

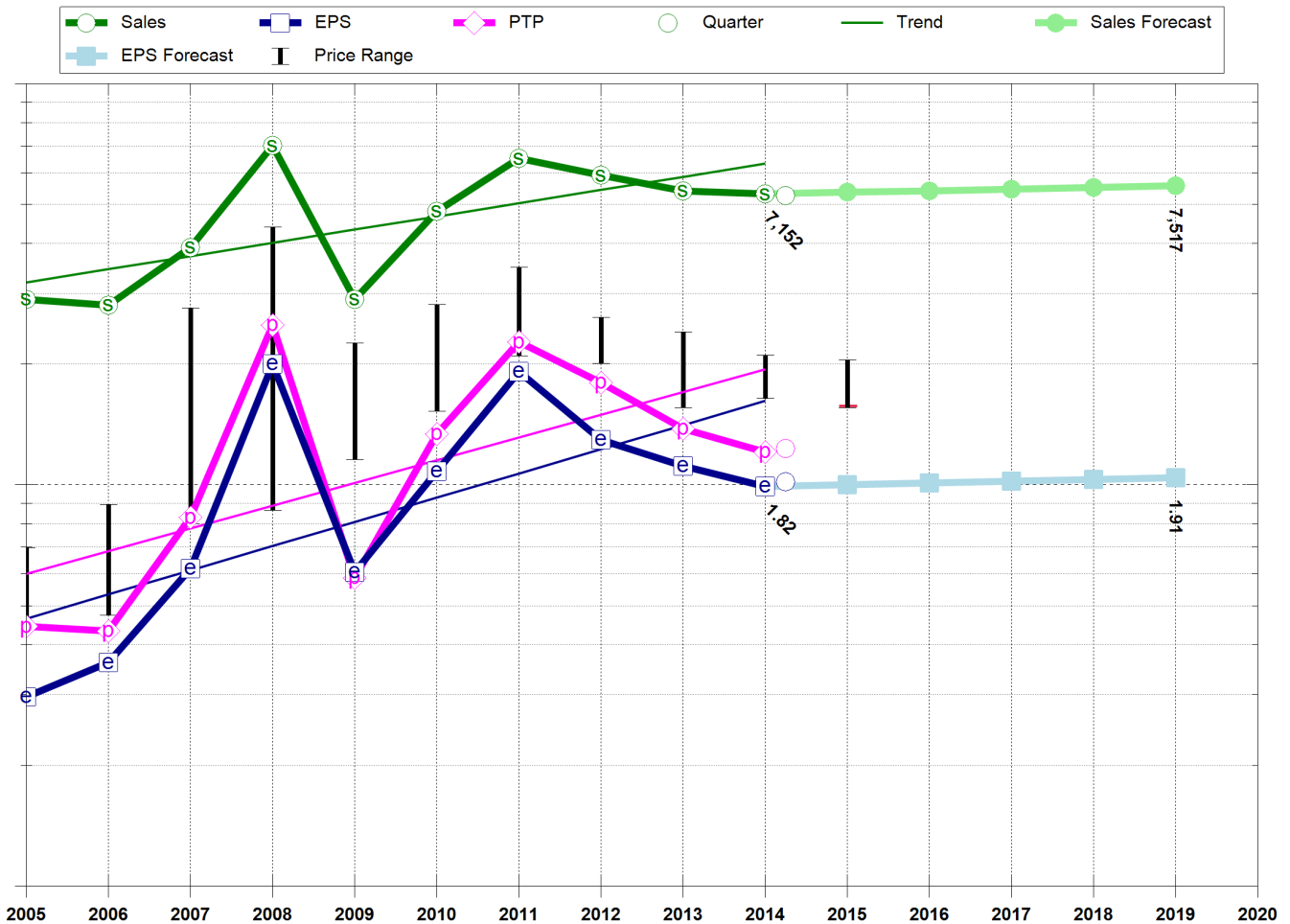
Company	Potash Corp of Sask		Date	7/10/2015	
Prepared by	WRIGHT		Data taken from	BI Stock Data	
Where traded	NYS	Industry	Agricultural Inputs		
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Diluted Shares (M)	837.1	0.0	70.6		
Debt (\$M)	4,204.0	% to Tot Cap	32.0	% Pot Dil	0.7

Stock Selection Guide

Symbol: POT

1 VISUAL ANALYSIS of Sales, Earnings, and Price

FY2015 Quarter Ending (03/15)	Sales (\$M)	Earnings Per Share
Latest Quarter	1,665.0	0.44
Year Ago Quarter	1,680.0	0.40
Percentage Change	-0.9%	11.9%



- | | | | |
|-----------------------------------|------|--|-------|
| (1) Historical Sales Growth | 7.9% | (3) Historical Earnings Per Share Growth | 14.9% |
| (2) Estimated Future Sales Growth | 1.0% | (4) Estimated Future Earnings Per Share Growth | 1.0% |

2 EVALUATING Management

Potash Corp of Saska

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Last 5 Year Avg.
Pre-tax Profit on Sales	21.1%	21.0%	28.9%	48.4%	26.9%	37.5%	47.6%	41.5%	34.5%	31.0%	38.4%
% Earned on Equity	21.8%	24.2%	17.9%	72.4%	15.2%	24.9%	40.4%	20.7%	17.6%	17.2%	24.2%
% Debt To Capital	41.5%	40.8%	19.2%	40.9%	38.4%	45.1%	36.6%	29.2%	29.0%	32.6%	34.5%

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 28.8

HIGH THIS YEAR 37.60

LOW THIS YEAR 28.58

		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	2010	51.7	28.0	1.98	26.1	14.1	0.13	6.7	0.5
2	2011	64.0	38.4	3.52	18.2	10.9	0.24	6.9	0.6
3	2012	48.0	36.7	2.37	20.2	15.5	0.56	23.6	1.5
4	2013	44.1	28.6	2.04	21.6	14.0	1.19	58.3	4.2
5	2014	38.6	30.1	1.82	21.2	16.5	1.40	77.0	4.7
	AVERAGE		32.4		21.5	14.2		34.5	
	CURRENT/TTM			1.87			1.52	81.5	
AVERAGE PRICE EARNINGS RATIO 17.8					CURRENT PRICE EARNINGS RATIO 15.4				

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 17.84 X Estimate High Earnings/Share 1.91 = Forecasted High Price \$ 34.1

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 14.21 X Estimate Low Earnings/Share 1.82 = Forecasted Low Price \$ 25.9

(b) Avg. Low Price of Last 5 Years 32.4

(c) Recent Market Low Price 28.55

(d) Price Dividend Will Support $\frac{\text{Present Dividend}}{\text{High Yield}} = \frac{1.520}{4.70\%} = 32.3$

Selected Forecasted Low Price \$ 15.4

C ZONING using 25%-50%-25%

Forecasted High Price 34.1 Minus Forecasted Low Price 15.4 = 18.6 Range. 25% of Range 4.7

Buy Zone 15.4 to 20.1

Hold Zone 20.1 to 29.4

Sell Zone 29.4 to 34.1

Present Market Price of 28.79 is in the **Hold** Zone

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

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{34.1 - 28.79}{28.79 - 15.4} = \frac{5.28}{13.35} = 0.4$ To 1

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

$\frac{\text{High Price}}{\text{Present Market Price}} = \frac{34.1}{28.79} = 1.18$ X 100 = 118.35 - 100 = 18.4 % 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 $\frac{\text{Present Full Year's Dividend \$}}{\text{Present Price of Stock}} = \frac{1.52}{28.79} = 0.05 = 5.3\%$ Present Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{34.5\%}{17.84} = 1.9\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 3.4 %

Average Yield 1.9 %

Annualized Rate of Return 5.4 %