

**BETTERINVESTING**  
Empowering Investors Since 1951

## You asked for it, Focus on Value Line the shortened version


---

Carol Haverty  
Channel Islands Chapter, k-94  
(25 years)  
[contact@channelislands.betterinvesting.net](mailto:contact@channelislands.betterinvesting.net)

See: Sept issue of Better Investing, page 51. **The full version** of this presentation takes place online and in person Sept. 22, 2022, 3:30 p.m. PDT.  
[RFBC Presentation - BetterInvesting Channel Islands Chapter Workshop: Introduction to Value Line - LibCal - City of Camarillo Public Library](#)

WWW.BETTERINVESTING.ORG 9/21/2022

1


2

## 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™. 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.
- Securities discussed may be held by the instructors in their own personal portfolios or in those of their clients. BetterInvesting presenters and volunteers are held to a strict code of conduct that precludes benefitting 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.
- National Association of Investors™, BetterInvesting™ and the BetterInvesting™ Icon are trademarks/registered trademarks. All rights reserved. © 2021 BetterInvesting™.
- We may be recording this session for our future use.**

2



## NAIC® uses the Value Line

- Important resource for information
  - Stock Evaluation
  - Historical data
  - Opinion of Analyst
  - Comparison to other data
  - Publishes in Better Investing Magazine

Special thanks for the NAIC volunteers who give so willingly of their time, talent and expertise in making this presentation possible. **Betty Sinnock**, **William Agster**, **Marty Eckerle**, **Sandy Barlow**, and so many more.  
Thank you.

3

### • Value Line

- Value Line is a complete, multidimensional investment management solution
- that enables both **new** and **experienced** investors to make timely, better-informed decisions.

4

## We'll examine only 6 of the 20 noted sections. Plus the new Digital version

**SAMPLE RESEARCH REPORT**

- 1 Value Line Ranka — the rank for Timeliness; the rank for Safety; the Technical rank. Beta, the stock's sensitivity to fluctuations of the market as a whole, is included in this box, but is not one of our proprietary ranks.
- 2 The Legends box contains the "cash flow" multiple, the amounts and dates of recent stock splits, and an indication of options on the stock are traded.
- 3 The Cash Flow Line — reported earnings plus depreciation ("cash flow") multiplied by a number selected to correlate the stock's 5- to 5-year projected target price, with "cash flow" projected out over the same period.
- 4 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 average.)
- 5 Recent Price — Price as of the date listed on page 2 under Index to Stocks of this issue's Summary & Index.
- 6 P/E Ratio — the recent price divided by the latest six months' earnings per share plus earnings estimated for the next six months.
- 7 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.
- 8 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 ratings.
- 9 Dividend Yield — cash dividends estimated to be declared in the next 12 months divided by the recent price.
- 10 3- to 5-year Target Price Range — the range in which a stock price is likely to trade in the 3- to 5-year projection period. Also shown in the "Projections" box on the left.
- 11 The percent of shares traded monthly — the number of shares traded each month as a % of the total outstanding.
- 12 Statistical Array — Value Line estimates and projections appearing in the area on the right side are in bold italics.
- 13 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 there is important news.
- 14 Value Line Ratings for Financial Strength, Price Stability, Price Growth Possibilities, and Earnings Predictability. (See Glossary value-line.com for definitions.)
- 15 Footnotes explain a number of things, such as the way earnings are reported, whether basic or diluted.
- 16 Quarterly Sales are shown on a gross basis. Quarterly earnings on a per-share basis (estimates in bold type). Quarterly Dividends Paid are actual payments. The total of dividends paid in four quarters may not equal the figure shown in the annual entry on dividends declared in the Historical and Statistical Arrays. Sometimes a dividend declared at the end of the year will be paid in the first quarter of the following year.
- 17 Annual Rates of Change (on a compound per-share basis). Actual for each of the past 5 and 10 years, estimated for the next three to five years.
- 18 Historical Array — Historical financial data appear in regular type.
- 19 Projected stock price in 5 to 10 years. Also, the total expected percent gain/loss before dividends and the Annual Total Return (percent including dividends).
- 20 18-Month Target Price Range — A quantitative measure that seeks to produce a stock's price over an 18-month horizon in terms of a range.

5

## Value Line Uses Normalized Data

- ◆ Earnings data "normalized" to exclude unusual gains or losses
- ◆ Designed to present an accurate picture of "real" earnings
- ◆ Large one-time charges (or gains) tend to distort the actual earning power of companies; so Value Line excludes them

6

6

BETTERINVESTING

Empowering Investors Since 1951

7

Rankings

Chart

Statistical Array

Forecasts

Analyst's Commentary

Ratings

Quarterly Data

WWW.BETTERINVESTING.ORG

7

B

9/21/2022

WWW.BETTERINVESTING.ORG

8

## Value Line research

### How to study a stock:

- Using the proprietary VL tools,
1. Timeliness *(item 1)*
2. Safety ranks *(item 1)*
3. Analyst's Commentary *(item 13)* \*
- 4 and 5. Forecasts, 18 month and 3-5 year stock price projections. *(items 20, 10 and 19)*
- V.L. suggests that these listed items are enough to evaluate a stock.
6. Others favor: Statistical Array *(item 12)*

*Many believe this is the most important section of the report. \**

8

9/21/2022 WWW.BETTERINVESTING.ORG 9

# BI'S SEPT. STOCK TO STUDY, 2022

## Align Technologies ALGN

9

BETTERINVESTING Empowering Investors Since 1951

### Let's look at the VL PDF page

1 10 19 20

<b>ALIGN TECHNOLOGY</b> NDQ-ALGN		RECENT PRICE <b>308.88</b>	PER RATIO <b>25.0</b> (Trailing: 33.2 Median: 39.0)	RELATIVE PER RATIO <b>1.51</b>	DIVID YLD <b>N/A</b>	VALUE LINE																										
TIMELINESS <b>3</b> Lowered 10/1/21	SAFETY <b>3</b> Raised 2/24/12	TECHNICAL <b>3</b> Lowered 2/25/22	BETA 1.40 (1.00 = Market)	<table border="1"> <tr><th>High</th><td>25.9</td><td>39.8</td><td>60.0</td><td>65.1</td><td>68.5</td><td>102.1</td><td>266.4</td><td>398.9</td><td>334.6</td><td>543.7</td><td>737.5</td><td>658.5</td></tr> <tr><th>Low</th><td>14.3</td><td>22.4</td><td>25.6</td><td>43.3</td><td>51.7</td><td>57.3</td><td>88.6</td><td>188.6</td><td>169.8</td><td>127.9</td><td>494.5</td><td>270.4</td></tr> </table>			High	25.9	39.8	60.0	65.1	68.5	102.1	266.4	398.9	334.6	543.7	737.5	658.5	Low	14.3	22.4	25.6	43.3	51.7	57.3	88.6	188.6	169.8	127.9	494.5	270.4
High	25.9	39.8	60.0	65.1	68.5	102.1	266.4	398.9	334.6	543.7	737.5	658.5																				
Low	14.3	22.4	25.6	43.3	51.7	57.3	88.6	188.6	169.8	127.9	494.5	270.4																				
<b>18-Month Target Price Range</b> Low-High Midpoint (% to Mid) \$340-\$760 \$550 (80%)		<b>2025-27 PROJECTIONS</b> <table border="1"> <tr><th>Price</th><td>780</td><td>520</td></tr> <tr><th>Gain</th><td>(+155%)</td><td>(+70%)</td></tr> <tr><th>Return</th><td>26%</td><td>14%</td></tr> </table>			Price	780	520	Gain	(+155%)	(+70%)	Return	26%	14%	<b>Target Price Range</b> 2025 2026 2027																		
Price	780	520																														
Gain	(+155%)	(+70%)																														
Return	26%	14%																														
<b>Institutional Decisions</b> <table border="1"> <tr><th>to Buy</th><td>444</td><td>441</td><td>465</td></tr> <tr><th>to Sell</th><td>320</td><td>349</td><td>390</td></tr> <tr><th>Hld's(%)</th><td>69400</td><td>67172</td><td>67945</td></tr> </table>		to Buy	444	441	465	to Sell	320	349	390	Hld's(%)	69400	67172	67945	<b>Percent shares traded</b> 45 30 15			<b>% TOT. RETURN 4/22</b> THIS STOCK VL ARITH. INDEX 1 yr. -52.0 -7.2 3 yr. -11.9 37.2 5 yr. 112.4 58.7															
to Buy	444	441	465																													
to Sell	320	349	390																													
Hld's(%)	69400	67172	67945																													

WWW.BETTERINVESTING.ORG 9/21/2022

10

## Timeliness Ranking system

- **How can you interpret a specific rank? Here's what the grades mean**
- **Rank 1 (Highest):** Your highest likelihood for capital gains within the next 6-12 months
- **Rank 2 (Above average):** Expect stocks ranked 2 to show better-than-average price appreciation relative to the other stocks we follow.
- **Rank 3 (Average):** These stocks are in the middle. Presume their price performance will be in line with the majority of stocks our analysts follow.
- **Rank 4 (Below average):** likely to underperform stocks ranked 1 through 3. You should probably take their anticipated below-average price performance as a red flag.
- **Rank 5 (Lowest):** Unless you're a long-term speculator, it is wise to avoid rank 5 stocks. We expect their price performance to be the poorest of all stocks in our database

## Safety Ranking system

- **How to interpret a specific rank? Here's what the grades mean**
- **Rank 1 (Highest):** Your safest, most stable, and least risky stocks relative to all the stocks in the Value Line universe
- **Rank 2 (Above average):** You can expect stocks ranked 2 to be safer and less risky than average
- **Rank 3 (Average):** These stocks are in the middle. Assume their risk level is consistent with the majority of stocks we follow.
- **Rank 4 (Below average):** If you're tolerant of risk, you might not rule out a stock with a rank 4. Expect rank 4 stocks to be riskier and less stable than higher ranked equities. Conservative investors will want to avoid these stocks.
- **Rank 5 (Lowest):** These stocks are the riskiest and least safe



# Analysts commentary #13

**BUSINESS:** Align Technology, Inc., engages in the design, manufacture, and marketing of *Invisalign* aligners, and related orthodontic scanners and services. The product has three primary components: the iTero scanner, the ClinCheck treatment protocol and the aligners. Aligners are thin, clear and removable dental appliances that are used in sets to progressively straighten teeth. Has

22,540 employees. Officers and directors own 0.7% of common stock; The Vanguard Group, 7.5%; BlackRock, 7.3%; Gordon Gund Family Trust and affiliates, 5.5% (4/22 proxy). Chairman: C. Raymond Larkin, Jr. President and CEO: Joseph Hogan, Inc. DE. Address: 2560 Orchard Parkway, San Jose, CA 95131. Telephone: 408-470-1000. Internet: www.aligntech.com.

**Align Technology reported weaker-than-expected first-quarter results.** Total revenues of \$973.2 million were well below our estimate of \$1.17 billion, while non-GAAP earnings per share of \$2.13 were far short of our call of \$3.10. Most notable among reasons cited for the shortfall was the impact COVID-19 continues to have on patient visitation to practitioners offices (both orthodontists and increasingly dentists, as well). This is particularly the case in China, where the government's no-COVID policies have produced lockdowns in many cities. In addition, the company noted increasingly weak economic conditions, supply chain constraints, and the impact of the conflict in Ukraine on parts of Europe.

**Both segments were impacted negatively, although to varying degrees.** Clear Aligner segment sales increased 7.5% year to year but were roughly flat with the previous quarter. *Invisalign* case shipments totaled 598,835, roughly flat with the previous-year level but down 5.1% quarter to quarter. (A case shipment is a set of aligners that progressively straightens an individual patient's teeth.)

Imaging Systems & CAD/CAM Services segment sales were \$163.5 million, 15.6% above the previous-year level but down 24.2% quarter to quarter. This segment includes both Align's *iTero* family of interoral scanners, as well as *exocad* and the *ClinCheck* modeling software applications. We believe the disruptions will abate as the pandemic matures. Still, we have lowered our top- and bottom-line estimates for 2022 by \$100 million and \$1.05 per share, respectively, to \$4.72 billion \$12.35 per share. We have left our 2023 estimates unchanged.

**Align continues to strengthen its software offering.** The company added the Cone Beam Computer Tomography feature to its *ClinCheck* digital treatment software platform, which enables clinicians to model the entire tooth in planning treatment, including not only the crown and bone, but the root structure as well. The company has also built out the *Align Digital Platform*, a family of applications general dentists use in orthodontic treatment.

**Ranked 3 for Timeliness, Align shares are an attractive 3- to 5-year holding.**  
www.betterinvesting.org May 13, 2022

# Statistical array, item 12

Items in **italics** are projections

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	© VALUE LINE PUB. LLC	25-27			
3.18	4.14	4.63	4.19	5.07	6.09	6.95	8.19	9.50	10.84	13.57	18.41	24.65	30.69	31.35	50.22	59.95	73.50	Sales per sh	133.95				
d.24	.72	.48	.52	.96	1.15	1.37	1.80	2.04	2.04	2.69	4.44	5.70	6.29	5.17	11.19	13.60	17.25	"Cash Flow" per sh	27.50				
d.40	.50	.31	.41	.80	.97	1.17	1.54	1.77	1.77	2.33	3.89	4.92	5.18	3.97	9.69	12.35	16.60	Earnings per sh <sup>A</sup>	24.45				
..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	Div ds Decl'd per sh	Nil				
.15	.11	.22	.10	.24	.39	.48	.24	.30	.67	.89	2.45	2.80	1.91	1.96	5.10	2.65	2.75	Cap'l Spending per sh	2.20				
1.29	2.35	3.33	3.66	4.95	6.23	7.21	7.87	9.39	10.67	12.51	14.37	15.70	17.16	41.01	46.03	58.55	73.50	Book Value per sh <sup>C</sup>	138.45				
64.86	68.64	65.63	74.57	76.39	78.78	80.61	80.58	80.21	79.50	79.55	80.04	79.78	78.43	78.86	78.71	78.75	78.25	Common Shs Outst'g <sup>D</sup>	79.50				
..	41.5	35.3	29.1	21.9	21.8	25.7	26.7	30.5	33.9	34.9	40.7	NMF	NMF	NMF	NMF	NMF	NMF	<b>Bold figures are Value Line estimates</b>	Avg Ann'l P/E Ratio	26.5			
..	2.20	2.12	1.94	1.39	1.37	1.64	1.50	1.61	1.71	1.83	2.05	NMF	NMF	NMF	NMF	NMF	NMF	Relative P/E Ratio	1.45				
..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	Avg Ann'l Div'd Yield	Nil				
<b>CAPITAL STRUCTURE as of 12/31/21</b>							560.0	680.2	761.7	845.5	1079.9	1473.4	1966.5	2406.8	2471.9	3952.6	4720	5750	Sales (\$mill)	10650			
<b>Total Debt None</b>							13.4	13.9	17.9	18.0	24.0	37.7	54.7	79.0	93.5	108.7	105	135	Depreciation (\$mill)	235			
<b>Leases, Uncapitalized Annual rentals \$27.8 mill.</b>							96.7	131.3	145.8	144.0	189.7	318.0	400.2	414.7	314.5	772.0	965	1215	Net Profit (\$mill)	1950			
<b>No Defined Benefit Pension Plan</b>							24.0%	18.0%	23.4%	22.6%	21.1%	11.9%	12.4%	21.0%	17.0%	23.7%	15.0%	15.0%	Income Tax Rate	15.0%			
<b>Pfd Stock None</b>							17.3%	19.9%	19.1%	17.0%	17.6%	21.6%	20.4%	17.2%	12.7%	19.5%	20.4%	21.1%	Net Profit Margin	18.3%			
<b>Common Stock 78,795,494 shs as of 2/21/22</b>							330.0	369.4	455.4	460.3	598.7	659.2	610.4	662.5	523.9	570.0	695	700	Working Cap'l (\$mill)	725			
<b>MARKET CAP: \$24.3 billion (Large Cap)</b>							..	..	..	..	..	..	..	..	..	..	..	..	..	..	Nil	Long-Term Debt (\$mill)	Nil
<b>CURRENT POSITION</b>							16.6%	20.7%	19.4%	17.0%	19.1%	27.6%	31.9%	30.8%	9.7%	21.3%	21.0%	21.0%	21.0%	21.0%	Return on Total Cap'l	17.5%	
							16.6%	20.7%	19.4%	17.0%	19.1%	27.6%	31.9%	30.8%	9.7%	21.3%	21.0%	21.0%	21.0%	Return on Shr. Equity	17.5%		
							16.6%	20.7%	19.4%	17.0%	19.1%	27.6%	31.9%	30.8%	9.7%	21.3%	21.0%	21.0%	21.0%	Retained to Com Eq	17.5%		
							..	..	..	..	..	..	..	..	..	..	..	..	..	All Div'd to Nat Dref	Nil		

Items used on the SSG

**BETTERINVESTING**  
Empowering Investors Since 1951

## 3-5 year stock price projections. (items 20,10 and 19)

- subjective, but unbiased, measure
- anticipated compound annual total returns
- compass to guide you

A good checkpoint for your judgements on the SSG

[WWW.BETTERINVESTING.ORG](http://WWW.BETTERINVESTING.ORG)

- ◆ Dotted line shows **Relative Price Strength**
- ◆ Compares price of the stock over time with **the Value Line Arithmetic Index**
- ◆ When Relative Strength line is **falling**, the stock is acting **worse than the market**
- ◆ When Relative Strength line is **rising**, the stock is acting **better than the market**

#4

Value Line (Dark solid line is "cash flow" line "Value Line")



B 9/21/2022 WWW.BETTERINVESTING.ORG 17

## VALUE LINE'S **DIGITAL PLATFORM**

Most BI members currently access this through a public library (around 85%)

**Camarillo Library is one that has this service!**

**on your first visit, allow at least 45 minutes.....**

17

BETTERINVESTING<sup>™</sup>  
Empowering Investors Since 1951

## A brief walk through the online VL digital platform. Go explore....

- Have access to a library with a subscription to the **Digital Platform of Value Line**
- Obtain a card
- Log on to library website
- Seek Resources
  - Value Line
    - Log on
    - Type in name of a company for study
    - Explore
  - You probably cannot save any searches, suggest printing what you find.
  - Today's stock to study is ALGN Align Technology

18 WWW.BETTERINVESTING.ORG 9/21/2022

18

BETTER INVESTING™  
 Empowering Investors Since 1951

# Value Line's Digital Platform

19

**1** Current (daily) Estimates and 18 mo. projections

Last Price	Day Change	Trailing P/E	Relative P/E Last FY	Dividend Yield	3 to 5-Year Target Price Range	18-Month Target Price Range
\$280.97	-\$1.28 (-0.45%)	33.20	--	--	\$520.00 - 780.00	Low - High: \$227 - \$491 Midpoint (% to Midpoint): \$359 (30%)

**2** Estimates and 3-5 yr projections

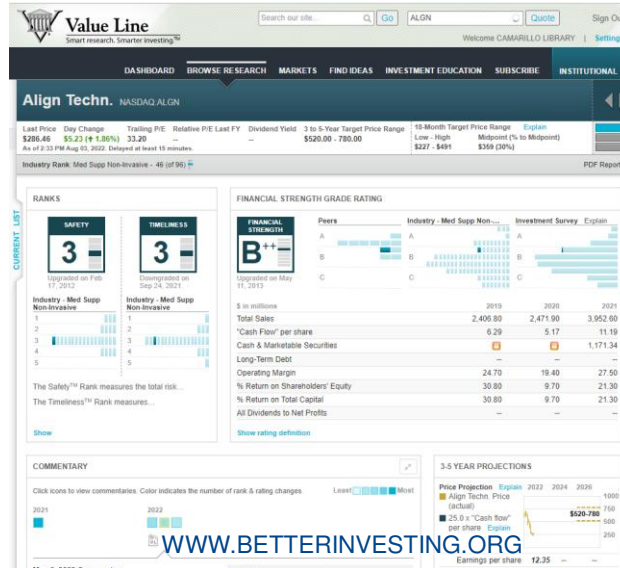
Last Price	Day Change	Bid/Ask	52 Week Low/High	Market Cap	EPS Estimated 3-5 Year	3-5 Year Projected Total Sales
\$280.97	-\$1.28 (-0.45%)	280.10 283.00	225.88 - 737.45	22.14B	24.45	10,650.00

**3** Dividends and volatility (beta & alpha)

Last Price	Day Change	Volume	Beta	Alpha	Shares Outstanding	Last Dividend	Next Ex Date	Annual Dividend
\$280.97	-\$1.28 (-0.45%)	893,09K	1.4	0.0	78.8M	--	--	--

20

# 18 modules with 4 more (right side) left side "current list" up to 5 competitors.



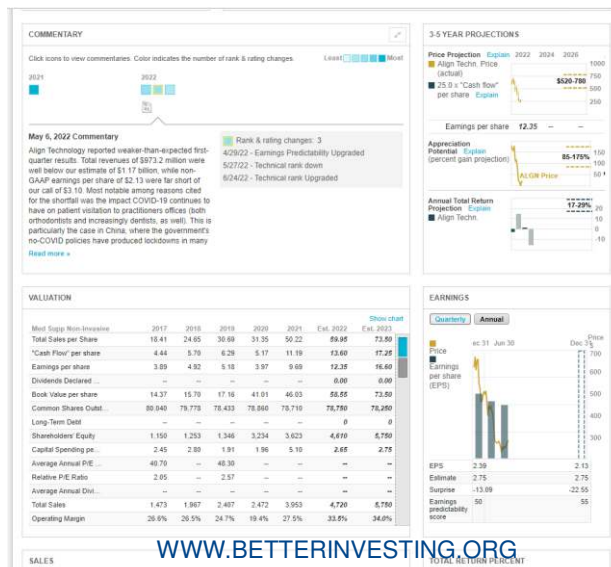
21

WWW.BETTERINVESTING.ORG

9/21/2022

21

# Look for blue print, arrows,



22

WWW.BETTERINVESTING.ORG

9/21/2022

22

**BETTERINVESTING**  
Empowering investors Since 1951

23

## Blue print, arrows?

## Right Side rail, 4 more modules

9/21/2022

23

**BETTERINVESTING**  
Empowering investors Since 1951

24

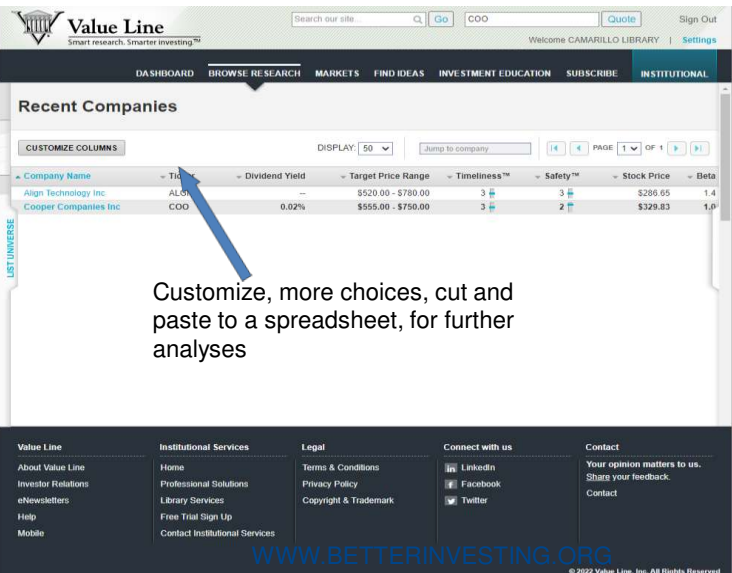
## Charting (many options)

9/21/2022

24

**BETTERINVESTING**  
Empowering Investors Since 1951

## Left side, add up to 5 competitors



Customize, more choices, cut and paste to a spreadsheet, for further analyses

25
WWW.BETTERINVESTING.ORG
9/21/2022

25

**BETTERINVESTING**  
Empowering Investors Since 1951

## Information Sources

- ◆ Annual reports
- ◆ SEC reports
- ◆ Company officials
- ◆ Analysis of competitors
- ◆ Industry/trade data
- ◆ Other sources such as newspapers and magazines

Dow Jones      **Portland & OKI Tri-State Chapters**  
Morningstar  
BetterInvesting

26
WWW.BETTERINVESTING.ORG
9/21/2022

26



# Questions or Comments?

## Portland & OKI Tri-State Chapters

- Marty Eckerle [contact@okitristate.betterinvesting.net](mailto:contact@okitristate.betterinvesting.net)
- Fairfax County Library
  - [Library Home | Library \(fairfaxcounty.gov\)](#)
  - Email: [wwwlib@fairfaxcounty.gov](mailto:wwwlib@fairfaxcounty.gov)

9/21/2022
WWW.BETTERINVESTING.ORG
28

26

### Valuable Formula for use in the Preferred Procedure

- To calculate Forecast PTP Margin
  - Net Profit Margin ÷ One -Income Tax Rate
  - $29.3 \div (1-19)$  or  $.81 = 36.2$
- To calculate exact Forecast Common Shares Outstanding
  - Net Profit \$ ÷ EPS
  - $31500 \div 12.25 = 2571.4$

VALUE LINE PUB. LLC 24-26	
Sales per sh <sup>A</sup>	42.55
"Cash Flow" per sh	15.75
Earnings per sh <sup>A B</sup>	12.25
Div'ds Decl'd per sh <sup>C</sup>	5.50
Cap'l Spending per sh	1.65
Book Value per sh <sup>D</sup>	49.50
Common Shs Outst'g <sup>E</sup>	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) <sup>A</sup>	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

## Quality is never an accident;

- it is always the result of high intention,
- sincere effort,
- intelligent direction and
- skillful execution;
- it represents the wise choice of many alternatives.
- Quality means doing it right when no one is looking.

29

[WWW.BETTERINVESTING.ORG](http://WWW.BETTERINVESTING.ORG)

9/21/2022

29



9/21/2022

[WWW.BETTERINVESTING.ORG](http://WWW.BETTERINVESTING.ORG)

30

## Make A Difference!

---

Have you benefited from **BetterInvesting**?

Introduce our unique  
investment education to others!

Share **BetterInvesting** materials  
with your family and friends!



[BetterInvesting.org/InvestBetter](http://BetterInvesting.org/InvestBetter)



30