Stock Selection Guide

Company	Sprouts Farmers Mark		Date	12/10/20
Prepared by	HAAS		Data taken from	BI Stock Data
Where traded	NAS	Industry	Grocery Stores	

Capitalization --- Outstanding Amounts   Reference _____

		% Insiders	% Institution
Preferred ($M)	0.0		
Common (M Shares)	118.5	1.3	74.8
Debt ($M)	1,491.1 % to Tot Cap	64.9 % Pot Dil	0.4

Symbol: SFM

1 VISUAL ANALYSIS of Sales, Earnings, and Price

7,576

5,635

1.92

1.25

FY 2020 Q3	Sales ($M)	Earnings Per Share
Latest Quarter	1,578	0.51
Year Ago Quarter	1,440	0.22
Percentage Change	9.5%	131.8%
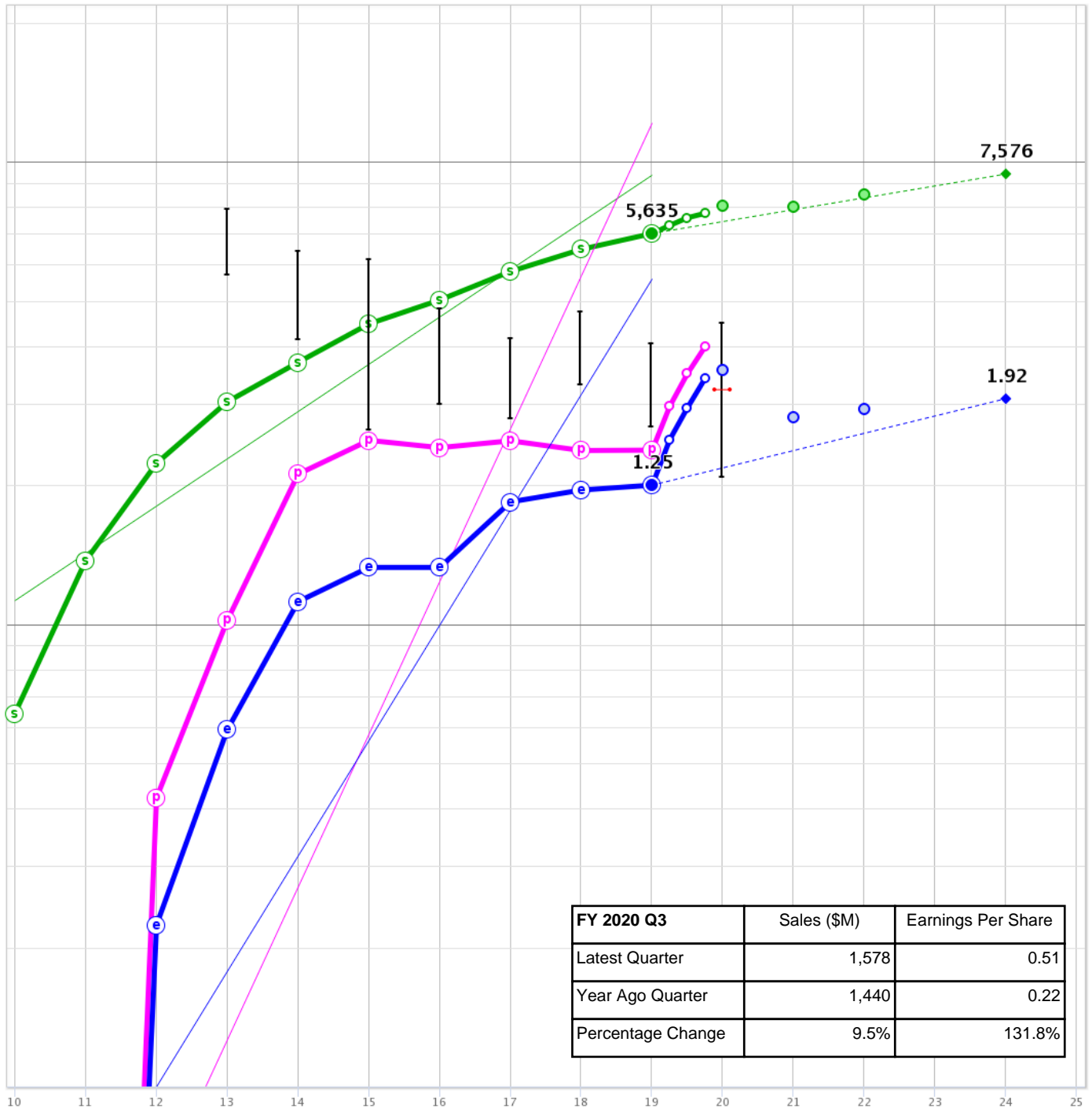
(1) Historical Sales Growth	26.5%	(3) Historical Earnings Per Share Growth	77.6%
(2) Estimated Future Sales Growth	6.1%	(4) Estimated Future Earnings Per Share Growth	9.0%

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Last 5 Year Avg.
Pre-tax Profit on Sales	1.6%	-4.1%	1.9%	3.4%	5.9%	5.7%	4.9%	4.4%	3.8%	3.5%	4.5%
% Earned on Equity				11.3%	16.3%	15.6%	15.6%	24.8%	23.8%	26.2%	21.2%
% Debt To Capital		58.1%	58.0%	45.6%	37.3%	26.1%	36.4%	42.6%	49.6%	74.9%	45.9%

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 20.11 (12/10/20)   **HIGH THIS YEAR** 28.00   **LOW THIS YEAR** 13.00

	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
2015	38.5	16.4	0.83	46.3	19.8	0.00	0.0	0.0
2016	30.0	18.7	0.83	36.1	22.5	0.00	0.0	0.0
2017	26.0	17.4	1.15	22.6	15.1	0.00	0.0	0.0
2018	29.7	20.6	1.22	24.3	16.9	0.00	0.0	0.0
2019	25.3	16.7	1.25	20.3	13.3	0.00	0.0	0.0
AVERAGE		18.0		29.9	17.5		0.0	
CURRENT/TTM			2.13			0.00	0.0	
AVERAGE PRICE EARNINGS RATIO: 23.7					CURRENT PRICE EARNINGS RATIO: 9.4			

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   1.92   =   Forecasted High Price $ 38.5

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E   10.0   X Estimate Low Earnings/Share   2.13   =   Forecasted Low Price $ 21.3

(b) Avg. Low Price of Last 5 Years   18.0

(c) Recent Market Low Price   13.0

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

Selected Forecasted Low Price $ 18.0

C ZONING   using 25%-50%-25%

Forecasted High Price   38.5   Minus Forecasted Low Price   18.0   =   20.5   Range.   25% of Range   5.1

Buy Zone   18.0   to   23.1

Hold Zone   23.1   to   33.3

Sell Zone   33.3   to   38.5

Present Market Price of   20.11   is in the   **BUY**   Zone

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

$\frac{\text{High Price } 38.5 \text{ Minus Present Price } 20.11}{\text{Present Price } 20.11 \text{ Minus Low Price } 18.0} = \frac{18.36}{2.15} = 8.5$ To 1

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

$\frac{\text{High Price } 38.5}{\text{Closing Price } 20.11} = 1.9132$ X   100   =   191.32   -   100   =   91.3   % 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 $\frac{\text{Indicated Annual Dividend } 0.00}{\text{Closing Price } 20.11} = 0.0000 = 0.0 \%$ Current Yield

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

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{0.0 \%}{20.00} = 0.0 \%$ $\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{0.0 \%}{15.00} = 0.0 \%$

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

Annualized Appreciation	13.9 %	Annualized Appreciation	7.5 %
Average Yield	0.0 %	Average Yield	0.0 %
Annualized Rate of Return	13.9 %	Annualized Rate of Return	7.5 %