

2 EVALUATING Management

T. Rowe Price Group

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Last 5 Year Avg.
Pre-tax Profit on Sales	45.2%	45.5%	47.5%	48.8%	50.3%	47.7%	46.4%	52.3%	44.4%	52.1%	48.6%
% Earned on Equity	19.9%	22.6%	22.5%	22.5%	22.7%	24.8%	24.1%	26.5%	26.8%	29.9%	26.4%
% Debt To Capital	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%	0.4%

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 125.74 (09/11/20)

HIGH THIS YEAR 142.51

LOW THIS YEAR 82.51

	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	87.2	65.9	4.63	18.8	14.2	2.08	44.9	3.2
2016	79.0	63.0	4.75	16.6	13.3	2.16	45.5	3.4
2017	106.1	65.3	5.97	17.8	10.9	2.28	38.2	3.5
2018	127.4	84.6	7.27	17.5	11.6	2.80	38.5	3.3
2019	126.2	86.6	8.70	14.5	10.0	3.04	34.9	3.5
AVERAGE		73.1		17.1	12.0		40.4	
CURRENT/TTM			8.43			3.60	42.7	
AVERAGE PRICE EARNINGS RATIO: 14.5				CURRENT PRICE EARNINGS RATIO: 14.9				

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 16.0 X Estimate High Earnings/Share 11.10 = Forecasted High Price \$ 177.7

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 11.0 X Estimate Low Earnings/Share 8.70 = Forecasted Low Price \$ 95.7

(b) Avg. Low Price of Last 5 Years 73.1

(c) Recent Market Low Price 82.5

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{3.60}{3.51\%} = 102.6$

Selected Forecasted Low Price \$ 95.7

C ZONING using 25%-50%-25%

Forecasted High Price 177.7 Minus Forecasted Low Price 95.7 = 82.0 Range. 25% of Range 20.5

Buy Zone 95.7 to 116.2

Hold Zone 116.2 to 157.2

Sell Zone 157.2 to 177.7

Present Market Price of 125.74 is in the **HOLD** Zone

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

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{177.7 - 125.74}{125.74 - 95.7} = \frac{51.92}{30.04} = 1.7$ To 1

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

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{177.7 - 125.74}{125.74} = 1.4129$ X 100 = 141.29 - 100 = 41.3 % 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 $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{3.04}{125.74} = 0.0286 = 2.9\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{40.4\%}{16.00} = 2.5\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{40.4\%}{13.50} = 3.0\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 7.2 %
Average Yield 2.5 %
Annualized Rate of Return 9.7 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

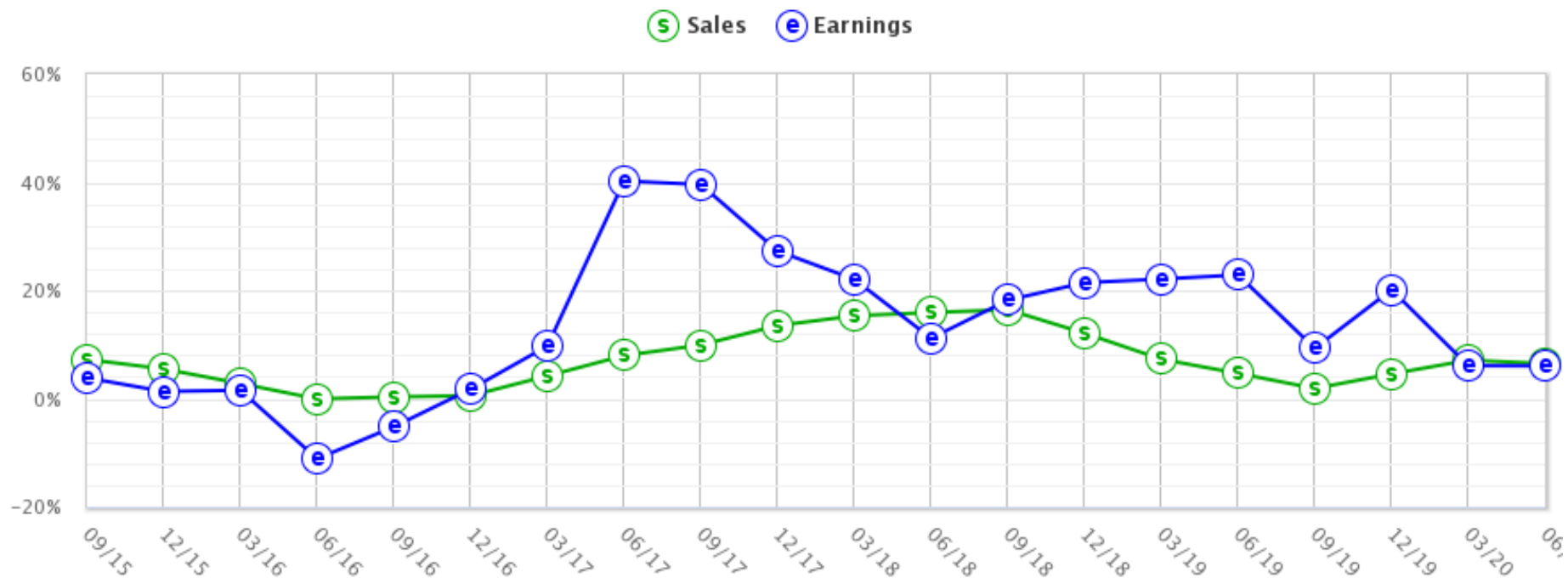
Annualized Appreciation 3.6 %
Average Yield 3.0 %
Annualized Rate of Return 6.6 %

Notes: TROW 9/14/20 Arvind

Date	Subject	Description	Type
11/17/19	trow	<p>i have gone with the 2 yr analyst estimate of historical sales of 3.55</p> <p>For historical earning per share i am going with the preferred procedure growth calculating 4.3%</p> <p>For evaluating risk and reward over the next 5 years i have choisen to go with the high PE as 17.0 which is lower than the 18.1 suggested by Preferred procedure. So the high price for the stock is 165.9</p> <p>The average low P/E for the last 5 years is 13.2% which forecast the low price of 104.0.</p> <p>The selected ,low forecast price is 70.1</p> <p>the dividend yield according to Morning star is 2.75 (oct.24 2019). The clos9ing price is in the hold zone at 121.46. The upside downside ratio is 2.5 to1. Morning star gives it a 3 star and volatility at 1.22. Its financial health is strong, uncertainty medium, moat wide and uncertainty medium.</p> <p>According to CFRA it puts it in the BUY range and gives it 4 stars(NOV. 15, 2019). It says the target price for 12 months is 133.00. Its value is medium,volatility is low and insider activity is favorable.</p> <p>According to Merrill Lynch it is in the buy range.</p> <p>My recommendation is to watch till the next quarterly report and then de3cide if we want to buy more shares.</p>	Community
05/20/19	trow stock study	<p>I have gone with thr 2 yr analyst estimate of historical sales of 3.7 %.</p> <p>for historical earning per share i am going with the preferred procedure growth calculation of 5.8%</p> <p>for evaluating risk and reward over the next 5 years i have chosen to go with current P/E which is ` 13.6 . The forecasted high price is 131.1</p> <p>the average low P/E for last 5 years is 13.2 which forecast the low price as 96.0</p> <p>the selected low forecast price for last 5 years is 70.1</p> <p>the dividend yield is according to morning star 2.83 % ,</p> <p>According to preferred procedure is 3.04.</p> <p>the closing price is in the hold zone, upside downside ratio is .8 to 1 with potential appreciation of 25.6 % which ios on the conservative side. Morning star predicts margin of 39-41%</p>	Community

Quarterly Growth Trend Data

Graph: Trailing 4 Quarters, Last 5 Years of Data



Period	Quarterly Data								Last 12 Months Data								
	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	
06/20	2.55	18.6	968.8	68.4	31.0	1,415.4	1.4	24.8	8.43	2,628.1	45.5	5,773.4	574.8	21.9	6.0	-0.1	6.5
03/20	1.41	-32.5	206.9	14.1	-71.9	1,462.6	10.2	19.5	8.03	2,398.9	41.7	5,753.2	524.9	21.9	6.1	-4.8	7.1
12/19	2.24	58.9	750.3	51.1	92.2	1,468.7	12.5	20.8	8.71	2,927.3	52.1	5,617.9	678.4	23.2	20.1	22.8	4.6
09/19	2.23	-3.0	702.1	49.2	-8.3	1,426.7	2.3	22.4	7.88	2,567.4	47.1	5,454.2	655.9	25.5	9.3	-2.3	1.9
06/19	2.15	21.5	739.6	53.0	17.6	1,395.2	3.7	24.8	7.95	2,630.8	48.5	5,422.1	683.0	26.0	22.9	6.2	4.7
03/19	2.09	18.1	735.3	55.4	22.6	1,327.3	-0.1	24.7	7.57	2,520.0	46.9	5,371.9	667.3	26.5	22.1	2.1	7.3
12/18	1.41	2.9	390.4	29.9	-38.3	1,305.0	1.5	30.3	7.25	2,384.6	44.4	5,372.6	627.9	26.3	21.4	-4.8	12.1
09/18	2.30	47.4	765.5	54.9	24.3	1,394.6	14.2	24.0	7.21	2,627.2	49.1	5,353.7	748.3	28.5	18.2	7.3	16.4
06/18	1.77	18.0	628.8	46.8	1.5	1,345.0	14.8	26.9	6.47	2,477.5	47.8	5,180.8	769.7	31.1	11.2	3.4	15.9
03/18	1.77	14.9	599.9	45.2	-5.8	1,328.0	19.3	24.1	6.20	2,468.3	49.3	5,007.4	829.5	33.6	22.0	17.5	15.3

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
12/17	1.37	-8.7	633.0	49.2	10.0	1,286.1	17.9	38.9	5.97	2,505.1	52.3	4,793.0	923.5	36.9	27.3	27.8	13.5
09/17	1.56	21.9	615.8	50.4	9.2	1,221.7	11.8	34.4	6.10	2,447.6	53.2	4,598.1	886.0	36.2	39.6	30.0	9.9
06/17	1.50	97.4	619.6	52.9	90.6	1,171.6	12.1	37.1	5.82	2,395.8	53.6	4,469.3	875.2	36.5	40.2	34.7	8.0
03/17	1.54	33.9	636.7	57.2	28.4	1,113.6	12.0	37.1	5.08	2,101.2	48.4	4,342.4	769.8	36.6	9.7	5.4	4.2
12/16	1.50	27.1	575.5	52.7	15.5	1,091.2	3.7	36.3	4.69	1,960.5	46.4	4,222.9	725.7	37.0	1.7	-2.1	0.5
09/16	1.28	20.8	564.0	51.6	23.0	1,092.9	4.2	35.7	4.37	1,883.4	45.0	4,183.9	710.8	37.7	-5.2	-6.9	0.3
06/16	0.76	-38.7	325.0	31.1	-39.9	1,044.7	-2.6	37.5	4.15	1,778.0	42.9	4,140.0	688.4	38.7	-11.1	-13.6	-0.1
03/16	1.15	1.8	496.0	49.9	-1.7	994.1	-3.2	38.6	4.63	1,993.8	47.8	4,167.7	776.4	38.9	1.5	-1.1	2.8
12/15	1.18	0.0	498.4	47.4	-3.9	1,052.2	2.9	39.2	4.61	2,002.4	47.7	4,200.6	779.9	39.0	1.3	0.0	5.5
09/15	1.06	-5.4	458.6	43.7	-7.1	1,049.0	2.8	39.6	4.61	2,022.8	48.5	4,170.8	787.6	38.9	3.8	3.4	7.2
06/15	1.24	9.7	540.8	50.4	8.3	1,072.4	9.0	38.4	4.67	2,058.1	49.7	4,142.6	795.9	38.7	8.1	8.3	10.4
03/15	1.13	0.9	504.6	49.1	2.7	1,027.0	7.6	38.7	4.56	2,016.5	49.7	4,054.5	781.6	38.8	10.9	12.0	11.9
12/14	1.18	10.3	518.8	50.7	10.0	1,022.4	10.0	39.1	4.55	2,003.1	50.3	3,982.1	773.3	38.6	16.7	17.8	14.3
09/14	1.12	12.0	493.9	48.4	12.9	1,020.8	15.4	38.5	4.44	1,956.1	50.3	3,889.5	754.8	38.6	19.7	21.7	16.4
06/14	1.13	22.8	499.2	50.7	24.7	984.3	15.2	38.7	4.32	1,899.7	50.6	3,753.1	731.5	38.5	18.4	21.0	16.3
03/14	1.12	23.1	491.2	51.5	25.7	954.6	17.0	38.1	4.11	1,800.7	49.7	3,623.1	690.4	38.3	16.8	19.7	16.5
12/13	1.07	21.6	471.8	50.7	24.8	929.8	18.1	39.0	3.90	1,700.4	48.8	3,484.2	652.3	38.4	16.1	18.5	15.3
09/13	1.00	6.4	437.5	49.5	9.3	884.4	14.9	38.2	3.71	1,606.7	48.1	3,341.7	614.8	38.3	15.9	17.8	15.0
06/13	0.92	16.5	400.2	46.8	19.3	854.3	15.9	38.1	3.65	1,569.5	48.6	3,227.0	600.6	38.3	22.9	24.6	14.6
03/13	0.91	21.3	390.9	47.9	21.7	815.7	11.9	38.1	3.52	1,504.7	48.4	3,109.5	576.8	38.3	19.7	19.8	11.3
12/12	0.88	22.2	378.1	48.0	23.4	787.3	17.2	38.6	3.36	1,435.1	47.5	3,022.5	551.5	38.4	15.5	14.8	10.0
09/12	0.94	32.4	400.3	52.0	35.0	769.7	13.3	38.2	3.20	1,363.5	46.9	2,906.8	523.7	38.4	10.0	9.8	6.7
06/12	0.79	3.9	335.4	45.5	1.0	736.8	3.2	38.3	2.97	1,259.7	44.7	2,816.5	481.3	38.2	4.6	3.5	7.1
03/12	0.75	4.2	321.3	44.1	1.9	728.7	6.8	38.5	2.94	1,256.5	45.0	2,793.4	480.2	38.2	10.1	10.1	12.0
12/11	0.72	0.0	306.5	45.6	2.8	671.6	3.7	38.5	2.91	1,250.6	45.5	2,747.1	477.3	38.2	15.5	16.9	16.0
09/11	0.71	10.9	296.5	43.6	9.5	679.4	15.9	37.4	2.91	1,242.3	45.6	2,723.0	465.5	37.5			
06/11	0.76	28.8	332.2	46.5	29.3	713.7	23.6	38.4	2.84	1,216.6	46.3	2,629.7	456.2	37.5			
03/11	0.72	26.3	315.4	46.2	29.3	682.4	22.7	38.3	2.67	1,141.4	45.8	2,493.4	427.9	37.5			
12/10	0.72		298.2	46.1		647.5		35.8									
09/10	0.64		270.8	46.2		586.1		37.6									
06/10	0.59		257.0	44.5		577.4		38.3									
03/10	0.57		244.0	43.9		556.2		37.3									