



Analyze Growth and Quality Valuation and Return Quarterly Data Ratios Notes

Company: Open Text (OTEX) Study Name: OTEX 6/26/19

Quick Navigation

3. PRICE EARNINGS HISTORY as an indicator of the future

CLOSING PRICE (06/25/19): 40.89 HIGH THIS YEAR: 42.34 LOW THIS YEAR: 30.99

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
2014	26.4	16.1	0.91	29.2	17.8	0.39	42.7%	2.4%
2015	30.9	19.9	0.95	32.3	20.9	0.36	37.6%	1.8%
2016	31.0	18.3	1.17	26.6	15.7	0.41	35.6%	2.3%
2017	35.2	28.8	4.01	8.8	7.2	0.48	11.9%	1.7%
2018	38.1	30.9	0.91	41.9	34.0	0.55	60.2%	1.8%
AVERAGE		22.8		27.8	19.1		37.6%	
CURRENT/TTM			1.02			0.70	68.5%	

AVERAGE PRICE EARNINGS RATIO: 23.4

CURRENT PRICE EARNINGS RATIO: 40.1

Show / Hide Price/Earnings Chart

Compare Peers

4. EVALUATING RISK and REWARD over the next 5 years

A. HIGH PRICE - NEXT 5 YEARS

Avg. High P/E: 27.8 X Estimate High Earnings / Share: 2.05 = Forecasted High Price: **57.0**

B. LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E: 19.1 X Estimate Low Earnings/Share 1.02 = Forecasted Low Price: 19.5

(b) Avg. Low Price of Last 5 Years: 22.8

(c) Recent Market Low Price: 28.8

2017 Low Stock Price: 28.8 52 Week Low Stock Price: 31.0

2018 Low Stock Price: 30.9

(d) Price Dividend Will Support: $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{0.70}{2.4\%} = 29.2$

Selected Forecasted Low Price: **22.8**

C. ZONING using 25%-50%-25% (click to toggle)

Forecasted High Price: 57.0 Minus Forecast Low Price: 22.8 = 34.2 Range. 25% of Range: 8.6

Buy Zone: 22.8 to 31.4

Hold Zone: 31.4 to 48.5

Sell Zone: 48.5 to 57.0

Closing Stock Price of 40.89 is in the **HOLD** Zone.

Show / Hide Gain vs Loss Chart

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

$\frac{\text{Forecasted High Price} - \text{Closing Price}}{\text{Closing Price} - \text{Forecasted Low Price}} = \frac{(57.0 - 40.89)}{(40.89 - 22.8)} = \frac{16.14}{18.06} = 0.9 \text{ To } 1$

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

$\frac{\text{Forecasted High Price}}{\text{Closing Price}} = \frac{57.0}{40.89} = (1.3948 \times 100) = (139.48 - 100) = 39.5\% \text{ Appreciation}$

Evaluating Risk At A Glance

Zone: **HOLD**
 Forecasted High Price: 57.0
 Forecasted Low Price: 22.8
 Closing Price (06/25/19): 40.89
 Upside Downside Ratio: 0.9 To 1
 Potential Price Appreciation: 39.5%

5. FIVE-YEAR POTENTIAL

A. CURRENT YIELD

$\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{0.70}{40.89} = 0.0171 = 1.7\%$

B. AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High P/E}} = \frac{37.6}{27.80} = 1.4\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average P/E}} = \frac{37.6}{23.45} = 1.6\%$

C. COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Price Appreciation 6.9%
 Average Yield 1.4%
 Annualized Rate of Return 8.2%

COMPOUND ANNUAL RETURN - USING FORECAST AVERAGE P/E

Annualized Price Appreciation 3.3%
 Average Yield 1.6%
 Annualized Rate of Return 4.9%

SSG Results Summary

Zone: **HOLD**
 Upside Downside Ratio: 0.9 To 1
 Total Return (High P/E): 8.2%
 Projected Return (Avg P/E): 4.9%
 Buy price to satisfy US/DS of 3 to 1 and 15% total return: 30.1
 Buy Below price based on zoning selection: 31.4
 Closing Price (06/25/19): 40.89