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Stock Selection Guide

Company	Five Below		Date	07/18/17
Prepared by	TAYLOR		Data taken from	BI Stock Data
Where traded	NAS	Industry	Specialty Retail	

Capitalization --- Outstanding Amounts   Reference _____

		% Insiders	% Institution
Preferred ($M)	0.0		
Common (M Shares)	55.3	3.4	92.7
Debt ($M)	0.0	% to Tot Cap	0.0	% Pot Dil	0.5

Symbol: FIVE

1 VISUAL ANALYSIS of Sales, Earnings, and Price

2,012

1,000

2.36

1.30

FY 2017 Q1	Sales ($M)	Earnings Per Share
Latest Quarter	233	0.15
Year Ago Quarter	193	0.12
Percentage Change	20.8%	25.0%

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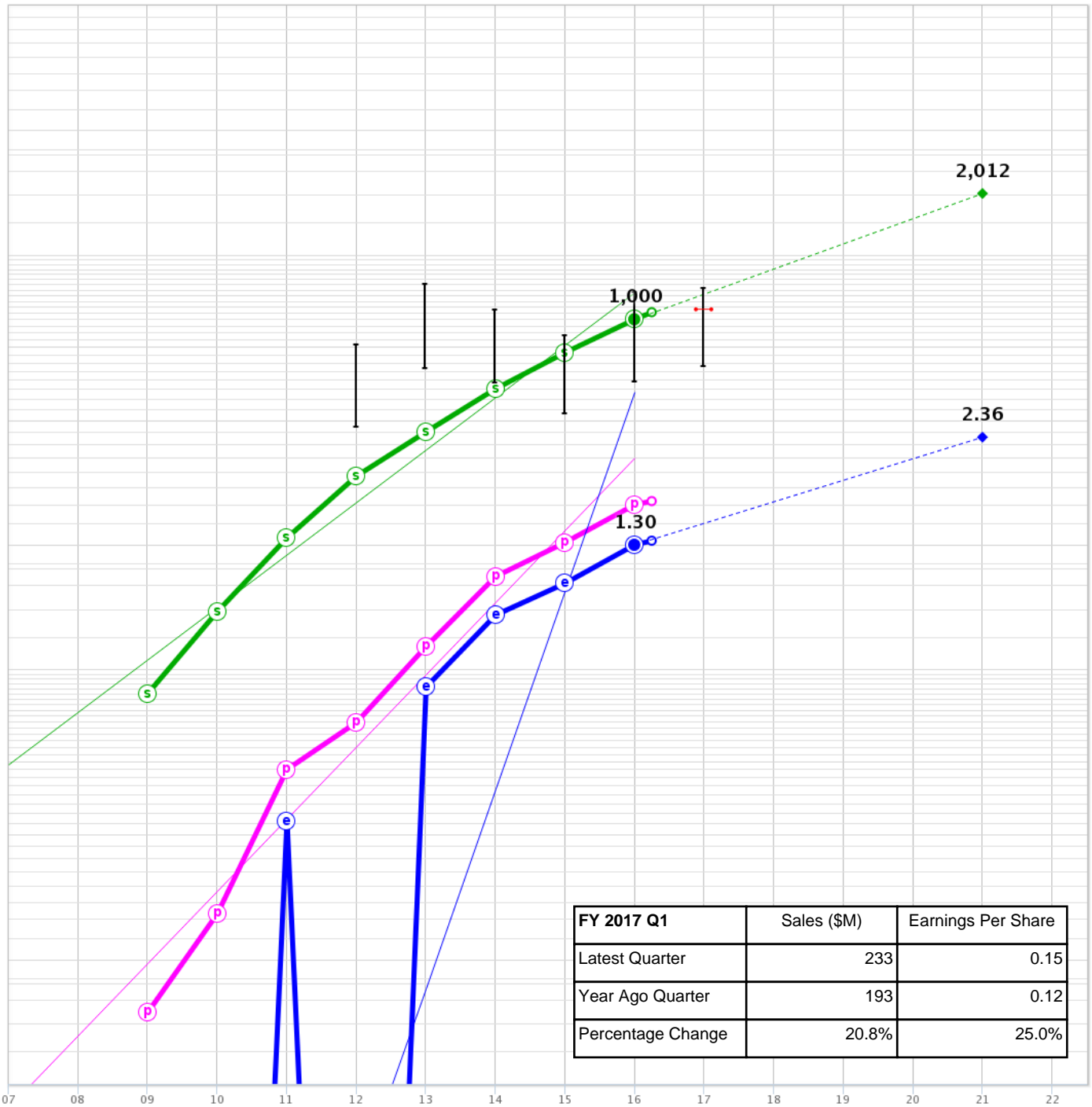
(1) Historical Sales Growth	33.8%	(3) Historical Earnings Per Share Growth	201.9%
(2) Estimated Future Sales Growth	15.0%	(4) Estimated Future Earnings Per Share Growth	12.7%

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Last 5 Year Avg.
Pre-tax Profit on Sales			5.4%	6.0%	8.8%	8.1%	9.7%	11.3%	11.1%	11.4%	10.3%
% Earned on Equity						-139.8%	35.9%	34.5%	28.7%	25.7%	-3.0%
% Debt To Capital				-0.2%	-0.2%	32.8%	14.3%	0.0%	0.0%	0.0%	9.4%

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 48.10 (07/18/17)   **HIGH THIS YEAR** 54.13   **LOW THIS YEAR** 35.03

	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
2012	39.5	25.0	-1.28	NMF	NMF	0.00	0.0	0.0
2013	55.3	34.6	0.59	93.7	58.7	0.00	0.0	0.0
2014	47.9	32.0	0.88	54.4	36.4	0.00	0.0	0.0
2015	41.5	27.0	1.05	39.5	25.7	0.00	0.0	0.0
2016	52.7	32.0	1.30	40.5	24.6	0.00	0.0	0.0
AVERAGE		30.1		57.0	36.3		0.0	
CURRENT/TTM			1.33			0.00	0.0	
AVERAGE PRICE EARNINGS RATIO: 46.7				CURRENT PRICE EARNINGS RATIO: 36.2				

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   57.0   X Estimate High Earnings/Share   2.36   =   Forecasted High Price $ 134.7

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E   36.3   X Estimate Low Earnings/Share   1.30   =   Forecasted Low Price $ 47.2

(b) Avg. Low Price of Last 5 Years   30.1

(c) Recent Market Low Price   27.0

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

Selected Forecasted Low Price $ 30.1

C ZONING   using 25%-50%-25%

Forecasted High Price   134.7   Minus Forecasted Low Price   30.1   =   104.6   Range.   25% of Range   26.1

Buy Zone   30.1   to   56.3

Hold Zone   56.3   to   108.6

Sell Zone   108.6   to   134.7

Present Market Price of   48.10   is in the   **BUY**   Zone

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

$\frac{\text{High Price} \quad 134.7 \quad \text{Minus Present Price} \quad 48.10}{\text{Present Price} \quad 48.10 \quad \text{Minus Low Price} \quad 30.1}$ = $\frac{86.62}{17.98}$ = 4.8   To 1

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

$\frac{\text{High Price} \quad 134.7}{\text{Closing Price} \quad 48.10}$ = 2.8009   X   100   =   280.09   -   100   =   180.1   % 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 $\frac{\text{Indicated Annual Dividend} \quad 0.00}{\text{Closing Price} \quad 48.10}$ = 0.0000 = 0.0 %   Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}}$ = $\frac{0.0\%}{57.00}$ = 0.0 %

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}}$ = $\frac{0.0\%}{46.65}$ = 0.0 %

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation	22.9 %
Average Yield	0.0 %
Annualized Rate of Return	22.9 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation	18.0 %
Average Yield	0.0 %
Annualized Rate of Return	18.0 %