Earnings

Market capitalization = shares outstanding x share price

Attractive companies:
1. Dull name
2. Dull business
3. Nepatrauklus business (cleaning ir pan.)
4. Spinoff (atskirtas gabalas nuo dideles kompanijos)
5. Institutions don't own it yet, analysts don't follow it
6. Waste / mafia
7. Smth depressing about it
8. No-growth industry
9. Niche
10. People have to keep buying it
11. It's a user technology
12. Insiders are buyers (insider selling is not that important – gal tiesiog sumaste pelnus fiksuot)
13. Company is buying back it's shares

Foolish acquisitions

What makes a company valuable: earnings + assets

Price line, earnings line P/E ration. P/E = 10 = 35 dol uz akcija/3,5 dol pelno akcijai (EPS).

Number of years to earn back amount invested. KUO MAZIAU, TUO GERIAU.

Avoid excessively HIGH ONES.
Stock market as a whole has it's own P/E. Indicator if the stock market as a whole is overpriced.

Increase earnings:
1. Reduce costs
2. Raise prices
3. Expand into new markets
4. Sell more in old markets
5. Dispose of losing operation

UNEXPECTED can be very profitable.

Rich earnings and a cheap headquarters is a great combination.
CASH (assets) up, DEBT down

Percent of sales – kiek konkretus firmos produktas sudaro visu firmos pardavimu

Jei P/E mazesnis uz growth % per year – lb gerai
P/E 6 ir Growth rate 12% pvz.

Growth rate = % of increase in earnings

75% equity/25% debt`