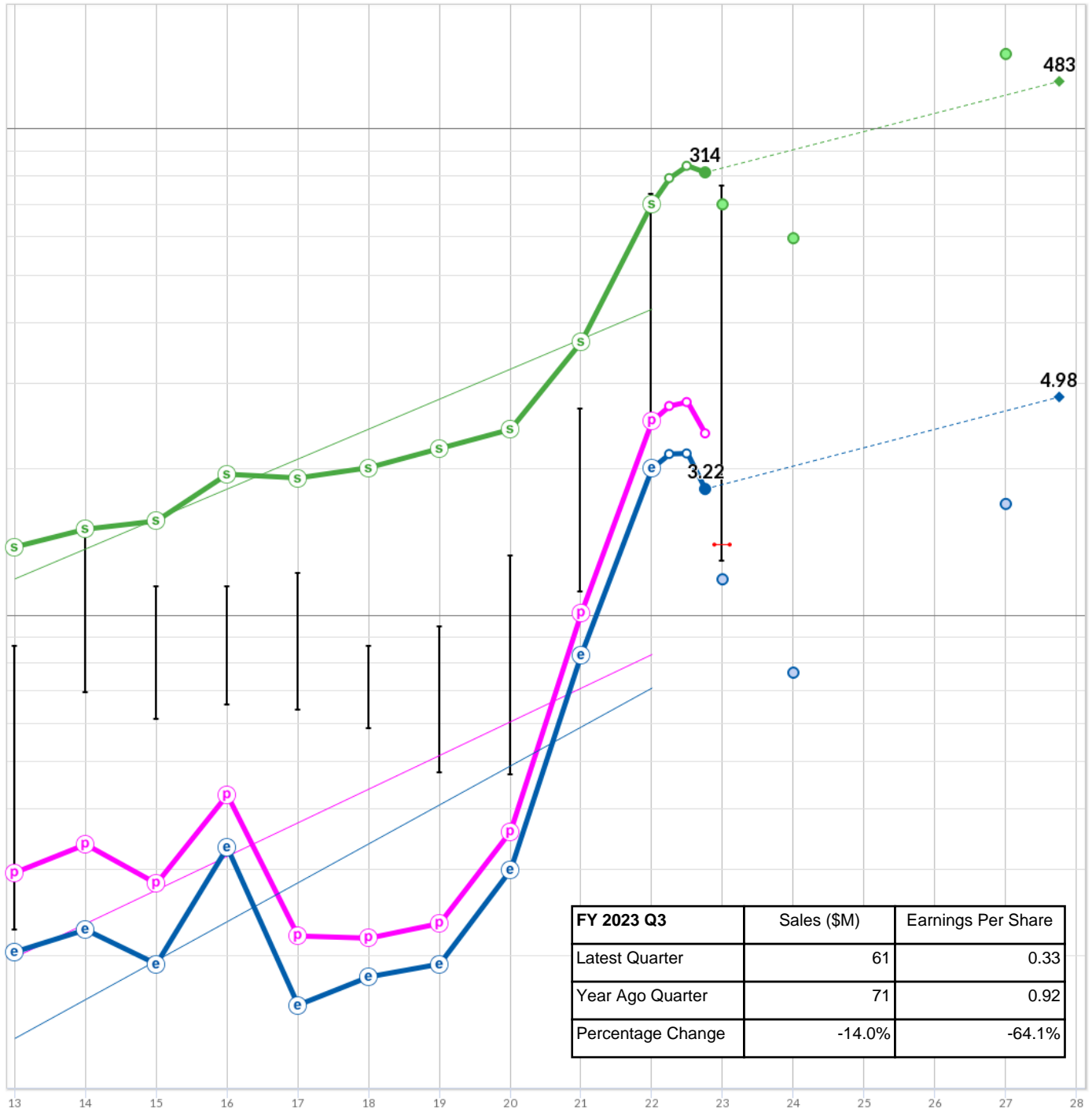


# Stock Selection Guide

Company	Clearfield	Date	11/09/23
Prepared by	Ty H.	Data taken from	BI Stock Data
Where traded	NAS	Industry	Communication Equipment
Capitalization --- Outstanding Amounts	Reference		
Preferred (\$M)	0.0	% Insiders	% Institution
Common (M Shares)	15.3	22.0	61.0
Debt (\$M)	26.2	% to Tot Cap	7.7 % Pot Dil
			0.0

Symbol: CLFD

## 1 VISUAL ANALYSIS of Sales, Earnings, and Price



- |                                   |       |  |       |
|-----------------------------------|-------|--|-------|
| (1) Historical Sales Growth       | 15.2% | (3) Historical Earnings Per Share Growth       | 20.2% |
| (2) Estimated Future Sales Growth | 9.0%  | (4) Estimated Future Earnings Per Share Growth | 9.1%  |

## 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** 24.75 (11/09/23)

**52-WEEK HIGH** 134.90

**52-WEEK LOW** 22.91

	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			3.22	41.9	7.1	0.00	0.0	
AVERAGE PRICE EARNINGS RATIO: 30.9					CURRENT PRICE EARNINGS RATIO: 7.7			

## 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 4.98 = Forecasted High Price \$ 149.3

### B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 20.0 X Estimate Low Earnings/Share 3.22 = Forecasted Low Price \$ 64.4

(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 \$ 19.8

### C ZONING using 25%-50%-25%

Forecasted High Price 149.3 Minus Forecasted Low Price 19.8 = 129.6 Range. 25% of Range 32.4

Buy Zone 19.8 to 52.1

Hold Zone 52.1 to 116.9

Sell Zone 116.9 to 149.3

Present Market Price of 24.75 is in the **BUY** Zone

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

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price}} = \frac{149.3 - 24.75}{24.75} = 5.00 = 500\%$   
 $\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{149.3 - 24.75}{24.75 - 19.8} = 24.9$  To 1

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

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{149.3 - 24.75}{24.75} = 6.0329 \times 100 = 603.29 - 100 = 503.3\%$  % 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  $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{0.00}{24.75} = 0.0000 = 0.0\%$  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

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{0.0\%}{25.00} = 0.0\%$

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

Annualized Appreciation 43.3 %  
 Average Yield 0.0 %  
 Annualized Rate of Return 43.3 %

### COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 38.1 %  
 Average Yield 0.0 %  
 Annualized Rate of Return 38.1 %