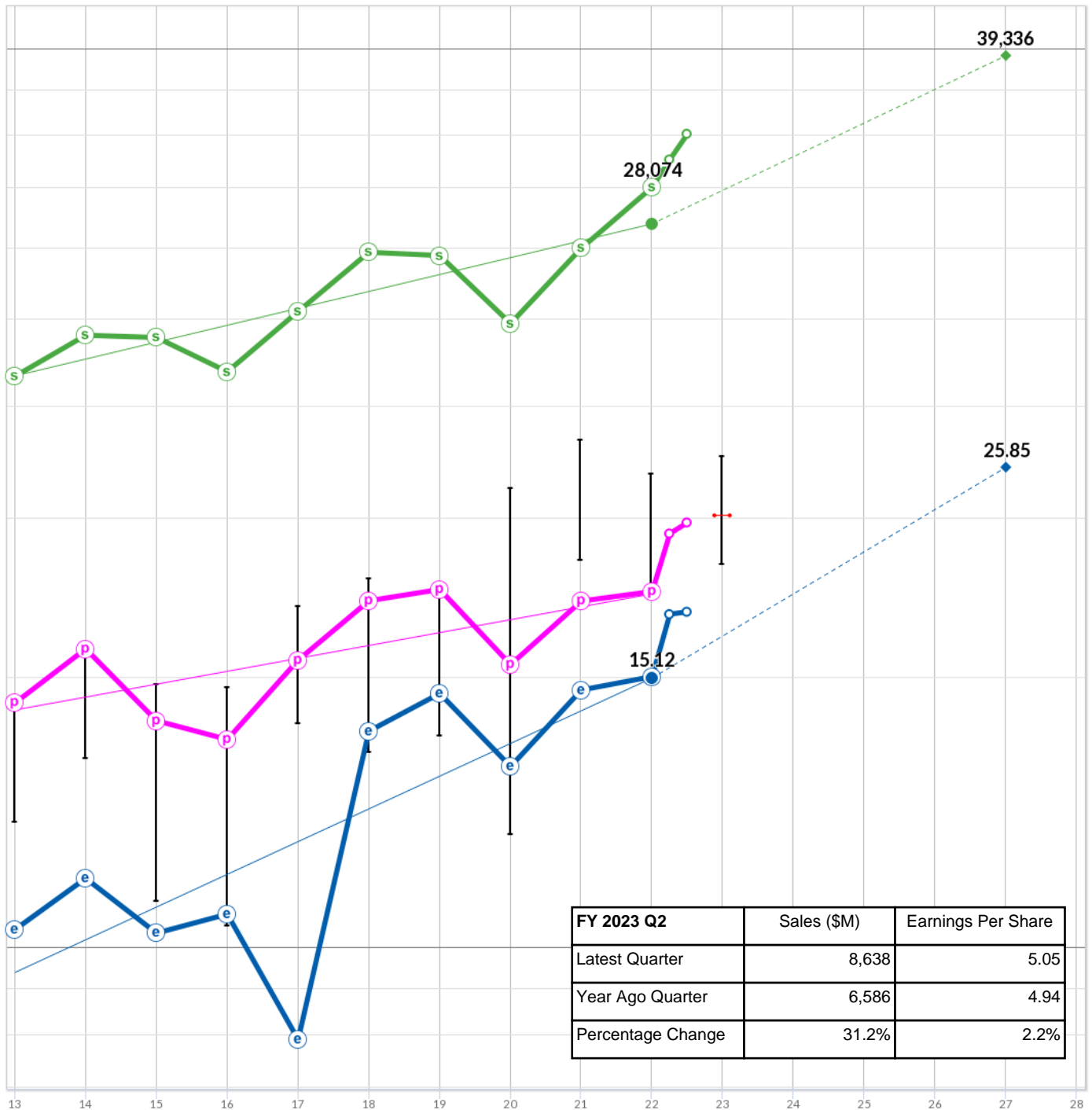


Stock Selection Guide

Company	Cummins	Date	09/29/23
Prepared by	Patrick Smith	Data taken from	BI Stock Data
Where traded	NYS	Industry	Specialty Industrial Machinery
Capitalization --- Outstanding Amounts	Reference		
Preferred (\$M)	0.0	% Insiders	% Institution
Common (M Shares)	142.5	1.3	55.0
Debt (\$M)	8,221.0	% to Tot Cap	44.3
		% Pot Dil	0.6

Symbol: CMI

1 VISUAL ANALYSIS of Sales, Earnings, and Price



- | | | | |
|-----------------------------------|------|--|-------|
| (1) Historical Sales Growth | 4.4% | (3) Historical Earnings Per Share Growth | 8.7% |
| (2) Estimated Future Sales Growth | 9.0% | (4) Estimated Future Earnings Per Share Growth | 11.4% |

2 EVALUATING Management

Cummins

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Last 5 Year Avg.
% Pre-tax Profit on Sales	12.2%	12.7%	10.6%	11.0%	11.6%	11.6%	12.0%	11.8%	11.5%	10.0%	11.4%
% Earned on Equity	20.8%	21.2%	17.7%	20.0%	13.0%	28.9%	27.9%	23.0%	25.8%	25.5%	26.2%
% Debt To Capital	18.8%	18.0%	18.1%	21.3%	21.7%	25.2%	27.6%	36.4%	35.2%	48.2%	34.5%

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 228.46 (09/29/23)

52-WEEK HIGH 265.28

52-WEEK LOW 201.34

	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	194.2	124.4	13.15	14.8	9.5	4.44	33.8	3.6
2019	186.7	130.0	14.48	12.9	9.0	4.90	33.9	3.8
2020	244.7	101.0	12.01	20.4	8.4	5.28	44.0	5.2
2021	277.1	203.4	14.61	19.0	13.9	5.60	38.3	2.8
2022	254.1	184.3	15.12	16.8	12.2	6.04	39.9	3.3
AVERAGE		148.6		16.8	10.6		38.0	
CURRENT/TTM			17.85	14.9	11.3	6.72	37.6	
AVERAGE PRICE EARNINGS RATIO: 13.7					CURRENT PRICE EARNINGS RATIO: 12.8			

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 13.7 X Estimate High Earnings/Share 25.85 = Forecasted High Price \$ 354.1

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 10.6 X Estimate Low Earnings/Share 17.85 = Forecasted Low Price \$ 189.2

(b) Avg. Low Price of Last 5 Years 148.6

(c) Recent Market Low Price 184.3

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{6.72}{5.23\%} = 128.5$

Selected Forecasted Low Price \$ 189.2

C ZONING using 25%-50%-25%

Forecasted High Price 354.1 Minus Forecasted Low Price 189.2 = 164.9 Range. 25% of Range 41.2

Buy Zone 189.2 to 230.4

Hold Zone 230.4 to 312.9

Sell Zone 312.9 to 354.1

Present Market Price of 228.46 is in the **BUY** Zone

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

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price}} = \frac{354.1 - 228.46}{228.46} = 0.5500$
 $\frac{\text{Present Price} - \text{Low Price}}{\text{Present Price} - \text{Low Price}} = \frac{228.46 - 189.2}{228.46 - 189.2} = 0.3926$
 Ratio = $\frac{0.5500}{0.3926} = 1.4009$ To 1

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

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{354.1 - 228.46}{228.46} = 1.5500$
 $1.5500 \times 100 = 155.00 - 100 = 55.0\%$ % 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 $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{6.04}{228.46} = 0.0294 = 2.9\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{38.0\%}{13.70} = 2.8\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{38.0\%}{12.15} = 3.1\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 9.2 %
 Average Yield 2.8 %
 Annualized Rate of Return 11.9 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 6.6 %
 Average Yield 3.1 %
 Annualized Rate of Return 9.7 %

Notes: Cummins CMI MicNova 10-10-23

Date	Subject	Description	Type
10/07/23	Estimates	<p>2030 company revenue estimates 2023 Revenue estimate 32860 per VaLue Line CMI 2030 Revenue Low - 41,000 ----CMI 5yr (2028) 38,674* CMI 2030 Revenue Hi ----46,000 ----CMI 5yr (2028) 42,245*</p> <p>*5yr Hi or Low =[[[2030 (Hi or Low) - 32860] / 7yrs]* 5yrs] + 32680</p> <p>**Value Line estimate outstanding shares of 130 by 2028</p> <p>Used preferred procedure and update estimate from VL.</p> <p>Drop in margins is due to new acquisition, Meritor as well as abandoning Russia and Ukraine. There largest ever in there history. They expect to return to margins as they absorb and restructure this and other acquisitions. A few yrs per say.</p> <p>Per their annual CEO report they are committed to returning 50% of cash generated by 2030 .. approx 30 billion -- to shareholders</p> <p>Patrick MicNova</p>	Study

Study Audit: Cummins CMI MicNova 10-10-23

Review Advised	Category	Explanation
✓	Capitalization	More than one-third of this company's capitalization consists of debt. You may want to consider the nature of the industry and this company's prior track record to determine whether this is acceptable. Last FY Debt to Capital: 48.2%
✓	Historical Sales Growth	Is this company's sales growth sufficiently consistent? R-Squared (5 yr): 0.20
✓	Historical Sales Growth	It appears that some historical data may be irrelevant for evaluating historical growth. Therefore, you may wish to remove some data as outliers. R-Squared (10 yr): 0.69
✓	Historical Sales Growth	Sales growth seems insufficient to make this company a good growth stock candidate. This observation is based on guidelines that call for a minimum of around 5% growth for a large company to 12% for a smaller one. Sales Growth Rate: 4.4% Benchmark Growth Rate: 5.0%
✓	Historical Earnings Growth	Is this company's earnings growth sufficiently consistent? R-Squared (5 yr): 0.23
✓	Historical Earnings Growth	It appears that some historical data may be irrelevant for forecasting future growth. Therefore, you may wish to eliminate some data as outliers. R-Squared (10 yr): 0.59
✓	Management Evaluation	Caution! A significant down-trend in profit margins may indicate that management is having difficulty controlling costs. Pre-Tax Profit on Sales: 10.0% Pre-Tax Profit on Sales 5 Yr Avg: 11.4%
✓	SSG Results	If purchased at the current price, this stock is not likely to double your money over the next five years. Total Return (High P/E):11.9%

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
06/23	5.05	2.2	949.0	11.0	11.0	8,638.0	31.2	22.3	17.85	3,364.0	10.4	32,194.0	790.2	23.5	24.8	28.3	29.9
03/23	5.55	90.1	1,029.0	12.2	78.0	8,453.0	32.4	21.7	17.74	3,270.0	10.8	30,142.0	727.0	22.2	31.8	28.4	24.0
12/22	4.43	61.1	778.0	10.0	51.4	7,770.0	32.8	17.2	15.11	2,819.0	10.0	28,074.0	663.0	23.5	3.4	2.5	16.9
09/22	2.82	-23.6	608.0	8.3	-9.9	7,333.0	22.9	32.7	13.43	2,555.0	9.8	26,154.0	632.6	24.8	-11.8	-11.0	9.0
06/22	4.94	20.5	855.0	13.0	9.8	6,586.0	7.8	17.3	14.30	2,622.0	10.6	24,789.0	564.8	21.5	-4.0	-9.1	7.1
03/22	2.92	-28.3	578.0	9.1	-26.2	6,385.0	4.8	26.8	13.46	2,546.0	10.5	24,314.0	574.7	22.6	6.4	3.2	16.4
12/21	2.75	-18.2	514.0	8.8	-19.1	5,850.0	0.3	22.2	14.61	2,751.0	11.5	24,021.0	587.6	21.4	21.9	17.7	21.3

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
09/21	3.69	9.8	675.0	11.3	-1.6	5,968.0	16.6	19.9	15.22	2,872.0	12.0	24,001.0	595.6	20.7	43.6	39.0	22.7
06/21	4.10	120.4	779.0	12.7	115.2	6,111.0	58.6	21.4	14.89	2,883.0	12.5	23,151.0	646.0	22.4	32.8	35.0	14.6
03/21	4.07	19.4	783.0	12.9	19.5	6,092.0	21.6	22.0	12.65	2,466.0	11.8	20,892.0	578.8	23.5	-7.1	-6.7	-7.5
12/20	3.36	70.6	635.0	10.9	74.9	5,830.0	4.5	19.7	11.99	2,338.0	11.8	19,811.0	533.6	22.8	-16.8	-17.5	-16.0
09/20	3.36	-15.4	686.0	13.4	-9.1	5,118.0	-11.3	26.5	10.60	2,066.0	10.6	19,559.0	462.4	22.4	-34.0	-35.1	-18.9
06/20	1.86	-56.4	362.0	9.4	-58.4	3,852.0	-38.1	25.7	11.21	2,135.0	10.6	20,209.0	434.5	20.4	-31.5	-33.9	-16.8
03/20	3.41	-18.8	655.0	13.1	-22.5	5,011.0	-16.5	19.4	13.62	2,644.0	11.7	22,578.0	509.4	19.3	-11.7	-14.0	-6.7
12/19	1.97	-45.6	363.0	6.5	-48.9	5,578.0	-8.9	17.9	14.41	2,834.0	12.0	23,571.0	556.2	19.6	9.3	2.9	-0.8
09/19	3.97	-7.2	755.0	13.1	-6.2	5,768.0	-2.9	18.4	16.06	3,181.0	13.2	24,119.0	593.8	18.7	103.3	20.5	4.3
06/19	4.27	28.6	871.0	14.0	21.8	6,221.0	1.5	21.4	16.37	3,231.0	13.3	24,294.0	561.8	17.4	158.6	31.6	8.2
03/19	4.20	114.3	845.0	14.1	61.6	6,004.0	7.8	20.8	15.42	3,075.0	12.7	24,205.0	543.7	17.7	178.3	31.4	13.1
12/18	3.62	318.1	710.0	11.6	19.1	6,126.0	11.9	14.1	13.18	2,753.0	11.6	23,771.0	603.9	21.9	121.9	16.4	16.4
09/18	4.28	57.9	805.0	13.5	29.4	5,943.0	12.5	13.3	7.90	2,639.0	11.4	23,121.0	1,487.9	56.4	-19.8	15.9	18.8
06/18	3.32	31.2	715.0	11.7	19.4	6,132.0	20.8	22.5	6.33	2,456.0	10.9	22,463.0	1,466.0	59.7	-28.6	20.6	22.4
03/18	1.96	-16.9	523.0	9.4	-4.6	5,570.0	21.4	37.9	5.54	2,340.0	10.9	21,409.0	1,419.3	60.7	-36.5	16.2	20.2
12/17	-1.66	-173.8	596.0	10.9	17.3	5,476.0	21.6	151.9	5.94	2,365.0	11.6	20,428.0	1,364.9	57.7	-27.9	22.5	16.7
09/17	2.71	57.6	622.0	11.8	62.8	5,285.0	26.2	26.5	9.85	2,277.0	11.7	19,455.0	575.2	25.3	42.5	39.4	9.5
06/17	2.53	5.4	599.0	11.8	4.2	5,078.0	12.1	26.4	8.86	2,037.0	11.1	18,357.0	488.8	24.0	20.9	12.4	0.8
03/17	2.36	26.2	548.0	11.9	17.8	4,589.0	6.9	26.1	8.73	2,013.0	11.3	17,807.0	479.8	23.8	15.6	3.7	-4.7
12/16	2.25	144.6	508.0	11.3	139.6	4,503.0	-5.5	22.1	8.24	1,930.0	11.0	17,509.0	471.2	24.4	5.4	-4.7	-8.4
09/16	1.72	-19.6	382.0	9.1	-31.9	4,187.0	-9.4	21.5	6.91	1,634.0	9.2	17,772.0	374.3	22.9	-26.0	-32.6	-8.6
06/16	2.40	-8.4	575.0	12.7	-18.3	4,528.0	-9.7	25.7	7.33	1,813.0	10.0	18,205.0	454.6	25.1	-23.0	-28.4	-7.6
03/16	1.87	-12.6	465.0	10.8	-15.1	4,291.0	-8.9	28.4	7.55	1,942.0	10.4	18,692.0	505.4	26.0	-19.1	-21.4	-4.3
12/15	0.92	-62.3	212.0	4.4	-65.4	4,766.0	-6.4	16.0	7.82	2,025.0	10.6	19,110.0	516.3	25.5	-13.3	-16.8	-0.6
09/15	2.14	-7.8	561.0	12.1	-16.1	4,620.0	-5.5	30.1	9.34	2,425.0	12.5	19,434.0	664.7	27.4	5.1	2.4	3.8
06/15	2.62	7.8	704.0	14.0	9.7	5,015.0	3.7	29.6	9.52	2,533.0	12.9	19,704.0	721.3	28.5	12.4	13.7	8.9
03/15	2.14	16.9	548.0	11.6	7.2	4,709.0	6.9	26.3	9.33	2,471.0	12.7	19,524.0	684.7	27.7	13.2	12.4	9.8
12/14	2.44	5.6	612.0	12.0	11.9	5,090.0	10.9	23.7	9.02	2,434.0	12.7	19,221.0	696.7	28.6	14.2	14.9	11.1
09/14	2.32	22.1	669.0	13.7	26.7	4,890.0	14.6	34.4	8.89	2,369.0	12.7	18,719.0	630.9	26.6			
06/14	2.43	10.5	642.0	13.3	4.7	4,835.0	6.9	26.5	8.47	2,228.0	12.3	18,095.0	564.3	25.3			
03/14	1.83	22.8	511.0	11.6	18.6	4,406.0	12.3	29.9	8.24	2,199.0	12.4	17,785.0	565.6	25.7			

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	
12/13	2.31		547.0	11.9		4,588.0		15.7										
09/13	1.90		528.0	12.4		4,266.0		29.2										
06/13	2.20		613.0	13.5		4,525.0		28.1										
03/13	1.49		431.0	11.0		3,922.0		27.6										