

# NEW STOCK PRESENTATION—Cavco-- CVCO

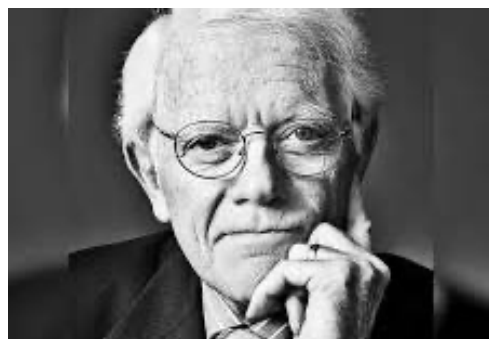
## Cavco Portfolio of Brands

Providing system-built housing solutions across a strong portfolio of brands



# Cavco Industries, Inc. CVCO

- **3<sup>rd</sup> Largest producers** of manufactured homes in the US under a number of brand names. Designs and produces factory-built housing products primarily distributed through a network of independent and company-owned retailers.
- Park model RVs, vacation cabins, and systems-built commercial structures, as well as modular homes .
- **Finance subsidiary**, Country Place Mortgage, approved Fannie Mae and Freddie Mac seller/servicer and a Ginnie Mae mortgage backed securities insurer.
- **Insurance arm**: Standard Casualty Insurance
- Approximately 7,250 employees. Headquartered in Phoenix, AZ
- **#30 FORBES** America's Best Mid-Sized Companies List for 2023, 2<sup>nd</sup> year in a row.
- Distribution points in 43 US states, in Canada, and in Mexico



American investor and philanthropist Peter Lynch is known for managing the Magellan Fund for 13 years, for his "buy what you know" investment phrase, and for creating the price-to-earnings-growth (PEG) ratio, which tells how expensive a stock is compared to its growth potential. Under his management, the Magellan Fund returned approximately 29% per year and outperformed some of the most well-known indexes.







Experience Park Model Living



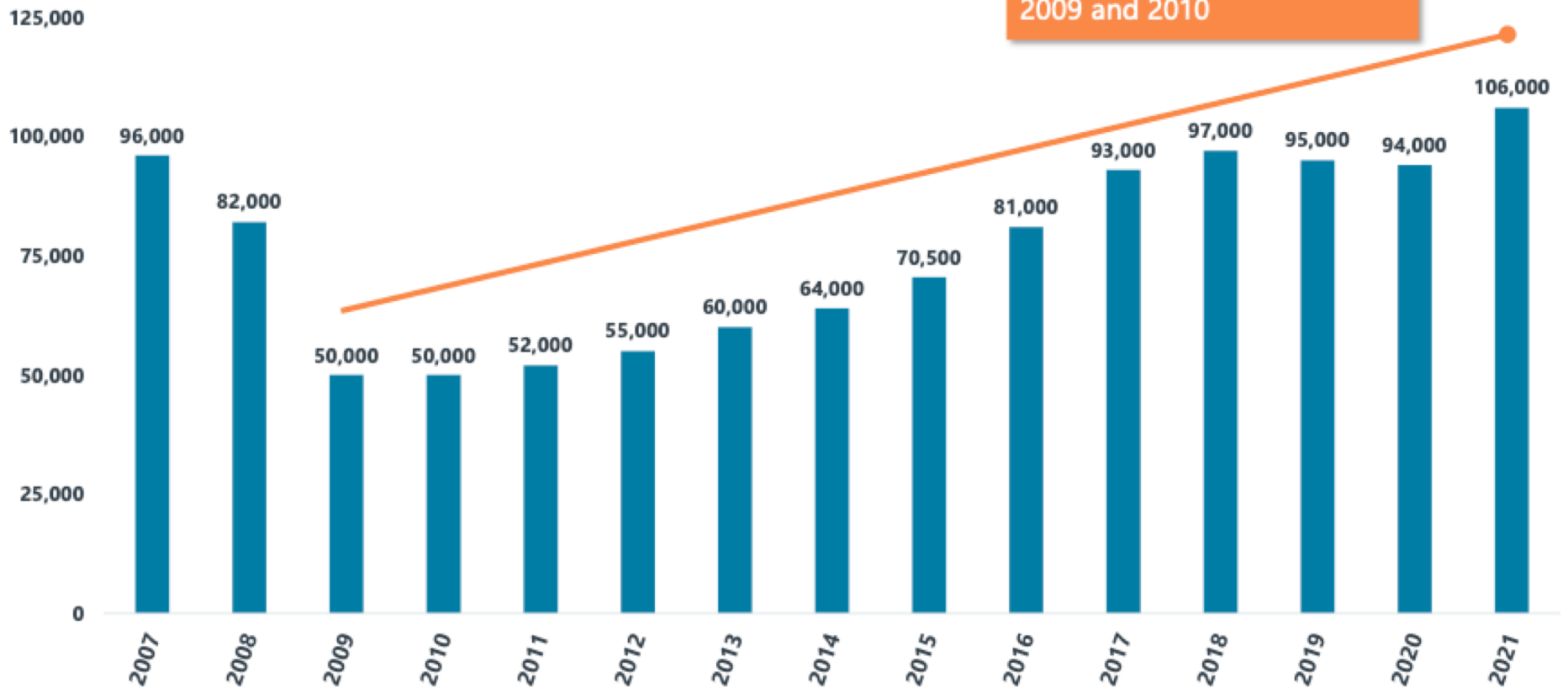
Learn More



# Manufactured Housing Industry Annual Shipments

Consistent growth from Great Recession lows

Shipments grew **112%** since 2009 and 2010



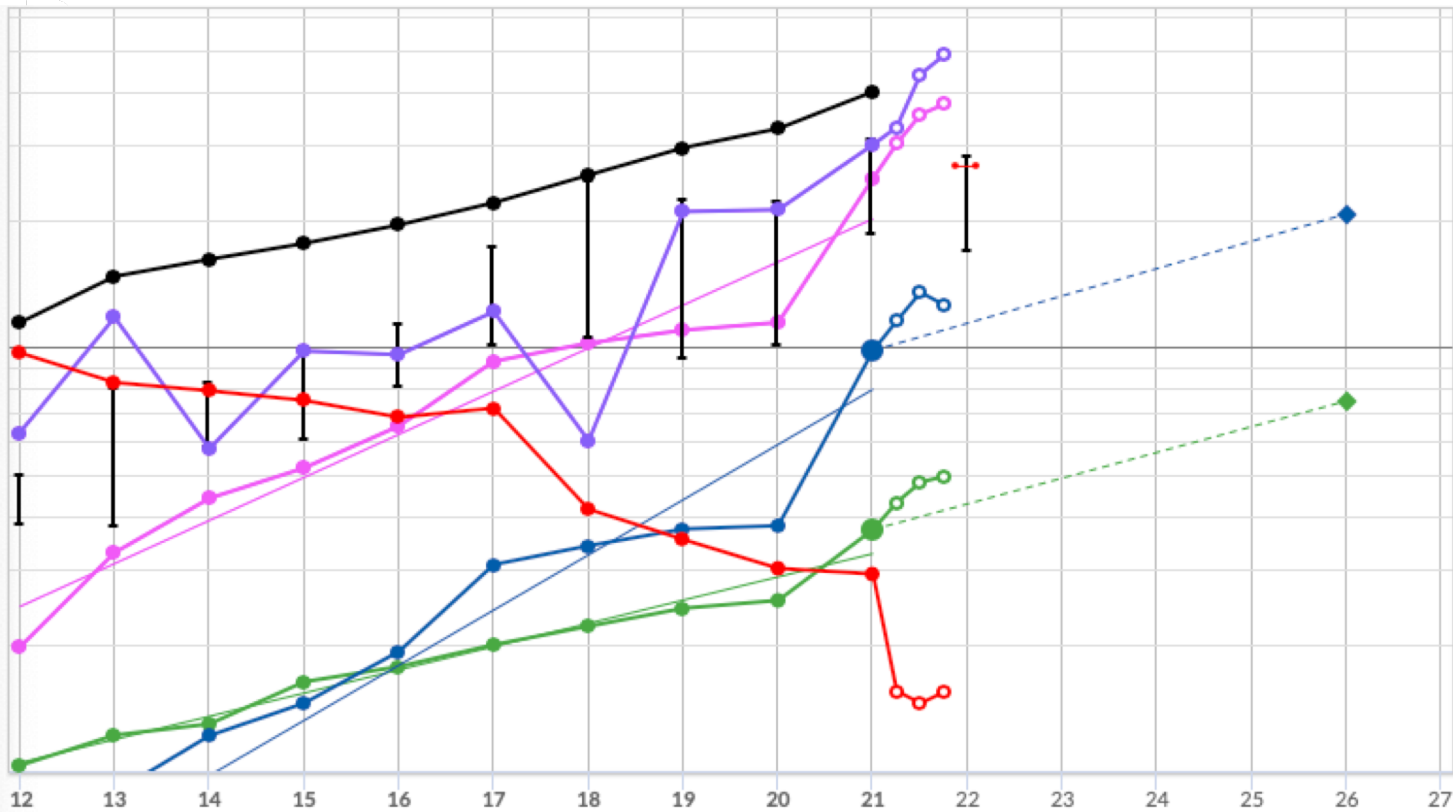


Mar 10, 2023

1D 5D 1M 6M YTD 1Y 5Y MAX







**PROJECTION STARTING POINT**

● Annual ○ Quarter ○ Trend

**RECENT QUARTERLY FIGURES**

FY2022 Quarter Ending (12/22)

	Sales	EPS
Latest Quarter	501	6.66
Year Ago Quarter	432	8.57
Percentage Change	16.0%	-22.3%

**ANALYST CONSENSUS ESTIMATES**

Sales 2 Year Estimate: ---  
 EPS Long Term Estimate: ---

**LEGEND**

- Sales
- Pre-Tax Profit
- Prices Hi/Lo
- EPS
- Book Value/Share
- Free Cash Flow/Share
- Dividend
- Total Debt
- Net Income
- Shares Outstanding
- Sales Detailed Estimates
- EPS Detailed Estimates

[Reset Chart](#)

[Compare Peers](#)

**Fundamental Company Data**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Growth (%)	Forecast (%)	5 Yr Est
Historical Sales (\$M)	452	533	567	712	774	871	963	1,062	1,108	1,627	13.4%	15	3,273
Historical EPS (\$)	0.71	1.94	2.64	3.15	4.17	6.68	7.40	8.10	8.25	21.34	34.9%	16	44.82
Pre-Tax Profit (\$M)	17	28	37	44	55	79	87	93	97	212	26.3%		



Evaluate Management												
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	5 Yr Avg	Trend
% Pre-Tax Profit on Sales	3.7%	5.2%	6.6%	6.2%	7.1%	9.0%	9.0%	8.8%	8.7%	13.0%	9.7%	UP
% Return on Equity	2.8%	6.0%	7.4%	8.2%	9.8%	13.9%	13.2%	12.5%	11.5%	24.3%	15.1%	UP
% Debt To Capital	31.7%	19.4%	17.3%	15.2%	12.8%	11.8%	6.2%	4.7%	3.6%	2.9%	5.8%	DOWN

▶ 3. PRICE EARNINGS HISTORY as an indicator of the future

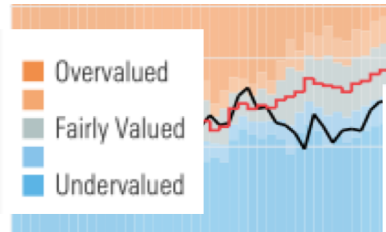
CLOSING PRICE (03/10/23): 284.53      52-WEEK HIGH: 299.36      52-WEEK LOW: 179.47

Year	A		B	C	D	E	F	G	H
	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	
2017	182.6	107.0	6.68	27.3	16.0	0.00	0.0%	0.0%	
2018	261.8	112.0	7.40	35.4	15.1	0.00	0.0%	0.0%	
2019	236.1	99.6	8.10	29.1	12.3	0.00	0.0%	0.0%	
2020	232.9	108.0	8.25	28.2	13.1	0.00	0.0%	0.0%	
2021	327.2	196.5	21.34	15.3	9.2	0.00	0.0%	0.0%	
<b>AVERAGE</b>		<b>124.6</b>		<b>27.1</b>	<b>13.2</b>		<b>0.0%</b>		
CURRENT/TTM			27.34	10.9	6.6	0.00	0.0%		
<b>AVERAGE PRICE EARNINGS RATIO: 20.1</b>				<b>CURRENT PRICE EARNINGS RATIO: 10.4</b>					



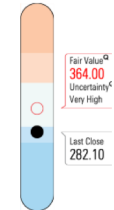
# Independent Research

Fair Value<sup>Q</sup>  
**364.00**



	2020	2021	2022	YTD
2020	1.00	1.13	0.69	0.78
2021	-10.20	81.05	-28.77	24.69
2022	-31.10	55.26	-9.34	24.66

Performance
Price/Fair Value <sup>Q</sup>
Total Return %
+/- Index



## Cavco Industries, Inc.

Recommendation [as of March 09, 2023]: **BUY**

Risk Evaluation: MODERATE Price: 284.53 [Mar 10, 2023 close] Trading Currency: USD Country: United States

GICS Sector: Consumer Discretionary  
GICS Industry: Homebuilding

Sector Ranking: overweight

SPGMI's Quality Ranking: B+

## CAVCO INDUSTRIES NDQ--CVCO

RECENT PRICE	<b>283.26</b>	TRAILING P/E RATIO	<b>10.4</b>	RELATIVE P/E RATIO	<b>0.70</b>	DIV'D YLD	<b>Nil</b>
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	ANNUAL RATES	
<i>of change (per share)</i>	5 Yrs.	1 Yr.
Sales	12.5%	50.0%
"Cash Flow"	29.0%	156.5%
Earnings	30.5%	158.5%
Dividends	--	--
Book Value	14.0%	24.0%

Fiscal Year	QUARTERLY SALES (\$mill.)				Full Year	Fiscal Year	EARNINGS PER SHARE				Full Year
	1Q	2Q	3Q	4Q			1Q	2Q	3Q	4Q	
03/31/21	254.8	258.0	288.8	306.5	1108.1	03/31/20	2.31	2.25	2.25	1.29	8.10
03/31/22	330.4	359.6	431.7	505.5	1627.2	03/31/21	1.80	1.62	2.12	2.71	8.25
03/31/23	588.3	577.4	500.6			03/31/22	2.91	4.06	8.57	5.80	21.34
						03/31/23	6.63	8.25	6.66	<b>5.80</b>	
						03/31/24	<b>6.53</b>	<b>6.84</b>			



## Potential Gain vs Loss



\$896.4

\$722

\$374

\$374

\$200

**ZONING** using **25%-50%-25%** (click to toggle)

Forecasted High Price: 896.4 Minus Forecast Low Price: 200.0 = 696.4 Range. 25% of Range: 174.1

Buy Zone: 200.0 to 374.1

Hold Zone: 374.1 to 722.3

Sell Zone: 722.3 to 896.4

Closing Stock Price of 284.53 is in the **BUY** Zone.



## SSG Results Summary

Zone:	<b>BUY</b>
Upside Downside Ratio:	<b>7.2 To 1</b>
Total Return (High P/E):	<b>25.8%</b>
Projected Return (Avg. P/E):	<b>21.2%</b>
Buy price to satisfy US/DS of 3 to 1 and 15% total return:	<b>374.1</b>
Buy Below price based on zoning selection:	<b>374.1</b>
Closing Price (03/10/23):	<b>284.53</b>



# Cavco Industries

- Medium size, growth company
- Well managed company
- Trading below its 5 Year Average PE
- Closed 3/13/23 at \$289; is a BUY up to \$374.1 (7.1 to 1 U/D & between 21 and 25.8 % Return)



## Bulls might say:

Strong demand for low-cost housing

Manufacture, Finance, and Insure under one umbrella

Zoning improvements will open new markets

## Bears might say:

Watch out for the Fed's action on interest rates

Exclusionary zoning

Higher labor, materials costs, and transportation costs

Class Action Law Suit, “. . . May have issued materially misleading business info. . . .”