

## User guide NAIC/WT stock selection tool

This user guide describes (1) searching and (2) selecting stocks with the site's built-in functionality and (3) how to analyze the individual stock's worksheets.

### 1. Search

*Objective: To search the fundamental key data of a specific stock with the purpose to analyze this stock by the NAIC-methodology.*

You can search a specific stock by simply submitting its name in the 'Stock' field on the *Search and select NAIC* page followed by a click on *Search*. Be aware that you must spell a stock correctly. A mistyped stock name won't lead to search results.

You can also search for more stocks that meet the same search criteria, 'Country' and 'Capitalization'. Search results are shown in the bottom framework of the *Search and Select NAIC* page. For example, searching on Dutch largecap stocks result in a page as shown below:

### Search and select NAIC

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#### Search stocks

Search for a stock by submitting in the text field below or by selecting country and/or market capitalization.

Stock:	<input type="text"/>	<input type="button" value="Search"/>
Country:	<input type="text" value="Dutch"/>	<input type="button" value="v"/>
Market capitalization:	<input type="text" value="Largecap"/>	<input type="button" value="v"/>
		<input type="button" value="Search"/>

#### Select stocks

Select stocks based on one of the following criteria:

<input type="text" value="Price increase potential current booky"/>	<input type="button" value="v"/>
	<input type="button" value="Selection"/>

#### Search results:

abn amro	asm I	ing	sbm offshore
aegon	dsm	kpn	tnt
ahold	fortis	numico	unilever
air france	getronics	philips	vedior
akzo	heineken	royal ds	vopak

[Next >>](#)

From the search results you can click to the stock's worksheet which enables you to analyze the specific stock you're interested in. See for more detail 3) Analysis.

## 2. Select

*Objective: To select stocks based on fundamental criteria such as price-earning and price-revenues ratios*

In the "Select" framework on the *Search and select NAIC* page (right on the page) you will find a number of selection criteria in a drop down list. By clicking one of these criteria followed by clicking the *Select* button you open a new page with the stocks and ratios ordered by the selected criterium, see the screen below.

Home > Selection NAIC-method

**User login**

Username: \*

Password: \*

[Create new account](#)  
[Request new password](#)

**Advices and tools**

- o Analyst opinion
- ▶ NAIC selection tool
- ▶ BIB selection tool
- ▶ More tools
  - o Equity calculator
  - o Your share is?

**Navigation**

- o Currency exchange

**Selection NAIC-method**

Stock	Potential t+1	Potential t+5	EPS Growth	SPS Growth	Price/Earning	Price/Revenues	Bookvalue/Price
groupe crit	-0.63	-1.09	11.53%	27.88%	9.00	0.29	0.31
affine	-0.42	-0.52	4.34%	-21.82%	7.33	3.68	1.75
sanofi aventis	-0.33	-1.59	23.28%	29.74%	11.33	1.60	1.01
vedior	-0.14	-0.90	19.81%	-4.57%	11.26	0.34	0.44
credit agricole	-0.07	-1.60	23.89%	22.25%	8.51	0.73	0.89
tnt	-0.05	-0.48	10.84%	0.45%	12.41	1.23	0.16
high co	-0.03	-0.58	10.56%	1.19%	12.46	0.82	0.52
groupe steria	-0.03	-0.55	14.62%	18.71%	10.92	0.53	0.49
randstad	0.00	-0.45	13.77%	4.68%	10.89	0.54	0.18
mr bricolage	0.01	-0.61	14.79%	27.00%	11.68	0.52	0.68
cap gemini	0.03	-0.28	0.13%	-1.90%	15.27	0.81	0.59
fornix	0.03	0.12	13.29%	13.84%	10.32	1.31	0.32
royal ds	0.05	0.14	7.63%	-0.81%	10.20	0.81	0.41
ing	0.06	-0.29	10.72%	0.14%	8.02	0.95	0.54
schneider	0.09	-0.65	11.22%	0.11%	13.32	1.56	0.41
euler hermes	0.11	-0.73	15.33%	4.64%	10.32	3.15	0.44
gfi informatique	0.12	-0.16	0.71%	0.12%	13.77	0.53	0.56
total	0.12	-0.90	18.01%	7.23%	10.62	1.03	0.30
bnp paribas	0.14	-0.67	13.35%	1.87%	8.66	1.23	0.72
fortis	0.16	-0.47	20.10%	18.78%	7.00	0.28	0.78
aegon	0.21	-0.19	8.45%	6.88%	9.46	0.43	0.90
sopra	0.22	-0.24	10.86%	10.14%	13.28	0.77	0.31
lafarge	0.22	-0.48	7.72%	-3.70%	11.70	1.13	0.62
linedata	0.24	-1.15	27.33%	17.97%	15.00	1.13	0.59
logicacmg	0.24	-0.72	12.57%	-6.32%	12.50	0.67	0.41
assystem	0.25	-0.97	22.63%	57.41%	12.35	0.15	1.34
imerys	0.26	-0.64	9.73%	8.25%	12.73	0.75	0.66
m6 metropole	0.27	-0.35	10.07%	2.28%	16.41	5.54	0.11

The page shows all stocks in descending order. For example, by choosing "price increase potential current book year" stocks are ordered by this criterium. The stock with the highest price increase potential appears on top of the list. Possible selection criteria are:

- Price increase potential current book year.
- Price increase potential 5-year period.
- Average EPS Growth.
- Average SPS Growth.
- Average P/E ratio.
- Average P/S ratio.
- Book value / Price.

See for an explanation of the selection criteria 3) Analysis..

In the table header of the selection page you see the selection criteria. By clicking on a criterium, stocks will be selected by that criterium.

By clicking on a stock name you will enter the relevant stock page with detailed information and ratios about that stock that enables you to carry out your analysis. See 3) Analysis.

### 3. Analysis

*Objective: To thoroughly analyse an individual stock based on fundamental figures of the concerning company and following the NAIC methodology*

For each stock we constructed an excel worksheet with – in a fixed format – the fundamental figures and ratios of the company. You enter the stock pages by using the search or the selection page. The data in the worksheets are updated every two months.

The worksheets are protected excel sheets. When you use Internet Explorer as internet browser the sheet is displayed as a frame. When you use Mozilla Firefox the sheet will be opened in a different page.

A stock page looks like the page below:

The screenshot shows an Excel spreadsheet for 'Eriks Groep'. The spreadsheet is organized into several sections, each highlighted with an orange callout box:

- 1. Stock name:** Cell A1 contains 'Eriks Groep'.
- 2. Valuation ratios: price increase potential:** Cells G1 to N1 contain ratios: 2,85, 2,05, 1,56, 1,29, 0,97, 0,68, 0,41, 0,17.
- 3. Historical data:** Cells B2 to F2 contain years 2001 to 2005.
- 4. Expected prices: earnings estimates:** Cells G2 to J2 contain years 2006 to 2009.
- 5. Expected prices: earnings extrapolation:** Cells K2 to N2 contain years 2010 to 2013.
- 6. Precalculated basic ratios:** Cells L10 to M11 contain ratios: 1,00 and 0,28.
- 7. Fill in different price or basic ratios:** Cells B14 to F15 contain calculated values and a 'Fill in yourself' row.
- 8. Remaining ratios:** Cells G14 to J15 contain 'Price', 'EPS Growth', 'SPS Growth', 'High', and 'Low' values.

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Owner's equity / share	21,90	23,25	24,80	27,49	16,21								
Highest price	17,40	17,25	14,43	21,66	33,60	36,02	42,91	48,57	52,38	57,79	63,75	70,33	77,58
Lowest price	12,63	9,92	10,50	14,20	21,25	24,59	29,29	33,16	35,75	39,44	43,51	48,00	52,96
Earning / share (EPS)	2,53	1,50	1,62	2,05	2,81	3,50	4,17	4,72	5,09	5,62	6,19	6,83	7,54
Revenue / share (SPS)	96,64	100,00	103,22	110,55	57,00								
Average price / Revenue	0,16	0,14	0,12	0,16	0,48								
Current price / Revenue	1,00												
Bookvalue / Price	0,28												
Price	57,20												
EPS Growth	10,3%												
SPS Growth	-2,3%												
High	10,29												
Low	7,02												

Explanation on the illustration:

- 1. Stock name**  
This cell contains the stock's name.
- 2. Valuation ratios: price increase potential.**  
These cells contain the ratios per year which indicate that the stock is under or overvalued and therefore its price is expected to increase or decrease. A ratio is given for each year to come, for example for 2007 the ratio is 2.05.  
Well how should I interpret these figures? Each valuation ratio reflects the current stock price's position in relation to the expected price range for that year. For the year 2007 this expected koersrange is between € 29.29 (lowest expected price) and € 42.91 (highest expected price). A valuation ratio 0 means that the current price equals the lowest expected price for that year - in this case € 29.29. A negative valuation ratio means that the current price lies beneath the expected pricerange for 2008. Conversely, a valuation ratio 1 means that the current price equals the highest expected price for 2008 - in this case € 42.91 - whereas a valuation ratio above 1 means that the current price lies above the expected pricerange. In our example the latter is the case: the current price is € 57.20 and this is much more than the highest expected price. This results in a high valuation ratio (2.05). It will be clear that the higher the valuation ratio, the more overvalued the stock is considered to be. Be aware however that other factors should be taken into account, as is explained below.

3. *Historical data.*  
Historical fundamental key data of the last 5 years are reflected in this (white) square at the left side of each worksheet. For an explanation of the key data, please see our [glossary](#).
4. *Expected prices based on analyst's earnings estimates.*  
In the (dark grey) square at the middle of each worksheet the analyst's earnings estimates are reflected. Derived from these estimates are the expected high and low prices of each year.
5. *Expected prices based on earnings extrapolation.*  
In the (light gray) square at the right side of each worksheet the earnings are calculated by means of extrapolation. This means that the EPS of a preceding year is multiplied by the average EPS Growth. This is the case when we lack analyst's estimates. Price forecasts are again derived from estimated EPS data.
6. *Precalculated basic ratios.*  
Basic ratios that are used to calculate the valuation ratios at the top of each worksheet, are calculated with available data. These basic ratios are EPS Growth, SPS Growth and P/E ratios.  
  
Obviously, the current stock price isn't calculated. This price is the price at the moment the model was last updated (first weekend of each month).
7. *Fill in different price or basic ratios.*  
You can fill in basic ratios or the current price by hand in the yellow fields at the bottom of each worksheet. The model is constructed in a way that - when these fields are filled in - the expected price range and valuation ratios are calculated by these data.  
Since the current price is only updated monthly, you probably want to fill in this field by hand so you can value the stock against its current price. But also for the basic ratio manual adjustment can be wise. For example, if you don't find the historical P/E ratio or EPS Growth representative for future developments.
8. *Remaining ratios.*  
Two extra ratios are incorporated in each worksheet. These are [Price/Sales ratio](#) and [Bookvalue/Price ratio](#). These ratios serve as extra support in valuating the stock price.