

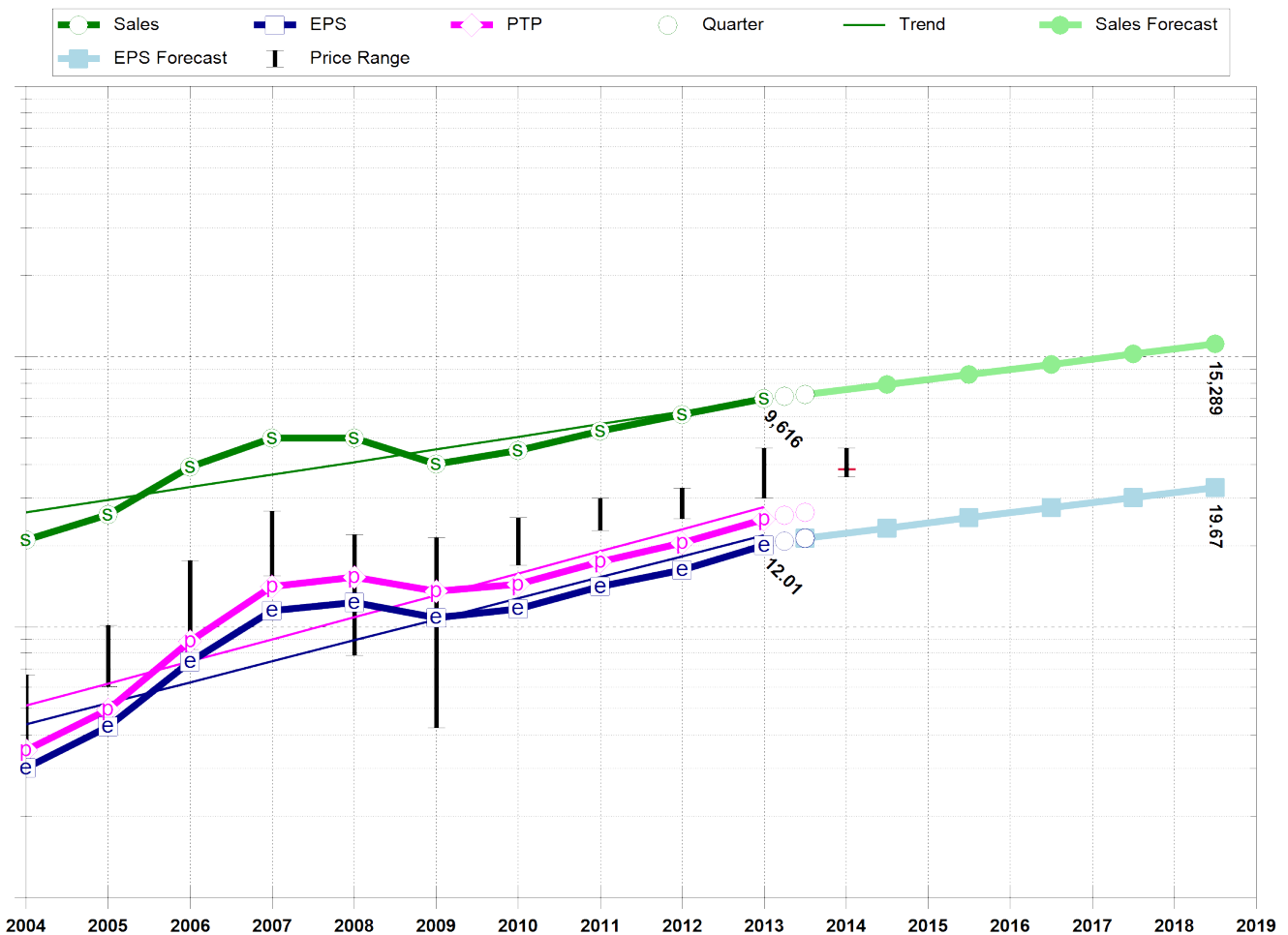
Company	Precision Castparts		Date	12/16/2014	
Prepared by	HUNT		Data taken from	BI Stock Data	
Where traded	NYSE	Industry	Metal Fabrication		
Capitalization ---	Outstanding Amounts	Reference			
Preferred (\$M)	0.0	% Insiders	% Institution		
Diluted Shares (M)	144.3	0.8	98.0		
Debt (\$M)	4,320.0	% to Tot Cap	27.1	% Pot Dil	0.7

Stock Selection Guide

Symbol: PCP

1 VISUAL ANALYSIS of Sales, Earnings, and Price

FY2013 Quarter Ending (09/14)	Sales (\$M)	Earnings Per Share
Latest Quarter	2,522.0	3.24
Year Ago Quarter	2,362.0	2.90
Percentage Change	6.8%	11.7%



(1) Historical Sales Growth	11.3%	(3) Historical Earnings Per Share Growth	19.6%
(2) Estimated Future Sales Growth	9.0%	(4) Estimated Future Earnings Per Share Growth	9.0%

2 EVALUATING Management

Precision Castparts

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Last 5 Year Avg.
Pre-tax Profit on Sales	12.5%	14.5%	17.2%	21.4%	23.3%	25.7%	24.0%	25.1%	25.4%	27.0%	25.5%
% Earned on Equity	13.4%	16.1%	21.5%	23.7%	21.3%	15.7%	14.0%	14.7%	14.6%	15.3%	14.9%
% Debt To Capital	32.1%	24.0%	23.5%	8.1%	5.9%	4.1%	3.2%	2.4%	28.0%	23.9%	12.3%

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 229.6

HIGH THIS YEAR 275.09

LOW THIS YEAR 215.09

	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 2009	128.1	25.4	6.50	19.7	3.9	0.12	1.8	0.5
2 2010	152.0	101.5	7.01	21.7	14.5	0.12	1.7	0.1
3 2011	179.5	136.0	8.45	21.2	16.1	0.12	1.4	0.1
4 2012	196.0	150.5	9.76	20.1	15.4	0.12	1.2	0.1
5 2013	275.0	180.1	12.01	22.9	15.0	0.12	1.0	0.1
AVERAGE		118.7		21.1	13.0		1.4	
CURRENT/TTM			12.78			0.11	0.9	
AVERAGE PRICE EARNINGS RATIO 17.0					CURRENT PRICE EARNINGS RATIO 18.0			

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 20.00 X Estimate High Earnings/Share 19.67 = Forecasted High Price \$ 393.4

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 12.00 X Estimate Low Earnings/Share 12.78 = Forecasted Low Price \$ 153.4

(b) Avg. Low Price of Last 5 Years 118.7

(c) Recent Market Low Price 150.53

(d) Price Dividend Will Support $\frac{\text{Present Dividend}}{\text{High Yield}} = \frac{0.110}{0.10\%} = 110.0$

Selected Forecasted Low Price \$ 179.0

C ZONING using 25%-50%-25%

Forecasted High Price 393.4 Minus Forecasted Low Price 179.0 = 214.4 Range. 25% of Range 53.6

Buy Zone 179.0 to 232.6

Hold Zone 232.6 to 339.8

Sell Zone 339.8 to 393.4

Present Market Price of 229.57 is in the **Buy** Zone

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

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{393.4 - 229.57}{229.57 - 179.0} = \frac{163.83}{50.57} = 3.2$ To 1

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

$\frac{\text{High Price} - \text{Present Market Price}}{\text{Present Market Price}} = \frac{393.4 - 229.57}{229.57} = 1.71$ X 100 = 171.36 - 100 = 71.4 % 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 $\frac{\text{Present Full Year's Dividend \$}}{\text{Present Price of Stock}} = \frac{0.11}{229.57} = 0.00 = 0.0\%$ Present Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{1.4\%}{20.00} = 0.1\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{1.4\%}{16.00} = 0.1\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 11.4 %
Average Yield 0.1 %
Annualized Rate of Return 11.4 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 6.5 %
Average Yield 0.1 %
Annualized Rate of Return 6.6 %