

How to benefit from news-related price momentum











StockReport views were 600% above average on news days in January

Most viewed in the community (10am, 18 March)

Financial results

Trading update

	Name	Price Chg (1d)	StockRank™
1 st	 Zotefoams	↑ 3.0%	66
2 nd	 Yu	↑ 0.7%	95
3 rd	 H & T	↑ 5.8%	96
4 th	 Computacenter	↑ 12.1%	69
5 th	 Fonix	↓ -1.0%	67
6 th	 Bytes Technology	↑ 16.0%	60
7 th	 Beeks Financial Cloud	↑ 0.9%	41
8 th	 Boku	↑ 5.0%	27

- **Background**
 - Introduction to rules and checklists
 - How to lean on your investment strategy
- **Introduction to the news portal**
- **Case Studies:** Use the news to check your investment case
- **Case Studies:** Using the opportunities presented by news events

Featuring:



Featuring:



filtronic



Introduction to Stockopedia's 'rules'

- Built based on financial literature and our own research
- Split into two sections
 - Essential stock characteristics: Allow you to check the backbone of the investment case
 - Additional rules: Can be used to add detail to an investment case and an understanding of a stock

Introducing the 'essential' checklists

Essential Quality Characteristics

- ☐ Sales and **profits** are growing
- ☐ Strong operational gearing (high and/or growing **operating margin**)
- ☐ Generating material cash from operations (**operating cash conversion**)
- ☐ High quality profitability (**ROCE**)
- ☐ Strong balance sheet (**low net gearing**)

Essential Momentum Characteristics

- ☐ **Price** is trending upwards
- ☐ **Earnings** are growing ahead of expectations
- ☐ Brokers are **upgrading expectations**

Essential Value Characteristics

- ☐ Shares are trading on a reasonable forecast earnings multiple (**P/E**)
- ☐ Company is trading at a discount to book value (**P/BV**)
- ☐ Dividend provides decent **yield**

Essential Income Characteristics

- ☐ Dividend provides a decent **yield**
- ☐ **Sales** and **profits** are growing
- ☐ Strong operational gearing (high and/or growing **operating margin**)
- ☐ **Price** trending upwards
- ☐ Positive **dividend streak**

Red Flag Rules

- ☐ Doesn't take too long to collect cash from customers (receivables)
- ☐ Doesn't owe too much to its suppliers (payables)
- ☐ Enough cash to pay shareholders and debtors
- ☐ Limited shareholder dilution

Returns Rules

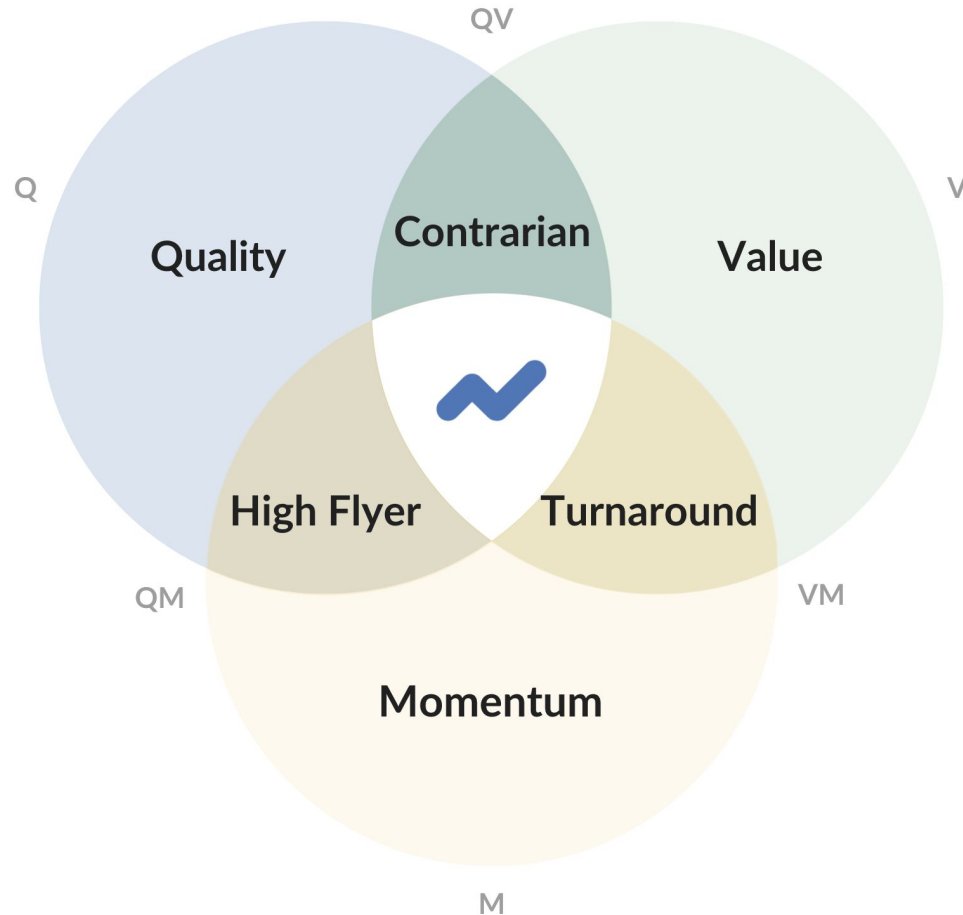
- ☐ Buying back shares
- ☐ No change to dividend payout

Growth Rules

- ☐ Sensible capital expenditure
- ☐ Share price surge after RNS
- ☐ Profit warning free

Smart Money Rules

- ☐ Directors are buying shares
- ☐ Analysts have made a bold change to recommendation



1. Look at the investment strategy (shown by the StockRank)
2. This shows us which essential list to use to assess the investment case
3. We can then assess additional rules to provide extra information on the investment case

Introduction to the news portal

**Validate your investment case on
news day**

Greggs - A high flyer halted by a reversal in momentum

From late 2022 to late 2024 Gregg's had the characteristics of a 'high flyer'



Core Checklist

- ☒ Sales and **profits** are growing
- ☒ Strong **operating margin**
- ☒ Generating material cash from operations
- ☒ Strong balance sheet
- ☒ High quality profitability (**ROCE**)
- ☒ **Earnings** are growing ahead of expectations
- ☒ Brokers are **upgrading expectations**
- ☒ Price is trending upwards

Additional Useful Ideas

- ☒ Limited shareholder dilution
- ☒ Sensible capital expenditure
- ☒ Directors buying shares
- ☐ Analysts making bold changes to recommendation
- ☐ Share price surge after RNS
- ☒ Profit-warning free

Greggs - Flying high until late 2024



March '23 (Final Results):

- ❖ 3% EPS growth
- ❖ 10% op margin
- ❖ 163% op cash conv

October '23 (Interim Results):

- ❖ 14% lfl sales growth
- ❖ EPS 'in line'

January '24 (TU):

- ❖ 14% lfl sales growth
- ❖ EPS 'in line'

March '24 (Final Results):

- ❖ 20% EPS growth
- ❖ 11% op margin
- ❖ 22% ROCE

Greggs - Flying high until late 2024

Jul 30, 2024	Results	Greggs PLC - Interim Results	↑ 5.0%
May 14, 2024	Trading & Operational Updates	Greggs PLC - Trading Update	↓ -1.5%
Apr 23, 2024	Trading & Operational Updates	Greggs PLC - Notice of Trading Update	↑ 0.6%
Apr 11, 2024	Results	Greggs PLC - Annual Financial Report	↔ 0.0%
Mar 5, 2024	Results	Greggs PLC - Preliminary Results	↑ 2.1%
Jan 10, 2024	Trading & Operational Updates	Greggs PLC - Q4 Trading Update	↑ 5.2%
Oct 3, 2023	Trading & Operational Updates	Greggs PLC - Q3 Trading Update	↓ -4.1%

Greggs - Flying high until late 2024



October '24 (Trading Update):

“Acknowledging ongoing economic uncertainty”

Greggs - Flying high until late 2024

January '25 (Trading Update):


- ❖ Lfl sales +2.5%
- ❖ Comment on impact of staff cost inflation

For the second time in as many updates, Greggs' management has managed to avoid using the dreaded term 'below expectations' thanks to previous vagueness on what those expectations might be.

March '25 (Final Results):

- ❖ Lfl sales +1.7%
- ❖ Outlook weakening

Perhaps I should downgrade our stance on this from Megan's AMBER/GREEN. It's a tough call as we haven't had a clear profit warning today - management expectations for 2025 are unchanged, officially.

Time ▾	Type	Announcement	 Price chg on day
Mar 4, 2025	Results	Greggs PLC - Preliminary Results	↓ -8.5%
Jan 9, 2025	Trading & Operational Updates	Greggs PLC - Q4 Trading Update	↓ -15.8%
Oct 1, 2024	Trading & Operational Updates	Greggs PLC - Q3 Trading Update	↓ -5.8%

Core Checklist

- ✓ Sales and **profits** are growing
- ✓ Strong **operating margin**
- ✓ Generating material cash from operations
- ✓ Strong balance sheet
- ✓ High quality profitability (**ROCE**)
- ✗ **Earnings** are growing ahead of expectations
- ✗ Brokers are **upgrading expectations**
- ✗ **Price** is trending upwards

Additional Useful Ideas

- ✓ Limited shareholder dilution
- ✓ Sensible capital expenditure
- ✗ Directors buying shares
- ✗ Analysts making bold changes to recommendation
- ✗ Share price surge after RNS
- ✗ Profit-warning free

Computacenter - Events signal a change in momentum

In 2024 Computacenter was a high quality company suffering with negative momentum



In 2024 Computacenter was a a high quality company suffering with negative momentum

Quality

- ☐ Sales and **profits** are growing
- ☐ Strong operational gearing (high and/or growing **operating margin**)
- ☒ Generating material cash from operations (**operating cash conversion**)
- ☒ High quality profitability (**ROCE**)
- ☒ Strong balance sheet (**low net gearing**)

Momentum

- ☐ Price is trending upwards
- ☐ **Earnings** are growing ahead of expectations
- ☐ Brokers are **upgrading expectations**

Value

- ☒ Shares are trading on a reasonable forecast earnings multiple (**P/E**)
- ☐ Company is trading at a discount to book value (**P/BV**)
- ☐ Dividend provides decent **yield**

Computacenter - Events signal a change in momentum



January '25 (Trading Update)

Core Checklist

- ☒ Sales and **profits** are growing
- ☐ Strong **operating margin**
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- ☒ High quality profitability (**ROCE**)
- ☒ Shares are trading on a reasonable forecast earnings multiple (**P/E**)
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- ☒ Dividend provides decent **yield**

Additional Useful Ideas

- ☒ Limited shareholder dilution
- ☒ Sensible capital expenditure
- ☒ Enough cash to pay shareholders and debtors
- ☒ Company buying back shares
- ☒ Share price surge after RNS
- ☒ Profit-warning free

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3. We can then assess additional rules to provide extra information on the investment case

Opportunities on news day

Filtronic - RNS triggers continued momentum



Filtronic - RNS triggers continued momentum



Core Checklist

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- ☒ Generating material cash from operations
- ☒ Strong balance sheet
- ☒ High quality profitability (**ROCE**)
- ☒ **Earnings** are growing ahead of expectations
- ☒ Brokers are **upgrading expectations**
- ☒ **Price** is trending upwards

Additional Useful Ideas

- ☒ Limited shareholder dilution
- ☐ Sensible capital expenditure
- ☐ Directors buying shares
- ☒ Analysts making bold changes to recommendation
- ☒ Share price surge after RNS
- ☒ Profit-warning free

Appendix - Checklists

Essential Quality Characteristics

- ☐ Sales and **profits** are growing
- ☐ Strong operational gearing (high and/or growing **operating margin**)
- ☐ Generating material cash from operations (**operating cash conversion**)
- ☐ High quality profitability (**ROCE**)
- ☐ Strong balance sheet (**low net gearing**)

Additional Useful Ideas

- ☐ Doesn't take too long to collect cash from customers (receivables)
- ☐ Doesn't owe too much to its suppliers (payables)
- ☐ Investing cash sensibly for future growth (capex)
- ☐ Enough cash to pay debtors and shareholders
- ☐ Limited shareholder dilution
- ☐ Buying back shares

Essential Value Characteristics

- ☐ Shares are trading on a reasonable forecast earnings multiple (**P/E**)
- ☐ Company is trading at a discount to book value (**P/BV**)
- ☐ Dividend provides decent **yield**

Additional Useful Ideas

- ☐ Enough cash to pay debtors and shareholders
- ☐ Limited shareholder dilution
- ☐ Analyst has made a bold change to recommendation
- ☐ No recent negative change to dividend payout
- ☐ Buying back shares
- ☐ Warned on profits in the last six months

Essential Momentum Characteristics

- ☐ **Price** is trending upwards
- ☐ **Earnings** are growing ahead of expectations
- ☐ Brokers are **upgrading expectations**

Additional Useful Ideas

- ☐ Analyst has made a bold change to recommendation
- ☐ Directors are buying shares
- ☐ Share price has had a big one-day move off the back of an RNS
- ☐ Company has warned on profits in the last six months

Essential Income Characteristics

- ☐ Dividend provides a decent **yield**
- ☐ **Sales** and **profits** are growing
- ☐ Strong operational gearing (high and/or growing **operating margin**)
- ☐ **Price** trending upwards
- ☐ Positive **dividend streak**

Additional Useful Ideas

- ☐ Enough cash to pay debtors and shareholders
- ☐ Limited shareholder dilution
- ☐ No recent negative change to dividend payout
- ☐ Buying back shares
- ☐ Warned on profits in the last six months
- ☐ Share price has had a big one-day move off the back of an RNS

Essential High Flyer Checklist

- ☐ **Sales** and **profits** are growing
- ☐ Strong **operating margin**
- ☐ Generating material cash from operations
- ☐ Strong balance sheet
- ☐ High quality profitability (**ROCE**)
- ☐ **Earnings** are growing ahead of expectations
- ☐ Brokers are **upgrading expectations**
- ☐ **Price** is trending upwards

Additional Useful Ideas

- ☐ Limited shareholder dilution
- ☐ Sensible capital expenditure
- ☐ Directors buying shares
- ☐ Analysts making bold changes to recommendation
- ☐ Share price surge after RNS
- ☐ Profit-warning free

Essential Turnaround Characteristics

- ☐ **Price** is trending upwards
- ☐ **Earnings** are growing ahead of expectations
- ☐ Brokers are **upgrading expectations**
- ☐ Shares are trading on a reasonable forecast earnings multiple (**P/E**)
- ☐ Company is trading at a discount to book value (**P/BV**)
- ☐ Dividend provides decent **yield**

Additional Useful Ideas

- ☐ Enough cash to pay debtors and shareholders
- ☐ Limited shareholder dilution
- ☐ Share price has had a big one-day move off the back of an RNS
- ☐ Profit warning free

Essential Contrarian Checklist

- ☐ Sales and **profits** are growing
- ☐ Strong **operating margin**
- ☐ Generating material cash from operations
- ☐ Strong balance sheet
- ☐ High quality profitability (**ROCE**)
- ☐ Shares are trading on a reasonable forecast earnings multiple (**P/E**)
- ☐ Company is trading at a discount to book value (**P/BV**)
- ☐ Dividend provides decent **yield**

Additional Useful Ideas

- ☐ Limited shareholder dilution
- ☐ Sensible capital expenditure
- ☐ Enough cash to pay shareholders and debtors
- ☐ Company buying back shares
- ☐ Share price surge after RNS
- ☐ Profit-warning free

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