

CLASS TITLE

Instructor

Stock Investing Made Easy

Diff'rent Strokes for Diff'rent Folks
Installed Building Products (IBP)



Kim Butcher
Mary Enright
Mike Torbenson

June 29, 2021



1

Stock Investing Made Easy

Disclaimer



The information in this presentation is for educational purposes only and is not intended to be a recommendation to purchase or sell any of the stocks, mutual funds, or other securities that may be referenced. The securities of companies referenced or featured in the seminar materials are for illustrative purposes only and are not to be considered endorsed or recommended for purchase or sale by BetterInvesting™ National Association of Investors Corporation ("BI"). The views expressed are those of the instructors, commentators, guests and participants, as the case may be, and do not necessarily represent those of BetterInvesting™. Investors should conduct their own review and analysis of any company of interest before making an investment decision.



2

2

Date

Stock Investing Made Easy

Disclaimer



Securities discussed may be held by the instructors in their own personal portfolios or in those of their clients. BI presenters and volunteers are held to a strict code of conduct that precludes benefiting financially from educational presentations or public activities via any BetterInvesting programs, events and/or educational sessions in which they participate. Any violation is strictly prohibited and should be reported to the CEO of BetterInvesting or the Director of Chapter Relations.

This presentation may contain images of websites and products or services not endorsed by BetterInvesting. The presenter is not endorsing or promoting the use of these websites, products or services.

This session is being recorded for future use.

3

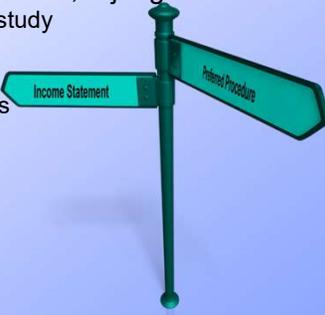


3

Stock Investing Made Easy

Objectives

- Compare and contrast 3 experienced investors' stock study methods, resources, & judgments
 - Resources to find stocks to study
 - Evaluation of Quality
 - Valuation Analysis
 - Buy/Hold/Wait/Sell Decisions



4



4

Date

CLASS TITLE

Instructor

Stock Investing Made Easy

Agenda

- Kim Butcher
- Mary Enright
- Mike Torbenson
- SSG Results for All
- Summary
- Q & A

5



5

Stock Investing Made Easy

KIM BUTCHER

- BI member since 2002
- Co-Founder of BIONIC investment club
- BIVAB member for 10 years
- Presenter at BINC and Education Fairs
- Presenter at ManifestInvesting.com

6



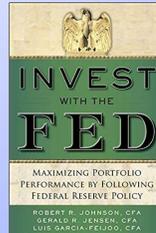
6

Date

Finding Quality Stocks

My Resources

- Friends
- On trips...BEAT
- Online resources
- Library
- Reading, reading and more reading



7



7

Evaluate Quality

- Online SSG - up, straight and parallel
- Manifest Investing
 - Quality metrics
- Morningstar
 - I look at Net Income, Profit Margins and ROIC on the Key Ratios page

8



8

Stock Investing Made Easy

Valuation Criteria

- How is management getting paid
 - By what criteria???
 - Review of the 14A filing
- Do I understand the catalyst that will bring growth?

9



9

Stock Investing Made Easy

Valuation Analysis

- Resources:
 - K's; Q's;
 - transcript reports found at Fool.com;
 - secfilings.com;
 - analysts reports

10



10

Date

Valuation Analysis (continued)

- Seeking: acceptable risk and reward
- Criteria: prefer a P/E <10;
rising profit margins, ROIC >10

11



11

Buy/Sell/Hold/Wait

- Resources: SSG, The Numbers
- Seeking: Profit!
- Criteria: Improving Diversity
and Quality

12



12

Date

Stock Investing Made Easy

MARY ENRIGHT

- BI Member since 1996
- NIA Board Member (precursor to BIVAB) 2001-2012
- National Volunteer 2012-Present
- Heartland Chapter President
- Member of 3 Investment Clubs

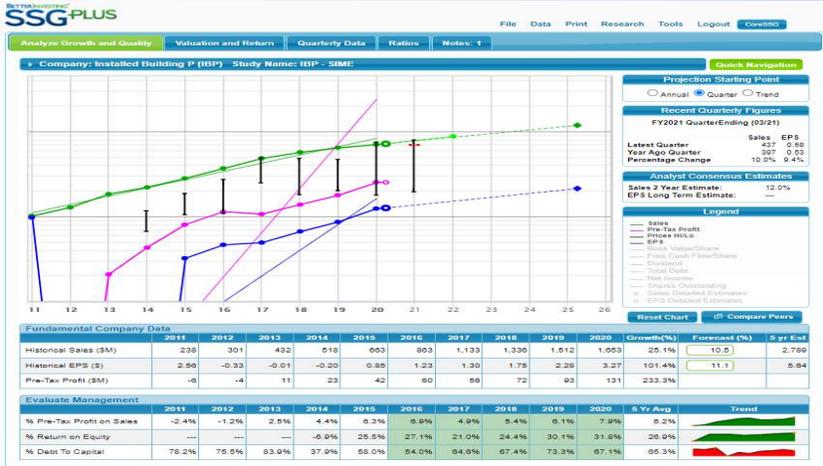


13

13

Stock Investing Made Easy

Installed Building Products (IBP)



Fundamental Company Data

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Growth (%)	Forecast (%)	5 yr Est
Historical Sales (\$M)	238	301	432	518	603	693	1,133	1,330	1,512	1,653	25.1%	10.0	2,760
Historical EPS (\$)	2.56	-0.33	-0.01	-0.20	0.85	1.23	1.30	1.75	2.28	3.27	101.4%	11.1	6.64
Pre-Tax Profit (\$M)	-6	-4	11	23	42	60	66	72	93	131	233.3%		

Evaluate Management

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	5 Yr Avg	Trend
% Pre-Tax Profit on Sales	-2.4%	-1.2%	2.5%	4.4%	6.3%	6.9%	4.9%	5.4%	6.1%	7.9%	6.2%	
% Return on Equity	---	---	---	-6.6%	25.5%	27.1%	21.0%	24.4%	30.1%	31.3%	26.0%	
% Debt To Capital	78.2%	75.6%	83.9%	37.9%	59.0%	54.0%	54.0%	67.4%	73.3%	67.1%	66.3%	



14

14

Stock Investing Made Easy

IBP – Initial Impressions

- No price bars in the early years

15

15

Stock Investing Made Easy

IBP – Initial Impressions

Fundamental Company Data						
	2011	2012	2013	2014	2015	20
Historical Sales (\$M)	238	301	432	518	663	
Historical EPS (\$)	2.56	-0.33	-0.01	-0.20	0.85	
Pre-Tax Profit (\$M)	-6	-4	11	23	42	

- Negative Earnings Per Share
- Negative Pre-Tax Profit

16

16

Stock Investing Made Easy

IBP – Initial Impressions

Evaluate Management					
	2011	2012	2013	2014	2015
% Pre-Tax Profit on Sales	-2.4%	-1.2%	2.5%	4.4%	6.3%
% Return on Equity	---	---	---	-6.9%	25.5%
% Debt To Capital	78.2%	75.5%	83.9%	37.9%	58.0%

- No or negative Return on Equity
- Large amount of ongoing Debt to Capital

17



17

Stock Investing Made Easy

IBP – Research

- 2014 - IPO
- Acquisitions account for approximately 1/4 to 1/3 of sales each year, part of growth strategy; slowing
- Debt is term loans and revolving lines used to finance acquisitions and stock repurchases

18



18

Date

Stock Investing Made Easy

IBP – Acquisitions

Year	# Acquired	TTM Sales
2014	3	?
2015	10	\$84
2016	7	\$97
2017	11	\$172
2018	12	\$83
2019	8	\$61
2020	9	\$107
2021-Q1	1	?
	61	\$604

19



19

Stock Investing Made Easy

IBP – Judgments



Range (yrs)	Growth
2011-20 (9)	25.1%
2012-20 (8)	24.2%
2013-20 (7)	22.6%
2014-20 (6)	22.0%
2015-20 (5)	20.1%
2016-20 (4)	17.2%
2017-20 (3)	13.4%
2018-20 (2)	11.2%
2019-20 (1)	9.4%

	QTR	TTM
Current	10.0%	8.1%

- Sales slowing
- EPS growing due to acquisitions



Range (yrs)	Growth
2011-20 (9)	101.4%
2012-20 (8)	226.1%
2013-20 (7)	219.3%
2014-20 (6)	158.6%
2015-20 (5)	28.9%
2016-20 (4)	28.7%
2017-20 (3)	35.4%
2018-20 (2)	36.7%
2019-20 (1)	43.4%

	QTR	TTM
Current	9.4%	32.7%

20



20

Stock Investing Made Easy

IBP – Judgments

- Eliminate oldest 5 years of data
- Forecast sales – 10.5% due to slowing acquisitions, supply chain issues, weather
- Forecast EPS – 11.1% using Preferred Procedure

21



21

Stock Investing Made Easy

IBP – Judgments

Preferred Procedure Calculation

Restore Defaults

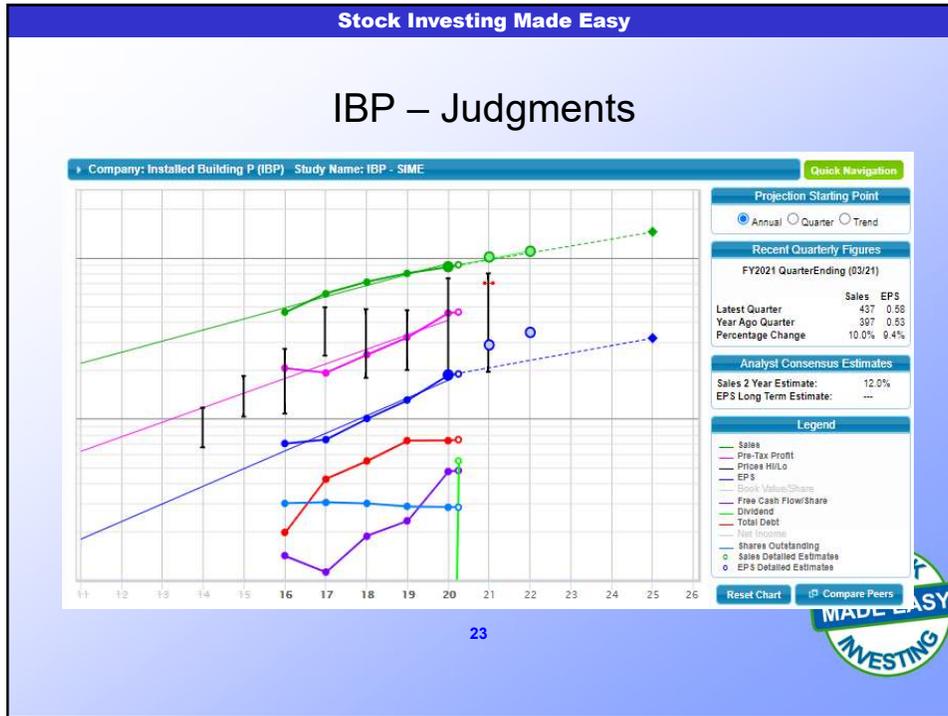
	Defaults	Judgments	Result
Projected 5 Year Sales Growth Rate (Your Forecast):	10.5%	10.5	2,724
Less Expenses (5 Year Avg. % Pre-Tax Profit Margin):	6.2%	8	-2,506
Less Taxes (Last Year Tax Rate):	25.9%	28	-61
Less Preferred Dividends (Current Preferred Dividend):	0.0	0.0	0
equals Projected 5 Year Total Earnings of:			157
÷ Shares Outstanding (Current Diluted Shares in Mil.):	29.6	28.3	5.54
5 Year Compound Annual EPS Growth Rate:			11.1%

22



22

Date



23

23

IBP – Judgments

3. PRICE EARNINGS HISTORY as an indicator of the future

CLOSING PRICE (03/26/21): 113.26 HIGH THIS YEAR: 120.00 LOW THIS YEAR: 31.51

Year	A Price		C Earnings Per Share	D Price Earnings Ratio		F Dividend Per Share	G % Payout (F/C * 100)	H % High Yield (F/B * 100)
	High	Low		High A / C	Low B / C			
2016	44.3	17.6	1.23	36.1	14.4	0.00	0.0%	
2017	79.4	40.0	1.30	61.1	30.8	0.00	0.0%	
2018	78.2	29.2	1.75	44.7	16.7	0.00	0.0%	
2019	78.5	32.8	2.28	33.5	14.4	0.00	0.0%	
2020	121.7	29.0	3.27	37.2	8.9	0.00	0.0%	
AVERAGE		29.7		37.9	15.1		0.0%	
CURRENT/TTM			3.33			1.20	36.0%	
AVERAGE PRICE EARNINGS RATIO: 26.5				CURRENT PRICE EARNINGS RATIO:				

Show / Hide Price/Earnings Chart | Compare Peers

24

24

CLASS TITLE

Instructor

Stock Investing Made Easy

MIKE TORBENSON

- BI Member since 1987
- Member 3 investment clubs
- Puget Sound Volunteer Teacher since 2004
- BINC Education Program Manager
2010-2014
- Author: *SSG & Portfolio Management Magic*

27



27

Stock Investing Made Easy

Find Quality Stocks

- Resources
 - Like-minded investors
- Seeking
 - Up, Straight, & Parallel
- Criteria
 - Consistent & Predictable

28



28

Date

Evaluate Quality

- Resources
 - SSG/Section 1 & 2/Quarterly Data
 - Annual Report/10K Item 7- MD&A
- Seeking
 - Consistent, Predictable, Understandable
- Criteria
 - Understandable Strategic Growth Plan

29



29

Valuation Analysis

- Resources
 - SSG 3/4/5 on PERT
- Seeking
 - Acceptable risk
 - Acceptable reward
- Criteria ...

30



30

Stock Investing Made Easy

Risk & Reward

	Metric	Consider Buying when	Consider Selling when
Reward	Total Return (TR)	≥ 15%	< 10%
	Projected PE	Near Lo PE	Near Hi PE
Risk	Upside/Downside (U/D)	≥ 3	< 3
	P/E to Growth (PEG)	≤ 1.5	> 1.5
	Relative Value (RV)	< 100	> 100

31



31

Stock Investing Made Easy

Buy/Sell/Hold/Wait

- Resources
 - PERT
- Seeking
 - Portfolio Improvement
- Criteria
 - Improves Portfolio Diversity, Quality, and Value

32



32

Date

Stock Investing Made Easy

SSG Judgments

	% Sales	% EPS	Hi PE	Lo PE	Lo Price	% TR
Kim	9%	15%	29	23	\$75	12.7%
Mary	10.5%	11.1%	37.9	15.1	\$50.3	13.9%
Mike	13%	15%	40	30	\$98	18.4%

33



33

Stock Investing Made Easy

Summary

In this session we've touched on how we:

- Find Quality Stocks
- Evaluate Quality Stocks
- Valuation Analysis
- Make a Buy/Sell/Hold Decisions

34



34

Date

CLASS TITLE

Instructor

Stock Investing Made Easy

**Make A Difference In
Someone's Life**

If you have benefited from
BETTERINVESTING, 
please pick up some
BETTERINVESTING materials 
and introduce others to this dynamic
investment education opportunity!

Pay it forward !



35

35

Stock Investing Made Easy

Questions?

Kim Butcher
kpbutcher58@gmail.com

Mary Enright
mke5000@aol.com

Mike Torbenson
Mike@Torbenson.org



36

36

Date