

Tips, Tricks, & Techniques

Toolkit's "Funny Typed In Numbers"

Where do these funny numbers seemingly typed onto the backside of the SSG form come from.

5	2004	44.4	33.9	1.65	26.9	20.5	0.000	0.0	0.0
6	TOTAL		120.5		61.3	39.1		0.0	
7	AVERAGE		24.1		30.7	19.5		0.0	
8	AVERAGE PRICE EARNINGS RATIO			25.1	CURRENT PRICE EARNINGS RATIO			23.1	
4	Proj. P/E [21.42] Based on Next 4 qtr. EPS [1.96] Current P/E Based on Last 4 qtr. EPS [1.82] EVALUATING RISK and REWARD over the next 5 years PEG=292								
<i>Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.</i>									
A HIGH PRICE -- NEXT 5 YEARS Avg. High P/E <u>30.7</u> <u>25.0</u> X Estimate High Earnings/Share <u>2.41</u> = Forecast High Price \$ <u>60.3</u> (4A1)									
B LOW PRICE -- NEXT 5 YEARS (a) Avg. Low P/E <u>19.5</u> <u>18.6</u> X Estimated Low Earnings/Share <u>1.65</u> <u>1.82</u> = \$ <u>33.9</u> (b) Avg. Low Price of Last 5 Years = <u>24.1</u>									
(4C4) Upper 1/3 = <u>33.9</u> to <u>60.3</u> (4A1) (Sell)									
Present Market Price of <u>42.060</u> is in the <u>Hold</u> Range (4C5)									
D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss) High Price (4A1) <u>60.3</u> Minus Present Price <u>42.060</u> = <u>18.2</u> = <u>2.2</u> To 1 Present Price <u>42.060</u> Minus Low Price (4B1) <u>33.9</u> = <u>8.2</u> (4D)									
E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.) High Price (4A1) <u>60.3</u> = (<u>1.434</u>) X 100 = (<u>143.4</u>) - 100 = <u>43.4</u> % Appreciation (4E) Present Market Price <u>42.060</u>									
5. 5 YEAR POTENTIAL Relative Value: <u>92.0%</u> Proj. Relative Value: <u>85.3%</u>									

The Current P/E Based on the Last 4 qtr. EPS [1.82] results from adding the last 4 quarters of earnings. The sum of 0.39 + 0.40 + 0.70 + 0.33 equals 1.82

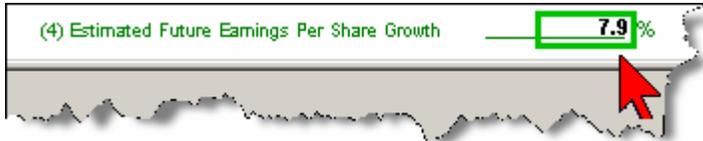
Last Quarter of Data: 1st Quarter FY 2005

Fiscal Year 2004 Ends: February 2004 February 2005

Quarter	Sales	EPS
1st Quarter FY 2004 (May 04)	<u>1,100.0</u>	<u>0.27</u>
2nd Quarter FY 2004 (Aug 04)	<u>1,273.0</u>	<u>0.39</u>
3rd Quarter FY 2004 (Nov 04)	<u>1,305.0</u>	<u>0.40</u>
4th Quarter FY 2004 (Feb 05)	<u>1,467.0</u>	<u>0.70</u>
1st Quarter FY 2005 (May 05)	<u>1,244.4</u>	<u>0.33</u>

If we divide this into the present price of 42.060 we will obtain the Current P/E of 23.1.

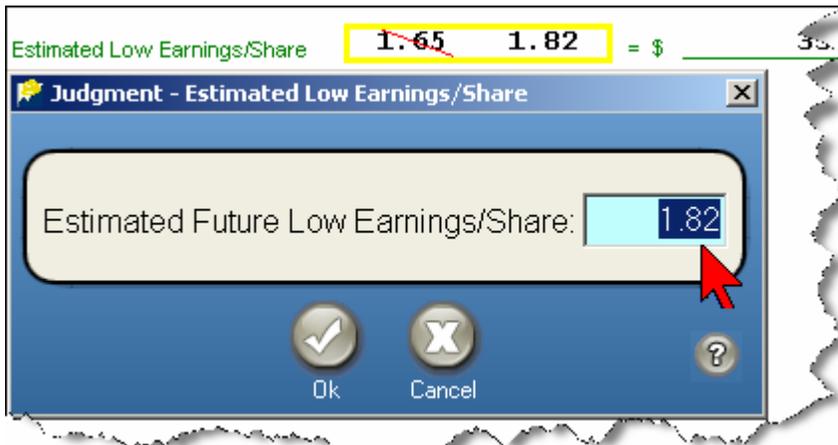
The EPS for the Next 4 qtr of 1.96 results from projecting the last 4 quarters of earning ahead by our Estimated Future Earnings Per Share Growth at 7.9% from the front side of our SSG form.



In numbers it results from multiplying 1.82 by 1.079. The Next 4 qtr EPS is 1.95. The Projected P/E would then be the

Current Price of 42.06 divided by Next 4 qtr EPS of 1.95 equal to 21.42.

With respect to the Estimated Low Earnings/Share, the default entry is to use the EPS from the last complete year of data - 1.65 from the above example. As part of our analysis judgment, we may choose to over write this with the Last 4 qtr. EPS of 1.82.



This is accomplished by clicking in the yellow box and typing in our value or use the Undocumented Feature of <ALT> + Q.

Next we will calculate the Relative Value and the Projected Relative Value. Relative Value is the ratio of the

Current P/E to the Average P/E for the last 5 years expressed as a percentage. In our case 23.1 divided by 25.1 or 92.0%.

The Projected Relative Value is the ratio of the Projected P/E (21.42) to the Average P/E for the last 5 years (25.1), again expressed as a percentage. In our case the Projected Relative Value is 85.3%.

The remaining typed in value of PEG = 292 results from the Current P/E of 23.1 being divided by our Estimated Future Earnings Per Share Growth of 7.9%.