

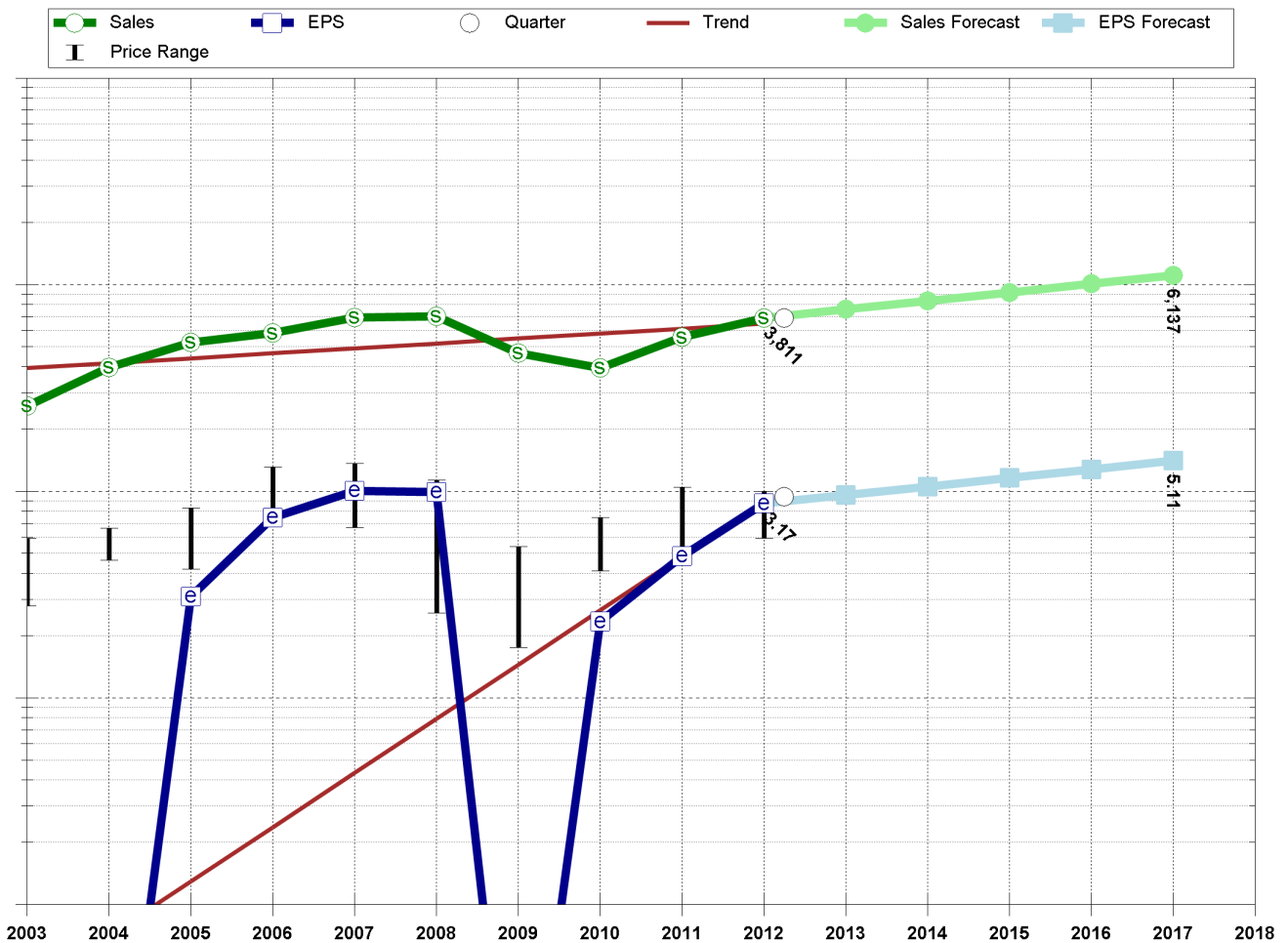
Company	Trinity Industries,		Date	6/12/2013	
Prepared by	HUNT		Data taken from	BI Stock Data	
Where traded	NYSE	Industry	Railroads		
Capitalization ---	Outstanding Amounts	Reference			
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	76.9	2.9	82.0		
Debt (\$M)	2,974.8	% to Tot Cap	58.2	% Pot Dil	0.1

## Stock Selection Guide

Symbol: TRN

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

FY2012 Quarter Ending (03/13)	Sales (\$M)	Earnings Per Share
Latest Quarter	932.9	0.91
Year Ago Quarter	925.3	0.66
Percentage Change	0.82%	37.88%



- |                                   |        |                                                |        |
|-----------------------------------|--------|------------------------------------------------|--------|
| (1) Historical Sales Growth       | 5.7%   | (3) Historical Earnings Per Share Growth       | 42.4%  |
| (2) Estimated Future Sales Growth | 10.00% | (4) Estimated Future Earnings Per Share Growth | 10.00% |

## 2 EVALUATING Management

Trinity Industries,

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Last 5 Year Avg.
Pre-tax Profit on Sales (Net Before Taxes/Sales)	-1.00%	-0.69%	4.95%	10.83%	12.09%	11.92%	6.92%	5.32%	7.72%	10.12%	8.40%
% Earned on Equity (E/S / Book Value)	-1.17%	-1.27%	7.43%	15.46%	17.21%	15.01%	-7.94%	3.94%	7.61%	12.21%	6.17%

## 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.

PRESENT PRICE 38.2

HIGH THIS YEAR 45.67

LOW THIS YEAR 21.53

	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
1 2008	41.15	9.34	3.61	11.40	2.59	0.300	8.31	3.21
2 2009	19.64	6.37	NMF	NMF	NMF	0.320	NMF	5.02
3 2010	27.09	14.95	0.85	31.87	17.59	0.320	37.65	2.14
4 2011	38.01	19.10	1.77	21.47	10.79	0.340	19.21	1.78
5 2012	36.25	21.53	3.17	11.44	6.79	0.400	12.62	1.86
6 TOTAL		71.3		76.2	37.8		77.8	
7 AVERAGE		14.3		19.0	9.4		19.4	
8 AVERAGE PRICE EARNINGS RATIO 14.2					9 CURRENT PRICE EARNINGS RATIO 11.1			

## 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 15.00 X Estimate High Earnings/Share 5.11 = Forecasted High Price \$ 76.65

### B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 8.00 X Estimate Low Earnings/Share 3.17 = Forecasted Low Price \$ 25.36

(b) Avg. Low Price of Last 5 Years 14.26

(c) Recent Market Low Price 19.10

(d) Price Dividend Will Support  $\frac{\text{Present Dividend}}{\text{High Yield}} = \frac{0.520}{1.90\%} = 27.37$

Selected Forecasted Low Price 27.40

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

Forecasted High Price 76.65 Minus Forecasted Low Price 27.40 = 49.25 Range. 25% of Range 12.31

Buy Zone 27.40 to 39.71

Hold Zone 39.71 to 64.34

Sell Zone 64.34 to 76.65

Present Market Price of 38.23 is in the **Buy** Zone

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

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{76.65 - 38.23}{38.23 - 27.40} = \frac{38.42}{10.83} = 3.5$  To 1

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

$\frac{\text{High Price} - \text{Present Market Price}}{\text{Present Market Price}} = \frac{76.65 - 38.23}{38.23} = 2.00$  X 100 = 200.50 - 100 = 100.50 % 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  $\frac{\text{Present Full Year's Dividend } \$ 0.520}{\text{Present Price of Stock } 38.23} = 0.01 = 1.36\%$  Present Yield

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

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{12.02\%}{15.00} = 0.80\%$

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

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{12.02\%}{11.50} = 1.05\%$

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

Annualized Appreciation 14.93 %  
Average Yield 0.80 %  
Annualized Rate of Return 15.73 %

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

Annualized Appreciation 8.98 %  
Average Yield 1.05 %  
Annualized Rate of Return 10.02 %