DSR PREMIUM NEWSLETTER

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This is your site and your exclusive newsletter. Please, feel free to share any ideas, opinions, comments, or suggestions with us via email at dividendustries@gmail.com.

JUNE 21st, 2024

Dear DSR member,

It is with great pleasure that we present our weekly premium newsletter which is an important component of your subscription to Dividend Stocks Rock.

You may benefit from viewing our video explaining the differences between the Buy List, our ratings, and our portfolio models. You can retrieve this information in the Videos section of the website.

Referral

Feel free to share our ideas with your friends or associates who may benefit from this information. **We would personally consider any referrals you make on our behalf to be the ultimate compliment for our efforts.**

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I LOVE DEBT… AND YOU SHOULD TOO (UP TO A POINT)

If you have been reading my newsletter for a while, you already know that I have a very high-risk tolerance. I don't mind taking risks, and I really enjoy the adrenaline rush from taking those risks! I tend to see leverage as a beautiful way to create wealth. Most successful businesses will use leverage to their advantage to some degree or another.

Utilities, pipelines, and telecoms are perfect examples of how leverage can be used to the shareholders' advantage. Since they all operate with capital-intensive business models, waiting to finance their projects from cash flow would take years and competition may erode their market position in the interim. Therefore, their strategy is to use the banks' comparatively cheap money to build long-term assets that will generate cash flow for decades. If they can manage their debt effectively and invest in value-creating projects, leveraged businesses may generate more cash flow than they need and be able to increase their dividend accordingly.

Having a high-risk tolerance doesn't equate to being a gambler. While we can use debt to boost our assets, not all debt is good and not all leverage operations end with a positive outcome. By ignoring debt ratios because they are boring or "too complicated", you could end-up owning companies with too much debt on their books. If the interest paid becomes a burden, bad outcomes may follow such as layoffs, budget cuts, margin squeezes, and eventually dividend cuts.

Your portfolio shouldn't suffer from bad management. If you know your debt ratios and you combine them with the dividend triangle analysis, you will likely avoid bad news and pick thriving companies that know how to use the bank's money to promote good outcomes.

This newsletter will cover the most popular debt ratios giving you their definitions, formulas, and the context of analysis. After all, a number won't tell you much if you can't add some perspective and understanding to that number.

CREDIT RATINGS AND HOW TO READ THEM

First, a thank you note to one of our PRO members, Rick, for his suggestion to add a section on credit rating agencies to this newsletter. There are three major credit rating agencies: S&P Global, Moody's, and Fitch Ratings. As Fitch explains, agencies *"publish credit ratings that are forward-looking opinions on the relative ability of an entity or obligation to meet financial commitments. Credit ratings are indications of the likelihood of repayment in accordance with the terms of the issuance".*

Please note that not all companies have credit ratings available. When you have a rating, you may want to focus on investment grade companies. Investment grade refers to the quality of a company's credit. To be considered an investment grade issue, the company must be rated at 'BBB' or higher by Standard and Poor's or Moody's.

Let's look at the different ratings from each agency and their meanings:

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FITCH	MOODY'S	S&P	DESCRIPTION	EXAMPLES
AAA	Aaa	AAA	Highest credit quality, best of class, minimum risk	Microsoft, Johnson & Johnson
AA+, AA, AA-	Aa1, Aa2, Aa3	AA+, AA, AA-	Very high credit quality, top of class, low risk of default	Procter & Gamble, Royal Bank, Apple
A+, A, A-	A1, A2, A3	A+, A, A-	High credit quality	Coca-Cola, Bank of America, Magna Intl,
BBB+, BBB, BBB-	Baa1, Baa2, Baa3	BBB+, BBB, BBB-	Good credit quality, should be okay moving forward	Enbridge, McDonald's, British American Tobacco
BB+, BB, BB-	Ba1, Ba2, Ba3	BB+, BB, BB-	Speculative elements, the issuer is facing uncertainties or adverse conditions, if there is a road bump, be careful	Algonquin, Atlantica Yield, Goeasy
B+, B, B-	B1, B2, B3	B+, B, B-	High credit risk, but the corporation has made its payments so far, you start to play with fire	
CCC	Caa1, Caa2, Caa3	CCC	The corporation is vulnerable, there is a risk of default, do you really need this stock in your portfolio?	
CC	CA	CC	Highly vulnerable, would not lend them $2 unless it's backed by solid gold	
C, RD, D	C	R, SD, D	Can't be any worse, it has already started to be in default.	

The various ratings will give you an indication of the overall assessment of a corporation's balance sheet and ability to repay its debts. The higher the score, the cheaper the interest rate on new loans and the more likelihood of getting "approved" or to successfully close on the desired financing. A variation in credit rating would have an impact on the stock price as it is a clear signal to the market of where the company's financial situation is heading.

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Rating change – should you panic?

Credit rating agencies are providing one important piece of information for your analysis (when it's available). As much as ratings are interesting, I always prefer to understand the context around the rating. It's the same thing with our DSR PRO and Dividend safety score. The number provided is clear and simple, but you must read and get a context. If you don't understand a rating (or maybe you disagree with it), you then have your own analysis that may bring a lot more value (and confidence) when it's time to actually buy or sell a stock.

Trusting someone's perception is not enough (even for credit rating agencies, or even for DSR).

However, it's a good starting point! In June of 2024 Moody's downgraded Allied Properties (AP.UN.TO) debt to junk status. The term "*Junk Bond*" is alarming and it's telling you that Allied is not necessarily doing well. However, by understanding the context, you may be in a better position to determine if it's the kind of risk you want to manage in your portfolio.

Here's what Moody's senior credit officer Ranjini Venkatesa had to say about AP.UN:

"Although the REIT's properties have largely outperformed the broader markets over last few years, the difficult leasing environment has weakened its portfolio occupancy and reduced rent growth,"

Now, if you have followed our analysis of Allied at DSR, you already know that we monitor closely the occupancy rate and the trend doesn't look good. It's then up to you to decide if you think the REIT can turn things around.

What's the impact of a credit rating change?

A downgrade is never good news. It's a statement that things aren't doing well. An Upgrade is positive, but in both cases, it will not change the world. In the end, the credit rating will influence the rate offered on the next bond offering (the lower the rating, the higher the interest rate offered to attract investors).

Therefore, when Allied was downgraded, it meant the REIT would pay a higher interest rate on its future debt. It will be more difficult for them to raise money. Then, it's up to management to act by cleaning up the balance sheet, and showing a stronger occupancy rate so as to win some love back. As you can see, there is nothing new here and this is what we have been monitoring on our stock card already.

The rating change is a red flag and another factor to consider when you analyze a stock. However, you should never buy or sell based on a rating (even ours!). It's crucial to add context to a number or a rating.

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DEBT RATIOS AND FINANCIAL LINGO

Debt ratios and financial lingo are not my passion and I'll bet they are not yours either. For this reason, I'll try to make this newsletter as entertaining as possible by going directly to the point and keep explanations simple. Let me know by email if you need any further clarifications. I'm always just one email away from an answer!

Liquidity ratios

There are two main categories of financial ratios covered in this newsletter. Let's start with liquidity ratios. Liquidity ratios measure if a company can afford to keep doing business. It determines the company's ability to pay current debt obligations without raising external capital (e.g., issuing shares or getting into additional debt). It's pretty much the same as you looking at your bank account balance before going to the restaurant. You know if you can afford the rack of lamb with a nice cabernet sauvignon or if you must settle for an avocado salad with a glass of sparkling water. Mind you, I would prefer the avocado salad as an appetizer before the rack of lamb.

We'll look at three liquidity ratios: the Current ratio, quick ratio, and cash ratio. The current ratio is the most lenient as it includes all current assets. The quick ratio will consider accounts receivable (which should make sense as the money is coming in) but will discard inventory value as we know we could be somewhat generous with the inventory book value when things are going wrong. Finally, the cash ratio is a bit "harsh" as it considers only cash and cash equivalents. If you are running through a challenging period, you won't only consider what's inside your wallet. You'll think of some resources you can use, some asset you can sell or someone you can call (remember that old wager we made?) to raise some cash. The same is applicable for a business.

Current Ratio

The current ratio is commonly used to determine the financial strength of a company's balance sheet. Do you have enough assets to get through the quarter? By looking at a company's current assets relative to its current liabilities, you can quickly identify if there is a short-term problem related to the business model. I used the current ratio often during the 2020 market crash. I wanted to make sure companies in my portfolio had enough assets to get through the lockdown and face the upcoming recession.

$$\frac{\text{Current Assets}}{\text{Current Liabilities}}$$

We obviously want to see more assets than liabilities here. If the ratio is under 1, it tells you the company may run into financial challenges sooner than later. On the other hand, you don't want to have too many current assets either. If the ratio is significantly over 1, this may be a sign that the company has too much cash on its hands and is not creating appropriate value by effective management of its assets.

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Quick Ratio

The quick ratio is also called "the acid test". It's a great ratio to use during challenging times as it tells you if the company has enough cash or cash equivalents on hand to pay their bills "at the end of the month". It's like looking at your bank account and emergency funds to know if you have enough money to pay your mortgage, car payment, taxes, and utility bills. The difference between the current ratio and the quick ratio is that we take inventories out of the equation (just in case inventory is there to make the balance sheet look good).

$$\frac{\text{(Current Assets – Inventory)}}{\text{Current Liabilities}}$$

A good quick ratio is one above 1. This tells you the company has enough liquidity to get through its short-term obligations. In an ideal world, you would like to have something above 1.5. A ratio under 1 would mean that the company must be very quick to sell its inventory (which is not always a bad thing). If not, it means the company will have to dig into its line of credit if sales don't come in as fast as expected.

Cash Ratio

The cash ratio is straight-forward but limiting at the same time. It will tell you if the company has enough cash on hand to cover short term liabilities. However, we focus a bit too much on cash here and we leave little room for any other type of assets to help cope with a bad situation.

$$\frac{\text{Cash and Short-Term Equivalents}}{\text{Current Liabilities}}$$

A ratio under 1 will show potential short-term liquidity issues. If this happens, you must look at other ratios and understand where the money will come from in the coming months. If you can't find more cash flow, this means the company will hit a wall and may have to rely on debt to keep operating.

Leverage or Solvency Ratios

The Leverage ratio is also called the Solvency ratio. I often receive emails from members asking me what is a good debt ratio? When you look at the leverage ratio, you will not find a clear answer. As I mentioned in my introduction, leverage could end up being good or bad. For example, I borrowed money to create DSR. Today, we would all probably agree that was a great decision. However, if I had failed as an entrepreneur, I would be left with an empty website and a heavy debt to repay.

Leverage ratios must be put into context, and they will tell you a story of how the company has structured its long-term debt. Is it a good choice or a bad choice? It depends on each situation and industry. What I find useful when I look at these ratios is to understand in which context a company will have financial problems.

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Debt Ratio or Debt to Assets Ratio

Let's start with an easy one. By taking long term debt and dividing it by total assets, you get a pretty good idea of the company's balance sheet strength. Here, we want to know if the company has gone into too much debt compared to the assets it has created.

Long Term Debt + Current Portion of Long-Term Debt
Total Assets

A debt to assets ratio over 1 would tell you the company has a lot of debt and little assets to show for that debt. A debt to assets ratio under 1 is obviously preferable. If you have a zero-debt ratio, the company has no debt!

Debt to Equity Ratio

I like the debt-to-equity ratio as it will tell you a story. The story of a company using leverage or not to finance its projects. Some companies prefer to use equities (e.g., lower debt to equity ratio) and some others will prefer to use the leverage offered by using debt.

Total Liabilities
Total shareholder's equity

There is no perfect ratio here. You must first compare to the industry and put the ratio in context. A high debt to equity ratio usually means that a company has been aggressive in financing growth with debt, and this often results in volatile earnings. Technically, a lower ratio means lower risk as debt holders have fewer claims on the company's assets.

Financial Debt to EBITDA

This ratio is a representation of financial debt size compared to earnings before interest, taxes, depreciation, and amortization (EBITDA). Financial debt represents the number of obligations the firm owes that are non-operational in nature. It shows the relation between the company's debt and its profit.

Financial Debt
EBITDA

In this case, it's normal to have a ratio above 1. After all, you don't expect a business to pay back its debt with its profit in a single year. However, you do expect it to use its profit to reimburse the bank at some point. The higher the ratio, the higher the potential for a solvency issue in the future.

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WHAT'S GOOD? WHAT'S BAD?

If there is a type of financial data that can't be isolated, it is debt ratios. Sometimes a low debt ratio will tell you management underutilizes its resources while a high debt ratio could mean the company is going all-in on a very promising project such as an acquisition. I like to compare debt ratios across a few companies in the same industry and add context to explain them. I believe it's more important to understand how a company is structured than to simply look at the numbers.

However, keep in mind that when a company shows high debt levels, it will be difficult to maintain a dividend growth policy. If you can't find growth across the dividend triangle, chances are debt will become a burden. As a dividend growth investor, my focus remains on finding companies with robust balance sheets who can increase their payouts year after year. I will finish this newsletter with a few great companies that have low debt levels and good dividend growth perspectives.

I've used the DSR credit score (provided by Refinitiv) in the stock screener. I only selected companies with a score above 90. **Again, keep in mind a score is just the beginning of your research, not the trigger to buy**.

I've added the investment thesis, but please click on the company's name to read the full stock card on DSR. You will recognize a few names here.

U.S. LOW DEBT DIVIDEND GROWERS

Lemaitre Vascular (LMAT)

Yield: 0.80% **Market Cap: $2B** **Total long-term debt: $0M**

In looking more closely at LeMaitre Vascular, the first thing that comes to mind is growth. The company exhibits strong revenue growth as it acquired 24 businesses over the past 26 years. LMAT also counts on a solid salesforce (over 131 representatives) and engineering department to sell and develop new products. The company currently offers over a dozen products being used in surgeries on veins and arteries outside of the heart. This kind of product generates repetitive purchases in a sticky business model. Most hospitals and surgeons don't tend to switch medical suppliers often. LMAT continues to exhibit steady revenue growth (mixed from organic and acquisitions), but margins are under pressure due to currency headwinds and higher labor costs. Considering their high gross margin (over 60%), this is not a significant source of concern at this time. We also like LMAT's growth by acquisition strategy as it maintains a stellar balance sheet with zero long term debt most of the time.

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Accenture (ACN)

Yield: 1.80% Market Cap: $192B Total long-term debt: $71M

Accenture is the leader in its market, as three-quarters of the Fortune 500 firms work with them. Such relationships with its clients make it hard for any of them to switch to a competitor. ACN is a real cash cow generating continuous free cash flow which ensures a sustainable dividend growth policy. ACN's business should thrive along with the industry in general fueled by AI. We see ACN as a clear frontrunner in the race to establish leadership in AI, and think its balance sheet will allow it to continue to invest internally and externally. We think the company remains a long-term share gainer, with a differentiated growth engine (digital, security, and cloud) squarely situated in the middle of current (and future) customer priorities. ACN should be able to hold up in a complicated economic environment due to its diversified customer base.

Gentex (GNTX)

Yield: 1.40% Market Cap: $7.76B Total long-term debt: $0

Gentex is the industry leader and its products are on their way to becoming industry standards. GNTX also possesses a stellar balance sheet with virtually no debt and many patents. It can weather any economic storm and could be an interesting candidate for a merger. GNTX also benefits from normally being the first to offer its top-of-the-line products, leading to higher margins for early adoption. We appreciate the company's effort to diversify its business model and not remain a one-hit-wonder. The company is expanding its product offerings to include toll modules, airplane windows, and, in the long-term, healthcare applications such as lighting for operating rooms and iris identification & smoking detection for the interior of autonomous vehicle fleets. GNTX is likely to outperform its auto supplier peers due to their industry-leading margins, share repurchases, and strong balance sheet. GNTX is a lower beta stock within its industry. **Unfortunately, Gentex has failed to increase its dividend since 2020.**

Costco (COST)

Yield: 0.55% Market Cap: $376B Total long-term debt: $5.8B

COST has a unique business model where members are convinced that they have obtained the best prices on their baskets of goods. It is a convenient one-stop-shop and is also one of the few retailers to claim that all is going well without the statement stretching the truth. COST has proven to be a resilient retailer as its intense value perception and treasure-hunt approach spur customer traffic, spending, and membership renewal rates, and has positioned the company for strong long-term growth. COST reported 90%+ membership renewals in the US and 90% worldwide. With such a loyal customer base, an investor can expect COST to overcome economic difficulties without too much strife. We can see that the dividend triangle is reaching a plateau for revenue growth and EPS. There is no concern as it's only a reflection of the economy slowing down.

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Fastenal (FAST)

Yield: 2.40% Market Cap: $35.5B Total long-term debt: $200M

In recent years, FAST has focused on being directly located in its customers' manufacturing facilities. Vending machines combined with onsite stores protect some of FAST's business against e-commerce since no competitor can act more quickly than a vendor that is on-site. Both segments have exhibited double-digit sales growth for many quarters. The company believes the market could support 1.7M vending machines and 15,000 on-site locations. Customers are also willing to pay a little more to avoid delays in replacing parts. Fastenal's robust growth should be supported by on-site stores for several years as it plans to open more stores in the coming years. FAST has seen some strong demand for its products, but customers might become more cautious in the short term. Results continue to be supported by strong underlying demand for construction and manufacturing equipment/supplies.

Fastenal is optimistic about 2024, and are expecting improvements from leadership changes, market share gains, and leveraging its diversified end market exposure. Despite subdued business activity levels at the end of 2023, the company is optimistic about the coming year, and is anticipating easier comparisons and favorable customer outlooks. Fastenal is focusing on investments to support growth, such as increasing travel and personnel expenses to support its customer acquisition strategies. This is expected to yield improved results despite short-term SG&A pressure. Additionally, the customer expo, which is significantly expanded this year, is expected to contribute to market share gains.

We changed our rating on this stock to a "buy" in May of 2024. Fastenal is "finally" showing signs of price weakness as the dividend triangle is slowing down. It's probably a bit premature to jump on FAST, but it could likely open the door to a great buying opportunity in the not-too-distant future.

Paychex (PAYX)

Yield: 3.20% Market Cap: $44B Total long-term debt: $800M

When it comes to major payroll businesses, Paychex and ADP (the largest) are the two giants in this industry. In addition to payroll services, PAYX also offers human resource (HR) and employee benefits administration. PAYX can also rely on its Professional Employer Organization (PEO) services as a steady source of income. Its strategy involves acquiring smaller competitors, gaining scale, and driving prices lower while maintaining acceptable margins. With multiple government programs such as the Affordable Care Act, Paychex can help its customers manage various HR and payroll regulations. Paychex has delivered stable performance despite a turbulent environment, but unfortunately, we see limited upside in the short-term due to a tight labor market and slow new business formations. Finally, lower switching activity across SMBs has propelled client retention rates to record levels (85%+), but we will watch for any moves lower from elevated levels, especially if clients explore more digital-savvy HCM solutions.

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CANADIAN LOW DEBT DIVIDEND GROWERS

Dollarama (DOL.TO)

Yield: 0.25% **Market Cap: $33B** **Total long-term debt: $4B**

You will not pay your utility bills with an investment in Dollarama's yield as management doesn't share the wealth with its shareholders yet. This is mainly because it sees so many growth opportunities. Through the acquisition of 51% of Dollarcity, DOL has demonstrated international growth potential in Latin America. At the same time, DOL continues to enjoy a stable Canadian economy. DOL has built a strong brand, and its business model (aimed at low-value items) is an excellent defensive play against the e-commerce threat over the retail business. As consumers' budgets are tight, DOL appears to provide an amazing alternative for many goods. Dollarama has been able to increase same store sales along with opening new stores consistently. The introduction of many products under its "home brand" increases the company's margins. DOL introduced a new price point of $5 for many items, which lends additional flexibility and pricing power.

Labrador Iron Ore (LIF.TO)

Yield: 10% **Market Cap: $2B** **Total long-term debt: $0**

LIF is essentially a passive cash flow generator. The company derives its revenue from three sources: a 7% royalty on the production from the Iron Ore Company of Canada mine, a $0.10 per tonne commission for every tonne sold, and a 15.1% ownership interest in the IOC. The mine enjoys a high-quality source of products with sufficient inventory to support future expansion. The high quality of the iron ore and ability to produce higher margin pellets positions IOC strategically. Unfortunately, LIF depends on demand and commodity prices. We have seen how volatile commodity prices (and LIF's dividend) can be between 2020 and 2023. The stock price will soar each time the price of iron ore goes up. Trade carefully with this potential dividend trap. While the stock may interest income-seeking investors, remember the dividend fluctuates from one quarter to the next.

Toromont Industries (TIH.TO)

Yield: 1.60% **Market Cap: $10B** **Total long-term debt: $675M**

TIH has over 50 years of history and has built a solid sales network with roughly 140 locations across Canada and the US. Combining this large distribution network with a well-known brand (Caterpillar) secures success that will no doubt last for decades. In addition to counting on the mining (20%) and construction (38%) sectors to grow organically, the company also buys smaller dealerships, such as Hewitt (acquired in 2017). Considering the massive infrastructure spending needs in Canada over the coming years, Toromont is surely a player that could do well going forward. On top of this, the mining industry continues to bolster TIH's order book given that commodity prices remain strong. It's a shame that TIH exhibits such a low yield. Now that the economy has recovered and the government wants to invest in more infrastructure, TIH possesses a stronger dividend triangle.

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Franco Nevada (FNV.TO / FNV)

Yield: 1.20% **Market Cap: $31B** **Total long-term debt: $0**

Franco-Nevada doesn't waste its time operating mines, but rather manages a portfolio of royalty streams. The company owns 64,000 square kilometers of geologically prospective land but will let gold miners spend their own time and money on exploration. Once the miners find worthwhile materials, the royalty payments start. We like this cash-flow-focused business model. As FNV is a play on gold and precious metals, it enjoys stronger cash flows when gold prices surge. The company exhibits unparalleled portfolio diversification offering shareholders some peace of mind in volatile markets. Finally, FNV has virtually no long-term debt. This is an interesting play if an investor is in for the long term.

However, please note that the company is currently experiencing conflicts with the Government of Panama around Cobre Panama. The Panamanian election on May 5th was highlighted as a critical event for the company. Franco-Nevada expressed hope that the election might lead to a new dialogue with the incoming government, which might facilitate resolving the issues at Cobre Panama. However, it was noted that the new government would not officially take office until July.

Thomson Reuters (TRI.TO)

Yield: 1.25% **Market Cap: $105B** **Total long-term debt: $3B**

We like TRI's subscription-based model (>80% of revenue) as it exhibits a stable and consistent source of cash flow. Through its WestLaw business unit, TRI offers an important service to lawyers. This is a sticky business as law firms don't have the time to jump from one provider to another. With WestLaw and Checkpoint (tax & accounting software), Reuters offers top-of-the-line software to two stable industries. It could also use its large customer base to offer cross-selling opportunities. The company generates steady organic growth throughout all segments. With a pivot towards cloud-based software, it should be able to lower acquisition costs while maintaining its existing customer base. The complexity of its fields of business provides a strong barrier to entry against competitors. TRI is well-diversified geographically and enjoys a strong brand name.

The company is heavily investing in innovation, particularly in generative AI, to capitalize on the rising complexity of regulatory compliance and the demand for AI-driven solutions. Notable progress was made with products like Westlaw Precision and CoCounsel, and the integration of Pagero to enhance corporate tax and audit capabilities.

Management increased the dividend by 10% in early 2024 and expects to buy back over $1B worth of shares this year. The full-year 2024 outlook anticipates organic revenue growth of approximately 6%.

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Constellation Software (CSU.TO)

Yield: 0.15% **Market Cap: $80B** **Total long-term debt: $5B**

Constellation Software doesn't qualify as a dividend grower, but that's pretty much it's only flaw. The company shows strong revenue, EPS, and operating cash flow growth. On top of that, it operates a growth-by-acquisition business model with little debt (long-term debt of only $5B vs. a market cap close to $80B). In fact, CSU exhibits all the factors leading to dividend growth, but uses its cash flow to buy more companies and generate incremental value for shareholders. Their performance deserves an exception to the dividend triangle. Constellation Software operates a unique business model. It's not uncommon to find a tech stock focused on growth by acquisition and Broadcom (AVGO) in the U.S. is a great example. What makes CSU unique is its targets for acquisitions. Most of their acquisitions are small software companies generating between $5M and $10M in revenue. By making small acquisitions, they fly under the radar of most venture capital firms. CSU adds new companies that are dominating niche markets across the world. It has a unique expertise and reputation for closing deals and improving profitability while keeping the management of its acquired companies in place. Today, CSU has hundreds of companies under its 6 business segments. It continues to increase its revenues, EPS, and cash from operations year after year.

FINAL THOUGHT

Unfortunately, if you look at companies with exceptionally low debt levels, you will not find many high yielders. In fact, most of the highlighted stocks in this list are growth companies with low yields. If you are looking for higher yielding stocks, you can use the stock filter and the debt-to-equity ratio or the financial debt to EBIDTA ratio. The lower the ratio, the smaller the debt level and that lower-level ratio is generally good.

I hope this newsletter has given you some tools you may need to understand this technical aspect of investing.

Cheers,

Mike.

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