.2 bil. Oblig. \$37.2 bil.	
Preferred Stock Nonp	
Common Stock 2,632,542,672 shares as of 10/19/20	
MARKET CAP: \$365 billion (Large Cap)	

CURRENT POSITION (SMILL.)	2018	2019	9/27/20
Cash Assets	19687	19287	30781
Receivables	14098	14481	14579
Inventory (FIFO)	8599	9020	9599
Other	3649	2486	2619
Current Assets	46033	45274	57578
Accts Payable	7537	8544	7044
Debt Due	2796	1202	5078
Other	20897	26218	26725
Current Liab.	31230	35964	38847

17	ANNUAL RATES	Past	Past	Est'd '17-'19
	of change (per sh)	10 Yrs.	5 Yrs.	to '24-'26
	Sales	3.0%	3.5%	5.0%
	"Cash Flow"	5.0%	5.5%	8.5%
	Earnings	4.0%	4.0%	10.0%
	Dividends	7.0%	6.5%	7.5%
Book Value	3.5%	-2.0%	11.0%	

Company Ratings

Company's Financial Strength	A++	14
Stock's Price Stability	100	
Price Growth Persistence	85	
Earnings Predictability	75	

Footnotes

15

(A) Years end on the last Sunday in December. d71c; 4th qtr.'17, d\$5.73 (due to tax reform); '19 (\$3.05) '20, (\$2.52). GAAP from 2015-2018. Next earnings report due late April.
 (B) Diluted earnings. Excludes nonrecurring: '04, d26c; '05, d4c; '06, d3c; '07, d52c; '09, d23c; '10, 2c; '11, d\$1.51; '12, d\$1.24; '13, d71c; 4th qtr.'17, d\$5.73 (due to tax reform); '19 (\$3.05) '20, (\$2.52). GAAP from 2015-2018. Next earnings report due late April.
 (C) Dividends historically paid: March, June, September, and December. ■ Dividend reinvestment plan available.
 (D) Includes intangibles. On 12/31/19: \$81.3 billion, \$30.76 a share. (E) In millions.

Quarterly Sales, Earnings & Dividends

16

Cal-endar	QUARTERLY SALES (\$ mil.) ^A				Full Year
	Mar.Per	Jun.Per	Sep.Per	Dec.Per	
2018	20009	20631	20348	20393	81581
2019	20021	20562	20729	20747	82059
2020	20691	18336	21082	22475	82584
2021	22000	22250	23500	23900	91650
2022	23000	23250	24500	25000	95750

Cal-endar	EARNINGS PER SHARE ^{AB}				Full Year
	Mar.Per	Jun.Per	Sep.Per	Dec.Per	
2018	1.60	1.45	1.44	1.12	5.61
2019	2.10	2.58	2.12	1.88	6.68
2020	2.30	1.67	2.20	1.86	6.03
2021	2.40	2.40	2.40	2.30	9.50
2022	2.55	2.55	2.55	2.50	10.15

Cal-endar	QUARTERLY DIVIDENDS PAID ^C				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2017	.80	.84	.84	.84	3.32
2018	.84	.90	.90	.90	3.54
2019	.90	.95	.95	.95	3.75
2020	.95	1.01	1.01	1.01	3.98
2021					

Business Information

BUSINESS: Johnson & Johnson is engaged in the research & development, manufacture, and sale of a broad range of products in the healthcare field. It operates three business segments: Consumer (baby care, beauty, skin care, oral care, wound care, etc.), Pharmaceutical (antibiotic, antipsychotic, contraceptive, dermatology, gastrointestinal, etc.), and Medical Devices (orthopedic, surgery, interventional solutions, and eye health fields). Employs approximately 132,200. Officers & directors less than 1.0% of common stock; Vanguard Group, 8.7%; BlackRock, 7.3%; State Street, 5.8%. (3/20 Proxy). Chairman & CEO: Alex Gorsky. Inc.: NJ. Address: One Johnson & Johnson Plaza, New Brunswick, NJ 08933. Telephone: 732-524-0400. Internet: www.jnj.com.

1. What does this company do?
2. Employment information.
3. Insider Ownership.
4. List of fund ownership.
5. Chairman & CEO.
6. Company address with phone #.
7. Webpage URL.

Analyst's Commentary (Item 13)

Johnson & Johnson is making headlines. The company announced the much-anticipated results of its Phase III trial for its COVID-19 vaccine. This showed 66% overall efficacy in blocking moderate-to-severe forms of the disease and 85% efficacy in severe forms. While this comes up short of the efficacy shown by the Moderna and Pfizer/BioNTech vaccines, we view the data as favorable, especially when considering the overwhelming demand as well as the advantage that J&J's vaccine has of requiring only one shot. Wall Street did not seem to share our optimism, however, and the stock slipped on the news. Still, J&J planned to file in early February for emergency use authorization with the Food & Drug Administration.

The world's largest healthcare company reported better-than-expected fourth-quarter results. Share earnings came in at \$1.86, a couple of pennies off the year-earlier tally, but about a nickel ahead of the consensus estimate. Although margins remained under fairly heavy pressure, sales increased a better-than-anticipated 8.3%, roughly double our estimate, thanks to ongoing momentum from

the Pharmaceutical business.

We've upped our 2021 estimates. Guidance was solid, with management saying that it is looking for sales to tally between \$90.5 billion and \$91.7 billion for all of 2021, pointing to a 9.5%-11.0% rise. From a bottom-line perspective, it is now calling for EPS of \$9.40 to \$9.60. And this was before the release of the aforementioned results of the company's COVID-19 trials. Adding it all up, we currently look for J&J to earn \$9.50 a share, on an 11% uptick in sales. The company should continue to do well with its Pharmaceutical portfolio, and we expect the other businesses to gain traction as the year progresses. Too, we see margin improvement accelerating in the second half of the year.

The stock has done well since our November report despite the abovementioned pullback. We continue to think that it offers worthwhile three- to five-year total return prospects, especially on a risk-adjusted basis. J&J's COVID-19 vaccine is a plus in our eyes, and investors should consider buying on dips. These shares are now an Average selection for Timeliness.

Andre J. Costanza

February 12, 2021

THE RANKING SYSTEM

The Ranking System

Regular Edition Ranking

TIMELINESS	3	Lowered 2/12/21
SAFETY	1	New 7/27/90
TECHNICAL	5	Lowered 8/13/21
BETA	.85	(1.00 = Market)

Mid and Small Cap Ranking

PERFORMANCE	3	<i>Average</i>
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Technical	3	<i>Average</i>
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SAFETY	3	<i>Average</i>
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BETA	1.55	(1.00 = Market)
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Timeliness

- The Value Line Timeliness Rank measures predicted relative price performance of a company relative to the approximately 1,700 stocks during the next six to 12 months on a scale from 1 (Highest) to 5 (Lowest).
- Changes in the Timeliness ranks can be caused by:
 - New earnings reports or company announcements.
 - Changes in the price movement of one stock relative to the approximately 1,700 other stocks in the publication.
 - Shifts in the relative positions of other stocks.

Timeliness Rank System

- Rank 1 (Highest) Rank 2 (Above Average)
 - These stocks, as a group, are expected to outperform the Value Line universe during the next six to 12 months.
 - 100 stocks are in Rank 1 and 300 are in Rank 2.
- Rank 3 (Average)
 - These stocks, as a group, are expected to have relative price performance in line with the Value Line universe.
 - About 1100 stocks fall into this rank.
- Rank 4 (Below Average) Rank 5 (Lowest)
 - Rank 4 stocks, as a group, (about 100) are expected to have below-average relative price performance.
 - Rank 5 stocks, as a group, are out of favor regarding the Timeliness System (100 stocks).

Safety

- A second and crucial investment criterion is the Safety rank assigned by Value Line to each of the approximately 1,700 stocks.
- The Value Line Safety Rank measures the total risk of a stock relative to the approximately 1,700 other stocks.
 - It includes a stock's Price Stability rank and the Financial Strength rating of a company.
- Safety ranks are also given on a scale from 1 (Safest) to 5 (Riskiest).

Technical

- Technical Rank is Value Line's proprietary ranking of estimated stock price performance relative to the overall market in the next three to six months.
- It is based on a complex analysis of the stock's relative price performance during the previous 52-weeks.
- Unlike the Timeliness Rank, earnings are not a factor in the Technical Rank.

Beta

- Beta is a relative measure of the historical sensitivity of the stock's price to overall fluctuations in the New York Stock Exchange Composite Index.
- A Beta of 1.50 indicates a stock tends to rise (or fall) 50% more than the index just mentioned.
- The Betas are adjusted for their long-term tendency to converge toward 1.00.

Performance – Mid and Small Cap Survey

- The Performance Rank is a similar calculation to Timeliness that is designed to predict the future relative price performance of the more than 3,300 stocks followed in Value Line's overall database that are not included in the Standard edition.
- The Performance Rank is a purely quantitative measure that is based on past earnings and price performance data.

FORMULA TO ASSIST YOUR RESEARCH RESULTS

Formula for Calculating Forecast Revenue or Earnings Per Share Growth Rate Percentage

- On a financial calculator, input the average of the 3 most recent completed years of revenue or earnings as the 'present value.'
- Secondly input the projected revenue or earnings as the 'future value.'
- Third input the number of years.
 - Subtract the mid-year of the most recent three years from the mid-year of the projected year and input the result as the 'number' of years.
- Finally, select 'compute' to arrive at a calculated percent of projected growth.
- PC Location for the Toolkit Calculator: Open your PC main directory. Scroll to Program Files (x86), then the IClub Central folder' and next the Toolkit folder. Inside it you will see a file titled 'IWcalc.exe' .

Valuable Formula for use in the Preferred Procedure

- To calculate Forecast PTP Margin
 - Net Profit Margin \div One -Income Tax Rate
 - $29.3 \div (1-19)$ or $.81 = 36.2$
- To calculate exact Forecast Common Shares Outstanding
 - Net Profit \$ \div EPS
 - $31500 \div 12.25 = 25714$

VALUE LINE PUB. LLC	24-26
Sales per sh ^A	42.55
"Cash Flow" per sh	15.75
Earnings per sh ^{A B}	12.25
Div'ds Decl'd per sh ^C	5.50
Cap'l Spending per sh	1.65
Book Value per sh ^D	49.50
Common Shs Outst'g ^E	2525.0
Avg Ann'l P/E Ratio	18.0
Relative P/E Ratio	1.00
Avg Ann'l Div'd Yield	2.5%
Sales (\$mill) ^A	107500
Operating Margin	44.0%
Depreciation (\$mill)	8250
Net Profit (\$mill)	31500
Income Tax Rate	19.0%
Net Profit Margin	29.3%
Working Cap'l (\$mill)	75000
Long Term Debt (\$mill)	20000

Sources

- The handouts as I previously mentioned.
- [Value Line - Tool Guides](#).
 - An exceptional source directly available at Value Line.
- Saul Seinberg's "Playing the Piano with Both Hands."
 - <https://www.betterinvesting.org/chapters/online/news-articles>.

Special Value Line Pricing Offer

- Value Line has expressed appreciation for our presenting this class to you.
- They have offered to any new or renewing customers special pricing.
- To take advantage, please contact Chelsea Denunzio at (212) 907-1540 or email cdenunzio@valueline.com.
- Please mention the Value Line Class presented by Marty Eckerle of the OKI Tri-State and Portland Chapters of BetterInvesting.

Value Line 201 – QUESTIONS?

Understanding A Value Line Company Report

June 15, 2022

Presented by Marty Eckerle

Director – OKI Tri-State Chapter

mjeckerle@gmail.com

In cooperation with the Portland Chapter of Oregon

