1. VISUAL ANALYSIS of Sales, Earnings, and Price

<table>
<thead>
<tr>
<th>FY 2019 Q2</th>
<th>Sales ($M)</th>
<th>Earnings Per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latest Quarter</td>
<td>5,494</td>
<td>1.31</td>
</tr>
<tr>
<td>Year Ago Quarter</td>
<td>5,073</td>
<td>1.11</td>
</tr>
<tr>
<td>Percentage Change</td>
<td>8.3%</td>
<td>18.0%</td>
</tr>
</tbody>
</table>

(1) Historical Sales Growth 12.2%
(2) Estimated Future Sales Growth 14.0%
(3) Historical Earnings Per Share Growth 19.8%
(4) Estimated Future Earnings Per Share Growth 14.1%
This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

### 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** 162.04 (05/03/19)  **HIGH THIS YEAR** 165.74  **LOW THIS YEAR** 121.60

<table>
<thead>
<tr>
<th>Year</th>
<th>Price High</th>
<th>Price Low</th>
<th>Earnings Per Share High A / C</th>
<th>Earnings Per Share Low B / C</th>
<th>Dividend</th>
<th>% Payout</th>
<th>% High Yield</th>
<th>F / C * 100</th>
<th>F / B * 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>58.9</td>
<td>45.0</td>
<td>2.16</td>
<td>27.3</td>
<td>20.9</td>
<td>0.40</td>
<td>16.8</td>
<td>18.6</td>
<td>0.9</td>
</tr>
<tr>
<td>2015</td>
<td>76.9</td>
<td>48.8</td>
<td>2.58</td>
<td>29.8</td>
<td>18.9</td>
<td>0.48</td>
<td>18.6</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>83.8</td>
<td>66.1</td>
<td>2.48</td>
<td>33.9</td>
<td>26.7</td>
<td>0.56</td>
<td>22.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>106.8</td>
<td>75.2</td>
<td>2.80</td>
<td>38.2</td>
<td>26.8</td>
<td>0.66</td>
<td>23.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>150.6</td>
<td>104.9</td>
<td>4.42</td>
<td>34.1</td>
<td>23.7</td>
<td>0.83</td>
<td>18.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AVERAGE</td>
<td>68.0</td>
<td>4.84</td>
<td>32.6</td>
<td>23.4</td>
<td>20.4</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

**AVERAGE PRICE EARNINGS RATIO:** 28.0  **CURRENT PRICE EARNINGS RATIO:** 33.5

### 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 34.0  X Estimate High Earnings/Share 8.55  =  Forecasted High Price $ 290.6

**B LOW PRICE - NEXT 5 YEARS**

(a) Avg. Low P/E 23.4  X Estimate Low Earnings/Share 4.42  =  Forecasted Low Price $ 103.4

(b) Avg. Low Price of Last 5 Years 68.0

(c) Recent Market Low Price 75.2

(d) Price Dividend Will Support Indicated Dividend High Yield = 1.00 = 0.98% = 101.7

**C ZONING**  using 25%-50%-25%

Forecasted High Price 290.6  Minus Forecasted Low Price 75.2  = 215.5  Range. 25% of Range 53.9

Buy Zone 75.2  to 129.0

Hold Zone 129.0  to 236.8

Sell Zone 236.8  to 290.6

Present Market Price of 162.04 is in the **HOLD** Zone

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

High Price 290.6  Minus Present Price 162.04  = 128.58  = 1.5 To 1

Present Price 162.04  Minus Low Price 75.2  = 86.87  = 1.5 To 1

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

High Price 290.6  Closing Price 162.04  = 1.7935 X 100 = 179.35  - 100 = 79.4 % 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**

Indicated Annual Dividend 0.83  = 0.0062 = 0.6 % Current Yield

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

Avg. % Payout = 20.4 %  = 0.6 %  

Forecast High PE 34.00  = 20.4 %  = 0.6 %  

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

Average Dividend 0.6 %

Average Yield 0.7 %

Annualized Rate of Return 9.4 %

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

Annualized Appreciation 12.4 %

Average Yield 0.6 %

Annualized Rate of Return 13.0 %

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

Annualized Appreciation 8.6 %

Average Yield 0.7 %

Annualized Rate of Return 9.4 %