

Growth Stock Analysis Scorecard

Company _____ Date: _____

Step 1) Analysts' Ratings & Forecasts

Sentiment Score

Add one point for score 0 to +4. Subtract one point for score below -3 or above 8.

Earnings Growth

Subtract one point if forecast Y-O-Y EPS growth below 15%.

Earnings Forecast Trend

Disqualify if current FY EPS trend down \$0.03 three cents or more.

Earnings Surprise History

Disqualify if two of the last four earnings surprises negative.

Step 2) Valuation

Add one point for PEG 1.1 to 1.4. Subtract one point for PEG above 2.0

Step 3) Target Price

Subtract one point if current price exceeds low target buy price.

Step 4) Industry Analysis

Industry Growth

Add one point if growth rate exceeds 20%. Subtract one point if less than 10%.

Industry Concentration

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

Step 5) Business Plan

Record business plan score (max: -4 to +4)

Step 6) Management Quality

Key Executive & Board Quality

Add one point key exec & board quality rated very good or excellent.

Clean Accounting/Earnings Growth Stability

Subtract one point if non-recurring exceeds 3% of sales or poor EPS stability.

Step 7) Financial Health

Disqualify candidates that fail appropriate test.

Step 8) Profitability

Sales Growth

Add one point if Y-O-Y sales growth exceeds 25%., subtract one point if below 15%.

Operating Margins

Disqualify candidate if operating margins deteriorating.

Return on Assets

Add one point if ROA exceeds 14%. Subtract one point if ROA below 6%

Operating Cash Flow

Disqualify if OCF was negative in two of last three fiscal years.

Step 9) Red Flags

Red Flags

Disqualify if any red flags detected.

Yellow Flags

Subtract one point for each yellow flag

Step 10) Ownership

Institutional Ownership

Disqualify if institutional ownership below 30%

Insider Ownership

Subtract one point if insider ownership above 55%

Step 11) Price Chart

Share Price vs. Moving Average

Subtract one point if price below 200-day MA or more than 50% above

Total