NATIONAL ASSOCIATION OF INVESTORS CORPORATION

BETTERINVESTING™
Empowering Investors Since 1951

Stock Selection Guide

Company	Skyworks Solutions		Date	01/13/16	
Prepared by	Fitts		Data taken from	BI Stock Data	
Where traded	NAS	Industry	Semiconductors		
Capitalization --- Outstanding Amounts			Reference		
Preferred ($M)		0.0	% Insiders	% Institution	
Common (M Shares)		194.9	0.6	81.9	
Debt ($M)	0.0	% to Tot Cap	0.0	% Pot Dil	2.8

Symbol: SWKS

1 VISUAL ANALYSIS of Sales, Earnings, and Price

6,554

3,258

8.24

4.10
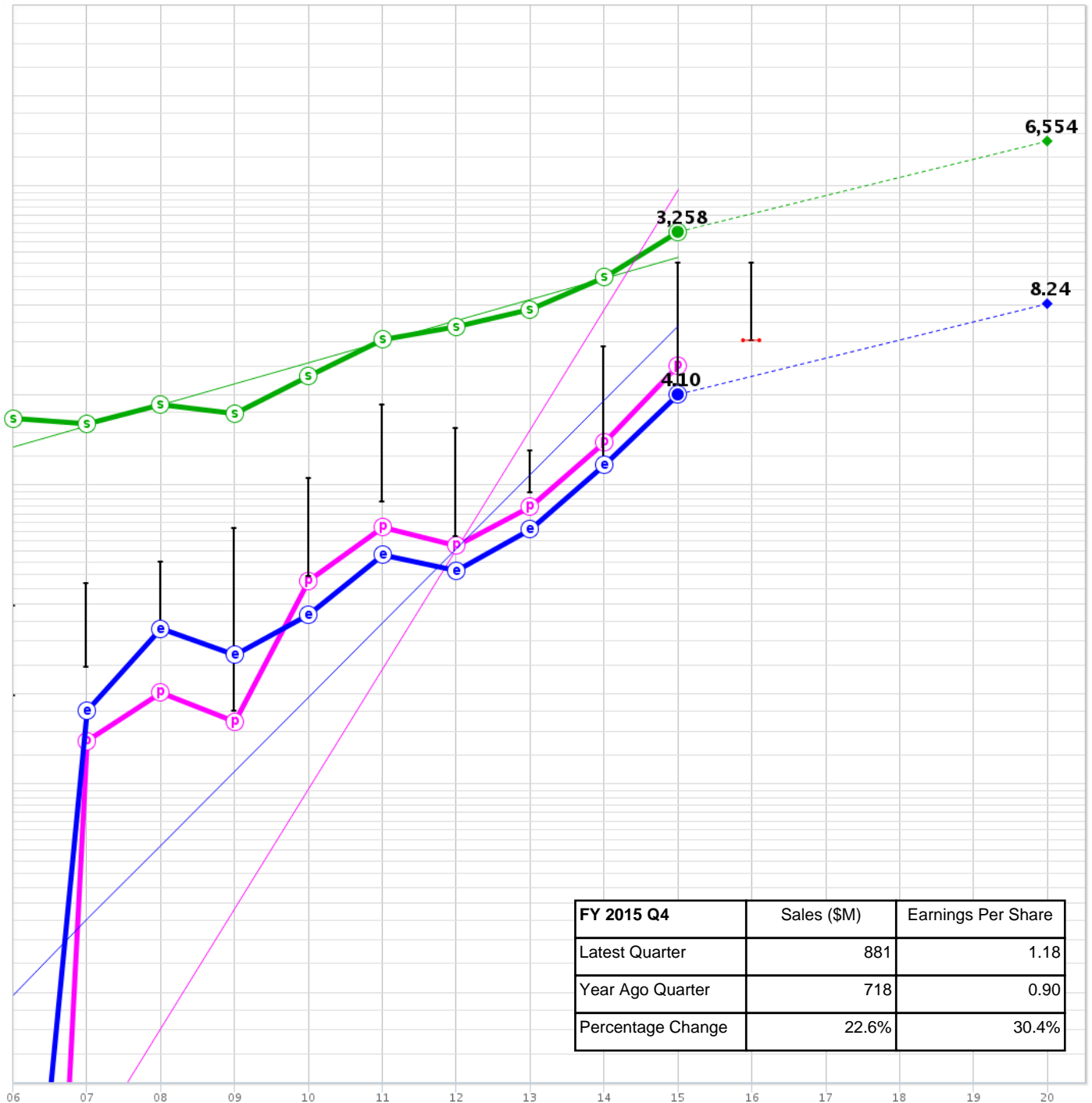
FY 2015 Q4	Sales ($M)	Earnings Per Share
Latest Quarter	881	1.18
Year Ago Quarter	718	0.90
Percentage Change	22.6%	30.4%

06 07 08 09 10 11 12 13 14 15 16 17 18 19 20

(1) Historical Sales Growth	17.6%	(3) Historical Earnings Per Share Growth	77.1%
(2) Estimated Future Sales Growth	15.0%	(4) Estimated Future Earnings Per Share Growth	15.0%

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Last 5 Year Avg.
Pre-tax Profit on Sales	-9.4%	7.7%	9.6%	8.2%	18.2%	20.7%	16.3%	19.2%	24.7%	31.4%	22.5%
% Earned on Equity	-10.9%	7.6%	11.8%	8.5%	10.2%	13.8%	11.2%	13.6%	18.9%	25.7%	16.6%
% Debt To Capital	23.9%	27.6%	16.6%	10.5%	5.4%	1.6%	0.0%	0.0%	0.0%	0.0%	0.3%

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.

CLOSING PRICE 62.16 (01/13/16) **HIGH THIS YEAR** 112.88 **LOW THIS YEAR** 61.90

	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
2011	37.8	17.9	1.19	31.8	15.1	0.00	0.0	0.0
2012	31.4	13.7	1.05	29.9	13.0	0.00	0.0	0.0
2013	26.5	19.2	1.45	18.3	13.3	0.00	0.0	0.0
2014	59.3	23.3	2.38	24.9	9.8	0.22	9.3	0.9
2015	112.9	44.1	4.10	27.6	10.8	0.65	15.9	1.5
AVERAGE		23.6		26.5	12.4		5.0	
CURRENT/TTM			4.10			1.04	25.4	
AVERAGE PRICE EARNINGS RATIO 19.4					CURRENT PRICE EARNINGS RATIO 15.2			

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   19.4   X Estimate High Earnings/Share   8.24   =   Forecasted High Price $ 159.8

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E   12.4   X Estimate Low Earnings/Share   4.10   =   Forecasted Low Price $ 50.8

(b) Avg. Low Price of Last 5 Years   23.6

(c) Recent Market Low Price   23.3

(d) Price Dividend Will Support $\dfrac{\text{Indicated Dividend}}{\text{High Yield}}$ = $\dfrac{0.65}{1.48\%}$ = 44.1

Selected Forecasted Low Price $ 50.8

C ZONING   using 25%-50%-25%

Forecasted High Price   159.8   Minus Forecasted Low Price   50.8   =   109.0   Range.   25% of Range   27.3

Buy Zone   50.8   to   78.1

Hold Zone   78.1   to   132.6

Sell Zone   132.6   to   159.8

Present Market Price of   62.16   is in the   **BUY**   Zone

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

$\dfrac{\text{High Price} \quad 159.8 \quad \text{Minus Present Price} \quad 62.16}{\text{Present Price} \quad 62.16 \quad \text{Minus Low Price} \quad 50.8}$ = $\dfrac{97.67}{11.36}$ = 8.6   To 1

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

$\dfrac{\text{High Price} \quad 159.8}{\text{Closing Price} \quad 62.16}$ = 2.5712   X   100   =   257.12   -   100   =   157.1   % 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 $\dfrac{\text{Indicated Annual Dividend} \quad 0.65}{\text{Closing Price} \quad 62.16}$ = 0.0167   =   1.7 %   Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\dfrac{\text{Avg. \% Payout}}{\text{Forecast High PE}}$ = $\dfrac{5.0 \%}{19.40}$ = 0.3 %

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\dfrac{\text{Avg. \% Payout}}{\text{Forecast Average PE}}$ = $\dfrac{5.0 \%}{15.90}$ = 0.3 %

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation	20.8 %
Average Yield	0.3 %
Annualized Rate of Return	21.0 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation	16.1 %
Average Yield	0.3 %
Annualized Rate of Return	16.4 %