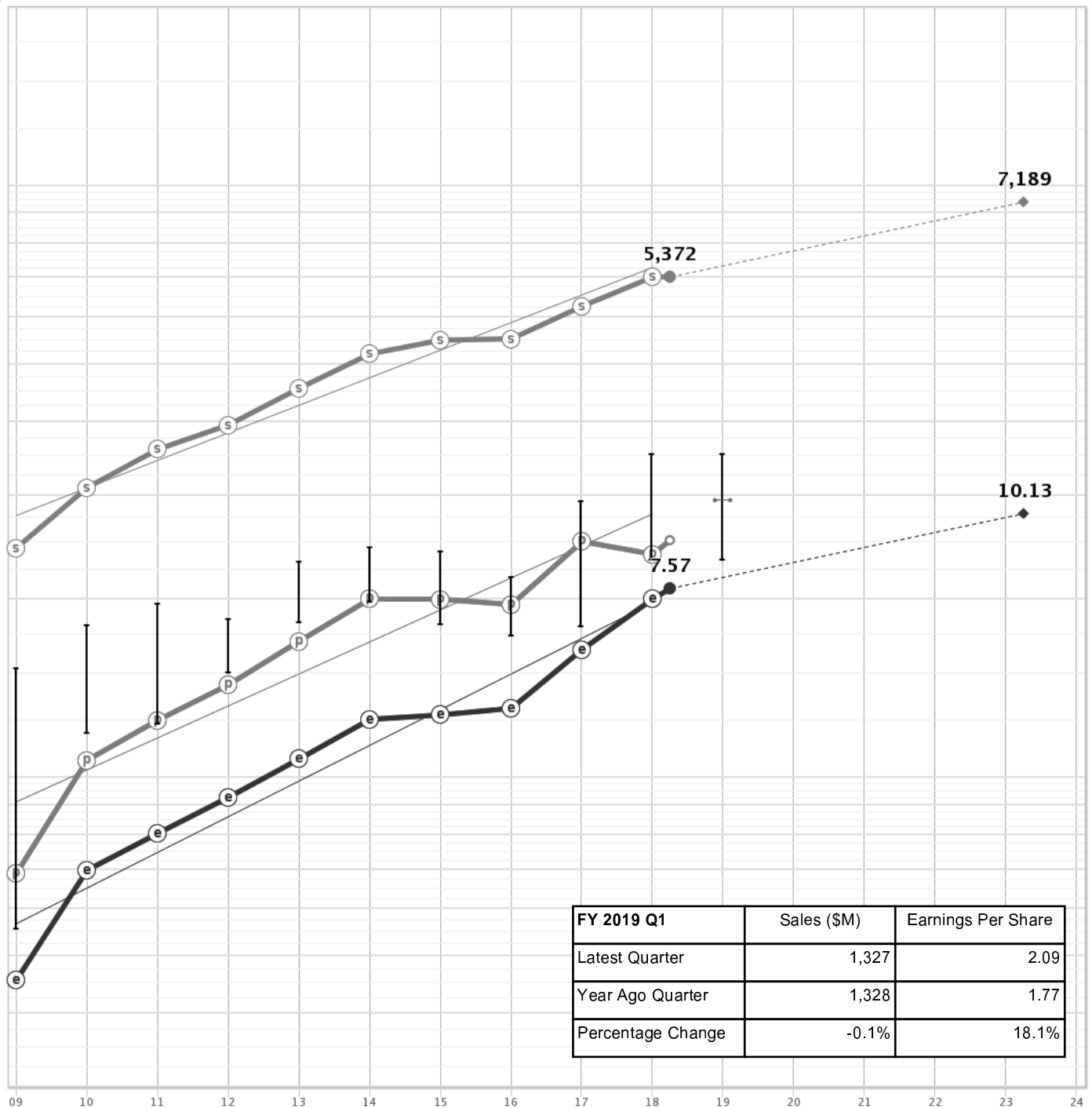


Company	T. Rowe Price Group		Date	05/03/19	
Prepared by	HUNT		Data taken from	BI Stock Data	
Where traded	NAS		Industry	Asset Management	
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	239.6	6.7	116.7		
Debt (\$M)	0.0	% to Tot Cap	0.0	% Pot Dil	1.3

# Stock Selection Guide

Symbol: TROW

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



FY 2019 Q1	Sales (\$M)	Earnings Per Share
Latest Quarter	1,327	2.09
Year Ago Quarter	1,328	1.77
Percentage Change	-0.1%	18.1%

- (1) Historical Sales Growth 11.3%
- (2) Estimated Future Sales Growth 6.0%
- (3) Historical Earnings Per Share Growth 14.9%
- (4) Estimated Future Earnings Per Share Growth 6.0%

## 2 EVALUATING Management

T. Rowe Price Group

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Last 5 Year Avg.
Pre-tax Profit on Sales	36.8%	45.2%	45.5%	47.5%	48.8%	50.3%	47.7%	46.4%	52.3%	44.4%	48.2%
% Earned on Equity	14.8%	19.9%	22.6%	22.5%	22.5%	22.7%	24.8%	24.1%	26.5%	26.8%	25.0%
% Debt To Capital	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

## 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** 106.86 (05/03/19)

**HIGH THIS YEAR** 127.43

**LOW THIS YEAR** 84.59

	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
2014	88.6	71.8	4.55	19.5	15.8	1.76	38.7	2.5
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
AVERAGE		70.1		18.1	13.2		41.2	
CURRENT/TTM			7.57			3.04	40.2	
AVERAGE PRICE EARNINGS RATIO: 15.6				CURRENT PRICE EARNINGS RATIO: 14.1				

## 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 18.0 X Estimate High Earnings/Share 10.13 = Forecasted High Price \$ 182.3

### B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 13.0 X Estimate Low Earnings/Share 7.27 = Forecasted Low Price \$ 94.5

(b) Avg. Low Price of Last 5 Years 70.1

(c) Recent Market Low Price 65.3

(d) Price Dividend Will Support  $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{3.04}{3.49\%} = 87.1$

Selected Forecasted Low Price \$ 94.5

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

Forecasted High Price 182.3 Minus Forecasted Low Price 94.5 = 87.8 Range. 25% of Range 22.0

Buy Zone 94.5 to 116.5

Hold Zone 116.5 to 160.4

Sell Zone 160.4 to 182.3

Present Market Price of 106.86 is in the **BUY** Zone

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

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{182.3 - 106.86}{106.86 - 94.5} = \frac{75.49}{12.36} = 6.1$  To 1

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

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{182.3 - 106.86}{106.86} = 1.7064$  X 100 = 170.64 - 100 = 70.6 % 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**  $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{2.80}{106.86} = 0.0284 = 2.8\%$  Current Yield

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

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{41.2\%}{18.00} = 2.3\%$

### AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{41.2\%}{15.50} = 2.7\%$

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

Annualized Appreciation 11.3 %  
Average Yield 2.3 %  
Annualized Rate of Return 13.6 %

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

Annualized Appreciation 8.0 %  
Average Yield 2.7 %  
Annualized Rate of Return 10.7 %