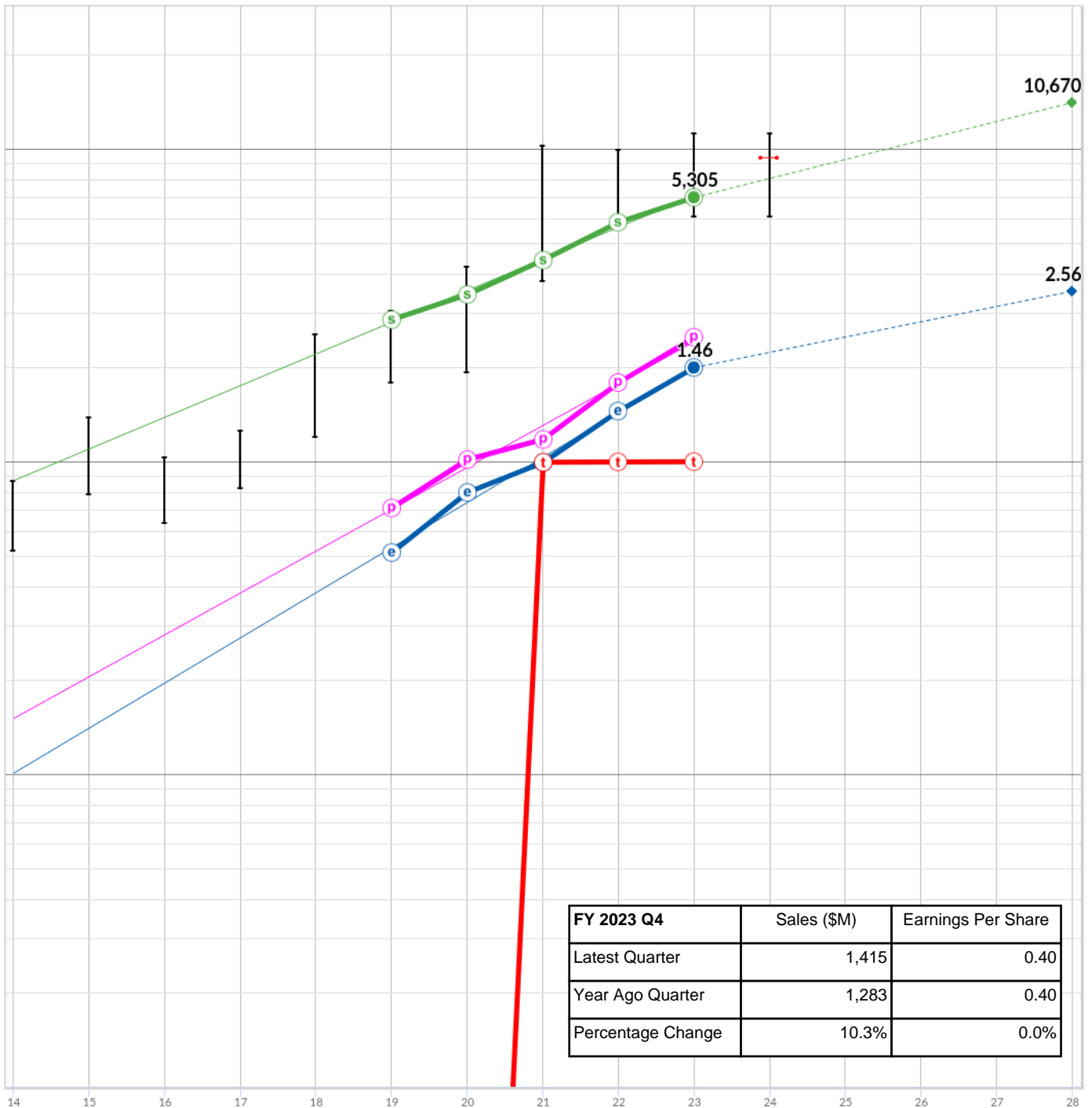


Stock Selection Guide

Company	Fortinet			Date	04/08/24		
Prepared by	TOBIN			Data taken from	BI Stock Data		
Where traded	NAS			Industry	Software - Infrastructure		
Capitalization --- Outstanding Amounts	Reference						
Preferred (\$M)	0.0	% Insiders	% Institution				
Common (M Shares)	772.3	9.2	69.0				
Debt (\$M)	992.3	% to Tot Cap	187.6	% Pot Dil	0.9		

Symbol: FTNT

1 VISUAL ANALYSIS of Sales, Earnings, and Price



FY 2023 Q4	Sales (\$M)	Earnings Per Share
Latest Quarter	1,415	0.40
Year Ago Quarter	1,283	0.40
Percentage Change	10.3%	0.0%

- | | | | |
|-----------------------------------|-------|--|-------|
| (1) Historical Sales Growth | 26.3% | (3) Historical Earnings Per Share Growth | 39.4% |
| (2) Estimated Future Sales Growth | 15.0% | (4) Estimated Future Earnings Per Share Growth | 11.9% |

2 EVALUATING Management

Fortinet

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Last 5 Year Avg.
% Pre-tax Profit on Sales	8.0%	1.7%	3.4%	8.3%	13.9%	17.6%	20.9%	18.8%	21.6%	25.1%	19.7%
% Earned on Equity	3.9%	1.1%	3.8%	3.4%	36.4%	26.8%	66.3%	52.6%	-130.5%	1,513%	3.8%
% Debt To Capital	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	55.8%	139.7%	187.6%	76.6%

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.

CURRENT PRICE 68.40 (04/08/24)

52-WEEK HIGH 81.24

52-WEEK LOW 44.12

	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
2019	22.1	13.0	0.37	59.0	34.8	0.00	0.0	0.0
2020	30.7	14.0	0.58	52.7	24.1	0.00	0.0	0.0
2021	74.4	27.5	0.73	102.4	37.8	0.00	0.0	0.0
2022	72.4	42.6	1.06	68.3	40.2	0.00	0.0	0.0
2023	81.2	44.1	1.46	55.6	30.2	0.00	0.0	0.0
AVERAGE		28.2		67.6	33.4		0.0	
CURRENT/TTM			1.45	56.0	30.4	0.00	0.0	
AVERAGE PRICE EARNINGS RATIO: 50.5					CURRENT PRICE EARNINGS RATIO: 47.2			

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 50.5 X Estimate High Earnings/Share 2.56 = Forecasted High Price \$ 129.4

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 33.4 X Estimate Low Earnings/Share 1.45 = Forecasted Low Price \$ 48.4

(b) Avg. Low Price of Last 5 Years 28.2

(c) Recent Market Low Price 42.6

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{0.00}{0.00\%} = 0.0$

Selected Forecasted Low Price \$ 48.4

C ZONING using 25%-50%-25%

Forecasted High Price 129.4 Minus Forecasted Low Price 48.4 = 81.0 Range. 25% of Range 20.2

Buy Zone 48.4 to 68.6

Hold Zone 68.6 to 109.1

Sell Zone 109.1 to 129.4

Present Market Price of 68.40 is in the **BUY** Zone

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

$\frac{\text{High Price} - \text{Current Price}}{\text{Current Price} - \text{Low Price}} = \frac{129.4 - 68.40}{68.40 - 48.4} = \frac{60.96}{20.00} = 3.0$ To 1

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

$\frac{\text{High Price}}{\text{Current Price}} = \frac{129.4}{68.40} = 1.8912$ X 100 = 189.12 - 100 = 89.1 % 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 $\frac{\text{Indicated Annual Dividend}}{\text{Current Price}} = \frac{0.00}{68.40} = 0.0000 = 0.0\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{0.0\%}{50.50} = 0.0\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{0.0\%}{41.95} = 0.0\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 13.6 %
Average Yield 0.0 %
Annualized Rate of Return 13.6 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 9.5 %
Average Yield 0.0 %
Annualized Rate of Return 9.5 %