Stock Selection Guide

Company	Cavco Indus		Date	03/10/23	
Prepared by	K EMMONS		Data taken from	BI Stock Data	
Where traded	NAS	Industry	Residential Construction		
Capitalization --- Outstanding Amounts			Reference		
Preferred ($M)		0.0	% Insiders	% Institution	
Common (M Shares)		8.9	7.3	76.9	
Debt ($M)	13.1	% to Tot Cap	1.3	% Pot Dil	0.7

Symbol: CVCO

1 VISUAL ANALYSIS of Sales, Earnings, and Price

44.82

21.34

3,273

1,627

FY 2022 Q3	Sales ($M)	Earnings Per Share
Latest Quarter	501	6.66
Year Ago Quarter	432	8.57
Percentage Change	16.0%	-22.3%
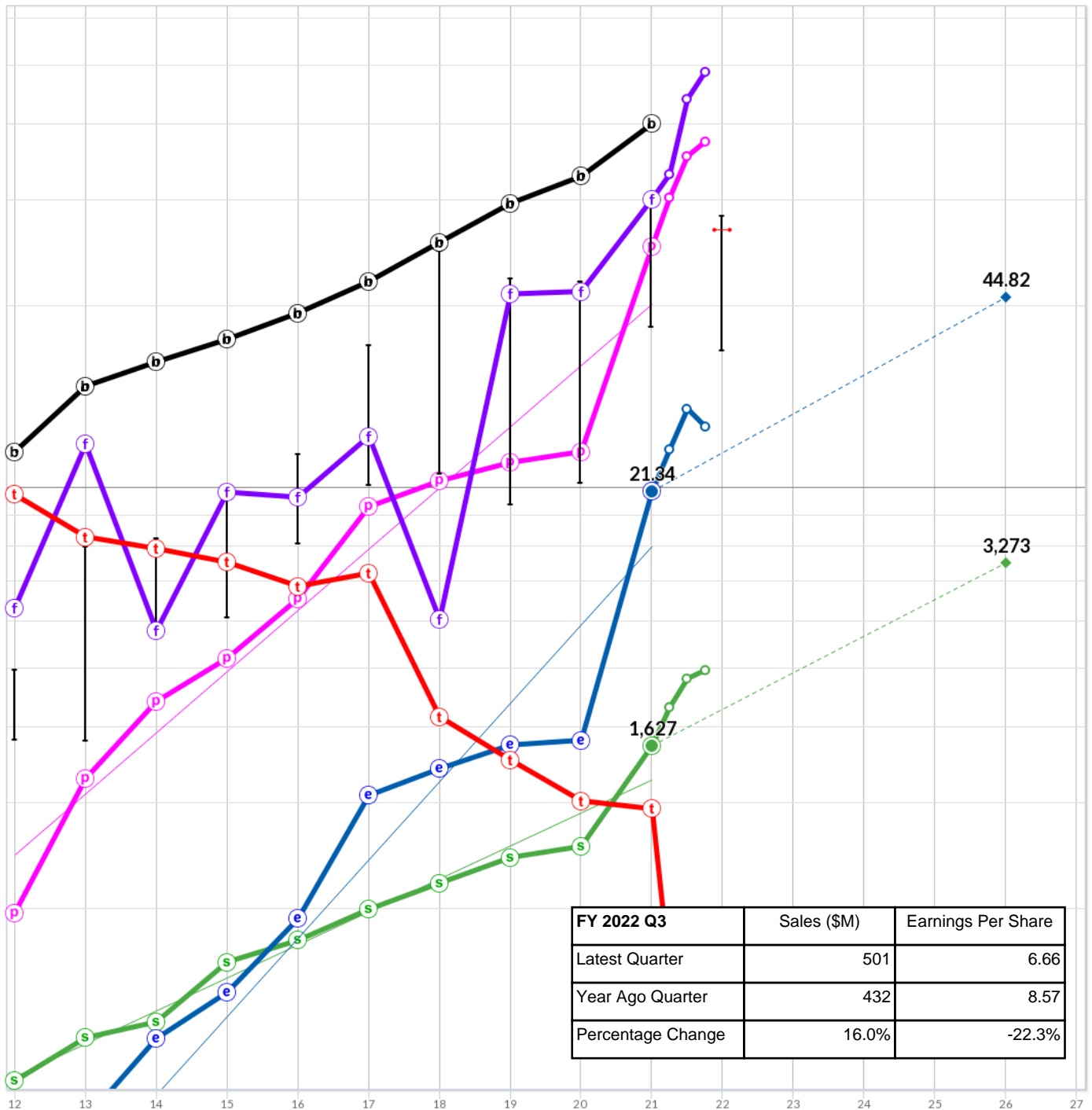
(1) Historical Sales Growth 13.4%

(2) Estimated Future Sales Growth 15.0%

(3) Historical Earnings Per Share Growth 34.9%

(4) Estimated Future Earnings Per Share Growth 16.0%

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Last 5 Year Avg.
% 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%
% Earned on Equity	2.8%	6.0%	7.5%	8.2%	9.8%	13.9%	13.2%	12.5%	11.5%	24.3%	15.1%
% 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%

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 284.53 (03/10/23)   **52-WEEK HIGH** 299.36   **52-WEEK LOW** 179.47

	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
2017	182.6	107.1	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
AVERAGE		124.6		27.1	13.2		0.0	
CURRENT/TTM			27.34	10.9	6.6	0.00	0.0	

AVERAGE PRICE EARNINGS RATIO: 20.1   CURRENT PRICE EARNINGS RATIO: 10.4

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   20.0   X Estimate High Earnings/Share   44.82   =   Forecasted High Price $ 896.4

B LOW PRICE - NEXT 5 YEARS
(a) Avg. Low P/E   13.2   X Estimate Low Earnings/Share   27.34   =   Forecasted Low Price $ 360.9
(b) Avg. Low Price of Last 5 Years   124.6
(c) Recent Market Low Price   108.0
(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}}$ = $\frac{0.00}{0.00\%}$ = 0.0

Selected Forecasted Low Price $ 200.0

C ZONING   using 25%-50%-25%
Forecasted High Price   896.4   Minus Forecasted 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

Present Market Price of   284.53   is in the   **BUY**   Zone

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

$\frac{\text{High Price} \quad 896.4 \quad \text{Minus Present Price} \quad 284.53}{\text{Present Price} \quad 284.53 \quad \text{Minus Low Price} \quad 200.0}$ = $\frac{611.90}{84.53}$ = 7.2   To 1

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

$\frac{\text{High Price} \quad 896.4}{\text{Closing Price} \quad 284.53}$ = 3.1505   X   100   =   315.05   -   100   =   215.1   % 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 $\frac{\text{Indicated Annual Dividend} \quad 0.00}{\text{Closing Price} \quad 284.53}$ = 0.0000 = 0.0 %   Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E   **AVERAGE YIELD - USING FORECAST AVERAGE P/E**

$\frac{\text{Avg. % Payout}}{\text{Forecast High PE}}$ = $\frac{0.0\%}{20.00}$ = 0.0 % $\frac{\text{Avg. % Payout}}{\text{Forecast Average PE}}$ = $\frac{0.0\%}{16.60}$ = 0.0 %

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E   **COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E**

Annualized Appreciation	25.8 %	Annualized Appreciation	21.2 %
Average Yield	0.0 %	Average Yield	0.0 %
Annualized Rate of Return	25.8 %	Annualized Rate of Return	21.2 %