VISUAL ANALYSIS of Sales, Earnings, and Price

(1) Historical Sales Growth 9.7%
(2) Estimated Future Sales Growth 5.0%
(3) Historical Earnings Per Share Growth 21.3%
(4) Estimated Future Earnings Per Share Growth 6.9%
This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

### 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 Indicated Annual Dividend

\[
\text{Indicated Annual Dividend} = \frac{0.00}{\text{Closing Price}} = \frac{0.00}{219.63} = 0.0000 = 0.0\% \text{ Current Yield}
\]

#### B Average Yield - Using Forecast High P/E

\[
\text{Avg. Payout} = \frac{0.0\%}{\text{Forecast High PE}} = \frac{0.0\%}{16.00} = 0.0\% \quad \text{Avg. Payout} = \frac{0.0\%}{\text{Forecast Average PE}} = 14.00 = 0.0\%
\]

#### C Compound Annual Return - Using Forecast High P/E

\[
\text{Annualized Appreciation} = 12.9\% \quad \text{Annualized Appreciation} = 9.9\%
\]

\[
\text{Average Yield} = 0.0\% \quad \text{Average Yield} = 0.0\%
\]

\[
\text{Annualized Rate of Return} = 12.9\% \quad \text{Annualized Rate of Return} = 9.9\%
\]

### 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.

#### Evaluating Management

<table>
<thead>
<tr>
<th>Year</th>
<th>Profit on Sales (2008-2017)</th>
<th>Last 5 Year Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>7.0%</td>
<td>14.3%</td>
</tr>
<tr>
<td>2009</td>
<td>10.3%</td>
<td>14.0%</td>
</tr>
<tr>
<td>2010</td>
<td>14.0%</td>
<td>13.7%</td>
</tr>
<tr>
<td>2011</td>
<td>10.7%</td>
<td>15.8%</td>
</tr>
<tr>
<td>2012</td>
<td>13.7%</td>
<td>14.4%</td>
</tr>
<tr>
<td>2013</td>
<td>15.8%</td>
<td>16.6%</td>
</tr>
<tr>
<td>2014</td>
<td>14.4%</td>
<td>15.1%</td>
</tr>
<tr>
<td>2015</td>
<td>16.6%</td>
<td>9.8%</td>
</tr>
<tr>
<td>2016</td>
<td>15.1%</td>
<td>14.5%</td>
</tr>
<tr>
<td>2017</td>
<td>9.8%</td>
<td>10.1%</td>
</tr>
</tbody>
</table>

### 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

\[
\text{Avg. High P/E} = 16.0 \quad \text{X Estimate High Earnings/Share} = 25.18 = \text{Forecasted High Price} = 402.8
\]

#### B Low Price - Next 5 Years

\[
\begin{align*}
\text{Avg. Low P/E} & = 12.0 \\
\text{X Estimate Low Earnings/Share} & = 10.00 = \text{Forecasted Low Price} = 120.0 \\
\text{Avg. Price Earnings Ratio} & = 13.8
\end{align*}
\]

#### C Zoning

<table>
<thead>
<tr>
<th>Zone</th>
<th>High Price</th>
<th>Low Price</th>
<th>75% of Range</th>
<th>25% of Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buy</td>
<td>402.8</td>
<td>123.0</td>
<td>279.8</td>
<td>193.0</td>
</tr>
<tr>
<td>Hold</td>
<td>332.9</td>
<td>193.0</td>
<td>332.9</td>
<td>193.0</td>
</tr>
<tr>
<td>Sell</td>
<td>402.8</td>
<td>123.0</td>
<td>402.8</td>
<td>123.0</td>
</tr>
</tbody>
</table>

#### D Upside Downside Ratio (Potential Gain vs. Risk or Loss)

\[
\begin{align*}
\text{High Price} & = 402.8 \\
\text{Minus Present Price} & = 219.63 && 183.20 = 1.9 && \text{To 1}
\end{align*}
\]

#### E Price Target

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

\[
\begin{align*}
\text{High Price} & = 402.8 \\
\text{Closing Price} & = 219.63 \\
\text{X 100} & = 183.41 && \text{X 100} = 83.4 && \text{% Appreciation}
\end{align*}
\]