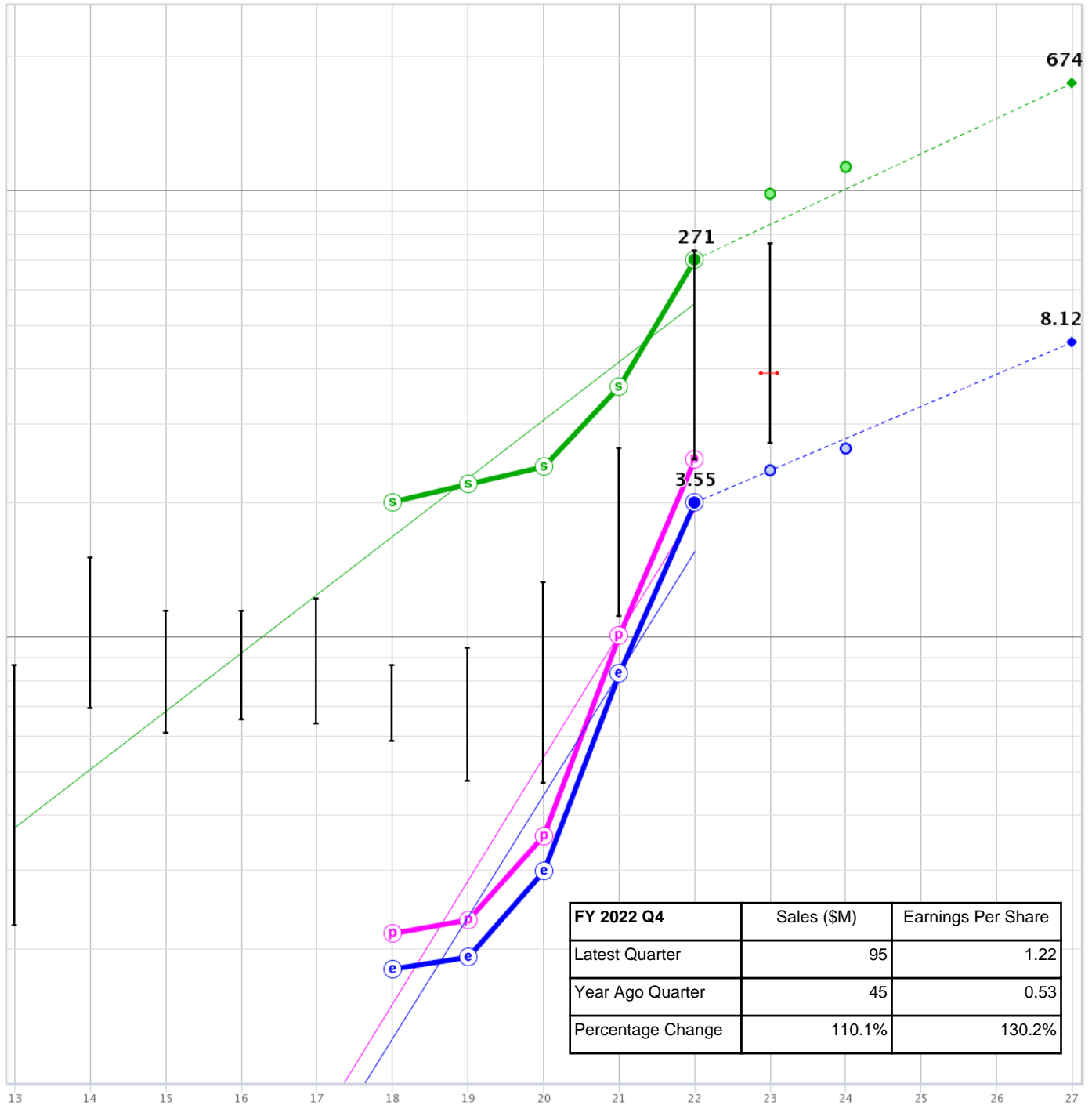


Stock Selection Guide

Company <u>Clearfield</u>		Date <u>01/27/23</u>	
Prepared by <u>HENRIKSON</u>		Data taken from <u>BI Stock Data</u>	
Where traded <u>NAS</u>		Industry <u>Communication Equipment</u>	
Capitalization --- Outstanding Amounts		Reference	
Preferred (\$M)	0.0	% Insiders	% Institution
Common (M Shares)	13.9	21.9	49.5
Debt (\$M)	36.9	% to Tot Cap	20.0
		% Pot Dil	0.9

Symbol: CLFD

1 VISUAL ANALYSIS of Sales, Earnings, and Price



- | | | | |
|-----------------------------------|-------|--|-------|
| (1) Historical Sales Growth | 35.0% | (3) Historical Earnings Per Share Growth | 87.3% |
| (2) Estimated Future Sales Growth | 20.0% | (4) Estimated Future Earnings Per Share Growth | 18.0% |

2 EVALUATING Management

Clearfield

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Last 5 Year Avg.
% Pre-tax Profit on Sales	14.1%	14.8%	11.9%	14.5%	7.6%	7.1%	7.0%	9.8%	18.3%	23.6%	13.2%
% Earned on Equity	12.4%	12.0%	9.3%	14.1%	6.0%	6.5%	6.4%	9.1%	20.9%	35.9%	15.8%
% Debt To Capital	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.3%	2.4%	20.0%	5.1%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

CLOSING PRICE 69.16 (01/27/23)

52-WEEK HIGH 134.90

52-WEEK LOW 48.07

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2018	15.3	10.4	0.32	47.8	32.3	0.00	0.0	0.0
2019	16.8	8.4	0.34	49.3	24.7	0.00	0.0	0.0
2020	23.5	8.3	0.53	44.3	15.7	0.00	0.0	0.0
2021	46.9	19.8	1.47	31.9	13.4	0.00	0.0	0.0
2022	130.0	44.2	3.55	36.6	12.4	0.00	0.0	0.0
AVERAGE		18.2		42.0	19.7		0.0	
CURRENT/TTM			3.55	38.0	13.5	0.00	0.0	
AVERAGE PRICE EARNINGS RATIO: 30.9					CURRENT PRICE EARNINGS RATIO: 19.5			

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 30.0 X Estimate High Earnings/Share 8.12 = Forecasted High Price \$ 243.6

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 16.0 X Estimate Low Earnings/Share 3.55 = Forecasted Low Price \$ 56.8

(b) Avg. Low Price of Last 5 Years 18.2

(c) Recent Market Low Price 19.8

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{0.00}{0.00\%} = 0.0$

Selected Forecasted Low Price \$ 56.8

C ZONING using 25%-50%-25%

Forecasted High Price 243.6 Minus Forecasted Low Price 56.8 = 186.8 Range. 25% of Range 46.7

Buy Zone 56.8 to 103.5

Hold Zone 103.5 to 196.9

Sell Zone 196.9 to 243.6

Present Market Price of 69.16 is in the **BUY** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price}} = \frac{243.6 - 69.16}{69.16} = 2.51$
 $\frac{\text{Present Price} - \text{Low Price}}{\text{Present Price} - \text{Low Price}} = \frac{69.16 - 56.8}{69.16 - 56.8} = 1.8$
 Ratio = $\frac{2.51}{1.8} = 1.4$ To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{243.6 - 69.16}{69.16} = 2.51$
 $2.51 \times 100 = 251\%$ - 100 = 151% Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{0.00}{69.16} = 0.0000 = 0.0\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{0.0\%}{30.00} = 0.0\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{0.0\%}{23.00} = 0.0\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 28.6 %
 Average Yield 0.0 %
 Annualized Rate of Return 28.6 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

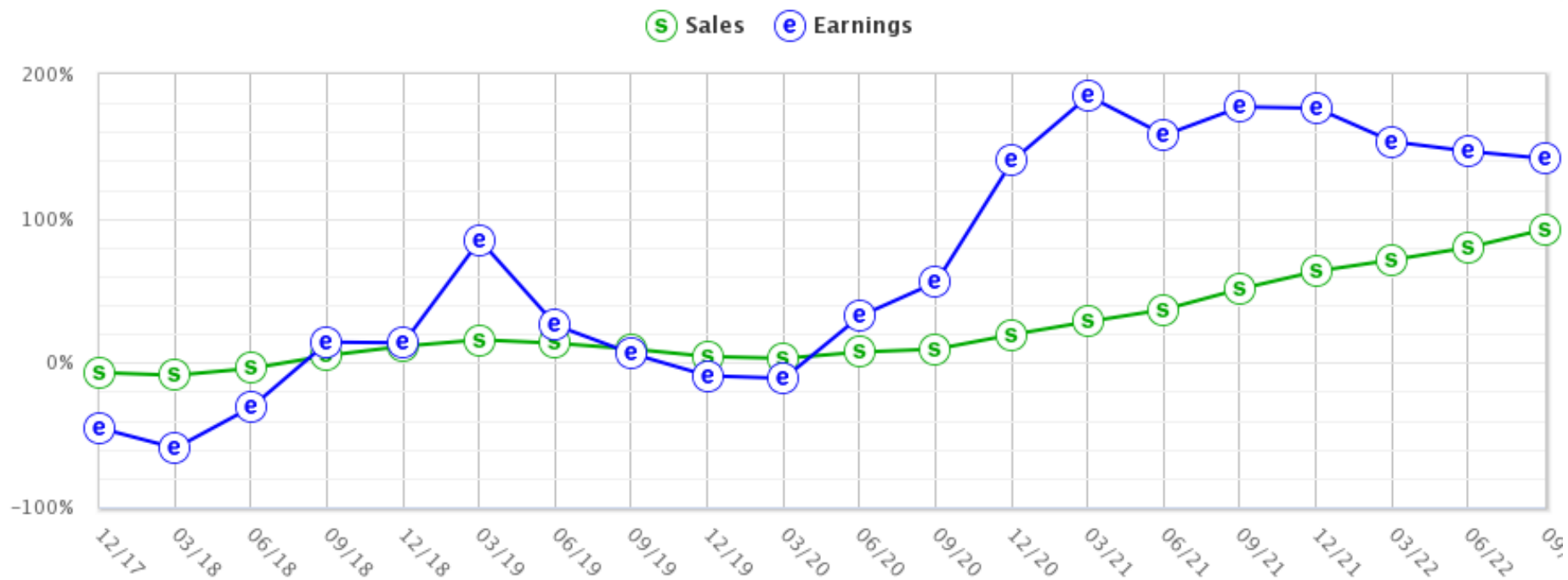
Annualized Appreciation 22.0 %
 Average Yield 0.0 %
 Annualized Rate of Return 22.0 %

Notes:

Date	Subject	Description	Type
01/30/23	Judgements for Clearfield Jan 2023	Baskar Arumagen presented Clearfield at the January 10 MicNova meeting. Additionally, Ken Kavula presented this stock on the January 2023 Manifest Round Table meeting. This study is reproducing Ken Kavula's judgements from the Roundtable presentation. It is a placeholder until we can get Baskar's files.	Study

Quarterly Growth Trend Data

Graph: Trailing 4 Quarters, Last 5 Years of Data



Quarterly Data									Last 12 Months Data								
Period	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit		Sales	Income Tax		%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change			\$	\$ Mil		%Sales	\$ Mil	%Rate	EPS	Pre-Tax Profit
09/22	1.22	130.2	22.0	23.1	131.7	95.0	110.1	22.7	3.55	63.8	23.6	270.9	14.5	22.6	141.5	148.1	92.4
06/22	0.92	109.1	16.6	23.3	112.6	71.3	83.9	23.4	2.86	51.3	23.2	221.1	11.5	22.4	146.6	155.7	80.0
03/22	0.66	144.4	12.1	22.5	163.4	53.5	80.2	23.4	2.38	42.5	22.6	188.6	9.4	22.1	153.2	165.6	71.3
12/21	0.75	226.1	13.2	25.8	242.3	51.1	88.6	21.1	1.99	35.1	21.3	164.8	7.5	21.3	176.4	183.2	63.5
09/21	0.53	140.9	9.5	21.0	147.4	45.2	65.6	21.7	1.47	25.7	18.3	140.8	5.3	20.5	177.4	181.1	51.2
06/21	0.44	100.0	7.8	20.2	108.2	38.7	49.2	22.1	1.16	20.1	16.3	122.8	4.1	20.2	157.8	160.1	36.9
03/21	0.27	440.0	4.6	15.4	387.8	29.7	45.5	20.4	0.94	16.0	14.5	110.1	3.2	19.8	184.8	180.2	28.5

Quarterly Growth Trend Data

Graph: Trailing 4 Quarters, Last 5 Years of Data

Quarterly Data										Last 12 Months Data							
Period	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit		Sales	Income Tax		%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change			\$	\$ Mil		%Sales	\$ Mil	%Rate	EPS	Pre-Tax Profit
12/20	0.23	475.0	3.8	14.2	516.4	27.1	39.8	17.8	0.72	12.4	12.3	100.8	2.4	19.7	140.0	136.0	19.5
09/20	0.22	57.1	3.8	14.0	59.9	27.3	14.0	20.5	0.53	9.2	9.8	93.1	1.8	20.2	55.9	54.5	9.5
06/20	0.22	120.0	3.8	14.5	114.2	26.0	18.6	20.3	0.45	7.7	8.6	89.7	1.6	20.4	32.4	24.5	7.4
03/20	0.05	150.0	0.9	4.6	100.9	20.4	6.9	20.3	0.33	5.7	6.7	85.6	1.2	21.8	-10.8	-18.0	3.0
12/19	0.04	-50.0	0.6	3.2	-52.2	19.4	-3.5	19.7	0.30	5.2	6.2	84.3	1.2	22.0	-9.1	-13.9	4.3
09/19	0.14	0.0	2.4	10.0	-10.2	24.0	6.7	21.3	0.34	5.9	7.0	85.0	1.3	22.8	6.3	7.2	9.5
06/19	0.10	-23.1	1.8	8.0	-30.4	21.9	1.9	25.9	0.34	6.2	7.4	83.5	1.5	24.8	25.9	39.0	13.5
03/19	0.02	200.0	0.5	2.4	214.9	19.1	13.4	21.2	0.37	7.0	8.4	83.1	1.8	26.0	85.0	108.9	15.9
12/18	0.08	14.3	1.3	6.5	76.4	20.1	19.1	22.7	0.33	6.1	7.5	80.9	1.6	26.9	13.8	19.9	11.5
09/18	0.14	55.6	2.7	11.9	66.5	22.5	22.0	29.6	0.32	5.5	7.1	77.7	0.8	14.4	14.3	-1.0	5.0
06/18	0.13	116.7	2.5	11.7	80.6	21.5	9.5	30.4	0.27	4.5	6.1	73.6	0.5	12.3	-30.8	-37.8	-3.9
03/18	-0.02	-128.6	-0.4	-2.4	-130.3	16.8	-4.7	24.9	0.20	3.3	4.6	71.7	0.5	15.3	-59.2	-64.1	-8.7
12/17	0.07	16.7	0.7	4.4	-40.5	16.9	-7.7	-27.4	0.29	5.1	7.0	72.5	0.9	17.2	-45.3	-49.8	-6.8
09/17	0.09	-55.0	1.6	8.7	-49.7	18.4	-12.5	21.5	0.28	5.6	7.6	73.9	1.8	31.4	-50.9	-48.7	-1.8
06/17	0.06	-62.5	1.4	7.1	-60.1	19.6	-9.2	42.5	0.39	7.2	9.4	76.6	2.0	28.3	-17.0	-26.5	9.4
03/17	0.07	-36.4	1.3	7.6	-38.6	17.7	4.2	32.3	0.49	9.3	11.8	78.6	2.4	26.4	8.9	0.6	18.0
12/16	0.06	-40.0	1.2	6.8	-38.2	18.3	16.4	29.5	0.53	10.1	13.0	77.9	2.7	26.8	47.2	34.4	25.5
09/16	0.20	100.0	3.2	15.2	55.6	21.1	33.5	8.8	0.57	10.9	14.5	75.3	3.0	27.3	67.6	52.1	24.8
06/16	0.16	14.3	3.5	16.2	17.7	21.6	18.7	34.9	0.47	9.7	13.9	70.0	3.3	33.3	46.9	43.3	18.9
03/16	0.11	450.0	2.2	12.9	346.6	16.9	37.0	34.1	0.45	9.2	13.8	66.6	3.1	33.2	73.1	61.4	21.0
12/15	0.10	25.0	2.0	12.8	22.6	15.7	12.2	31.3	0.36	7.5	12.1	62.0	2.6	34.9	9.1	5.1	11.0
09/15	0.10	25.0	2.1	13.0	20.8	15.8	10.1	33.1	0.34	7.2	11.9	60.3	2.6	35.8	-15.0	-16.9	3.9
06/15	0.14	75.0	3.0	16.4	58.0	18.2	26.7	34.4	0.32	6.8	11.6	58.9	2.5	37.1	-37.3	-36.7	-6.2
03/15	0.02	-77.8	0.5	4.0	-74.8	12.4	-6.4	40.9	0.26	5.7	10.4	55.0	2.2	37.9	-50.0	-46.5	-11.1
12/14	0.08	-46.7	1.6	11.7	-46.9	14.0	-13.4	34.9	0.33	7.2	12.8	55.9	2.6	36.9	-29.8	-26.3	-5.7
09/14	0.08	-57.9	1.7	11.9	-55.7	14.3	-24.8	38.2	0.40	8.6	14.8	58.0	3.2	37.1	11.1	14.3	8.8
06/14	0.08	-11.1	1.9	13.1	3.6	14.4	6.1	37.6	0.51	10.8	17.1	62.8	3.9	36.3			
03/14	0.09	125.0	1.9	14.7	99.6	13.2	25.7	36.8	0.52	10.7	17.3	61.9	3.9	36.1			
12/13	0.15	275.0	3.1	19.2	239.4	16.1	57.3	35.9	0.47	9.7	16.4	59.2	3.7	37.9			
09/13	0.19		3.8	20.1		19.0		34.9									
06/13	0.09		1.8	13.4		13.5		36.9									

Quarterly Growth Trend Data

Graph: Trailing 4 Quarters, Last 5 Years of Data

Quarterly Data									Last 12 Months Data								
Period	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit		Sales	Income Tax		%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change		\$	\$ Mil	%Sales		\$ Mil	%Rate	EPS	Pre-Tax Profit	Sales
03/13	0.04		1.0	9.2		10.5		43.9									
12/12	0.04		0.9	8.9		10.3		40.2									