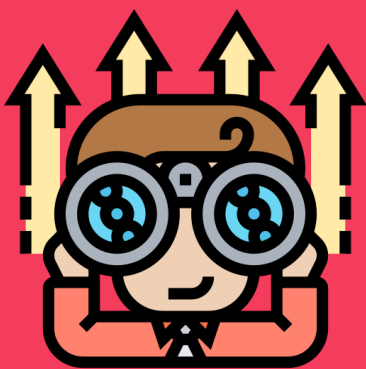


# FINANCE

## 101

### Selecting Stocks

#### PART 2: HOW TO SELECT STOCKS



### REVENUE GROWTH

If the company does not grow, it will likely lose to competitors!

### PROFIT MARGINS

Revenue growth is good only if it comes along with good margins. Investors look for the right balance between growth and margins

### CASH FLOW

Cash Flow is recorded only at the time of payment. Cash Flow is the best indicator of the performance of a business. Accounting Profit can be deceiving

### DEBT

Many companies make use of loans (debt) to accelerate growth. This can lead to higher profits which are used to payback those loans

### FUTURE POTENTIAL

Stock Prices depend a lot on future expectations. If the market/investor expect a company to do really well, it's P/E ratio tends to be very high

COMPANIES MUST HAVE THE RIGHT BALANCE BETWEEN



Revenue Growth and Profit Margin

Profit and Debt (Debt < Profit)