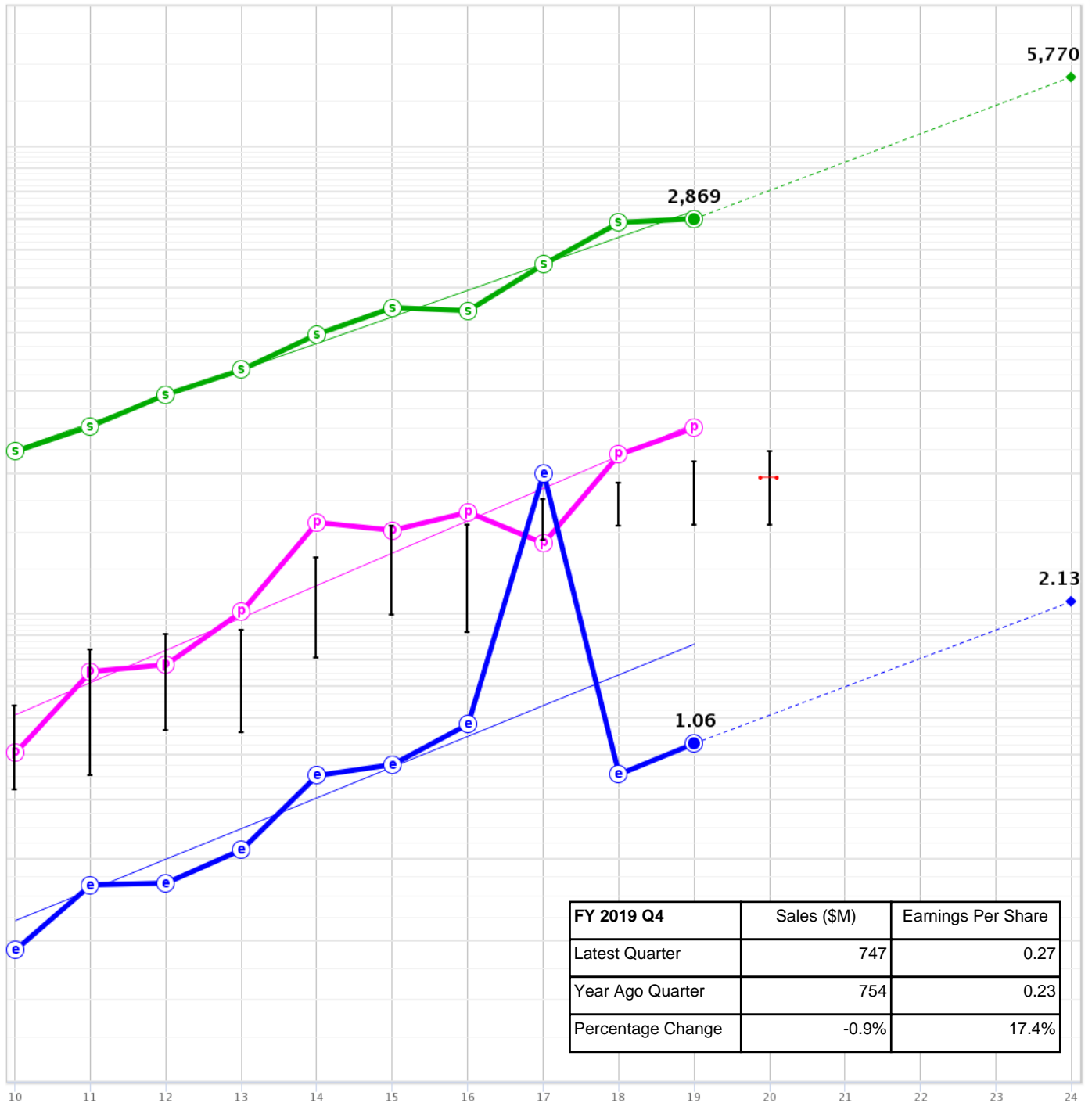


Company	Open Text		Date	10/22/19	
Prepared by	ROBINS		Data taken from	BI Stock Data	
Where traded	NAS	Industry	Software - Application		
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	270.8		92.4		
Debt (\$M)	2,614.9	% to Tot Cap	40.2	% Pot Dil	0.4

Stock Selection Guide

Symbol: OTEX

1 VISUAL ANALYSIS of Sales, Earnings, and Price



FY 2019 Q4	Sales (\$M)	Earnings Per Share
Latest Quarter	747	0.27
Year Ago Quarter	754	0.23
Percentage Change	-0.9%	17.4%

- | | | | |
|-----------------------------------|-------|--|-------|
| (1) Historical Sales Growth | 13.9% | (3) Historical Earnings Per Share Growth | 16.3% |
| (2) Estimated Future Sales Growth | 15.0% | (4) Estimated Future Earnings Per Share Growth | 15.0% |

2 EVALUATING Management

Open Text

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Last 5 Year Avg.
Pre-tax Profit on Sales	9.7%	12.8%	11.4%	13.1%	17.0%	14.4%	15.9%	10.9%	13.7%	15.4%	14.1%
% Earned on Equity	9.8%	11.6%	10.6%	11.3%	14.0%	13.1%	14.7%	30.1%	6.6%	7.4%	14.4%
% Debt To Capital	25.3%	22.3%	33.6%	29.7%	44.6%	46.5%	52.0%	42.1%	41.4%	40.2%	44.4%

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 39.28 (10/22/19)

HIGH THIS YEAR 44.49

LOW THIS YEAR 30.99

	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
2015	30.9	19.9	0.96	32.3	20.9	0.36	37.6	1.8
2016	31.0	18.3	1.17	26.6	15.7	0.42	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
2019	42.3	31.0	1.06	39.9	29.2	0.63	59.4	2.0
AVERAGE		25.8		29.9	21.4		41.0	
CURRENT/TTM			1.06			0.70	65.9	
AVERAGE PRICE EARNINGS RATIO: 25.7				CURRENT PRICE EARNINGS RATIO: 37.1				

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 25.7 X Estimate High Earnings/Share 2.13 = Forecasted High Price \$ 54.8

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 25.7 X Estimate Low Earnings/Share 1.06 = Forecasted Low Price \$ 27.2

(b) Avg. Low Price of Last 5 Years 25.8

(c) Recent Market Low Price 30.9

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{0.70}{2.26\%} = 30.8$

Selected Forecasted Low Price \$ 27.2

C ZONING using 25%-50%-25%

Forecasted High Price 54.8 Minus Forecasted Low Price 27.2 = 27.6 Range. 25% of Range 6.9

Buy Zone 27.2 to 34.1

Hold Zone 34.1 to 47.9

Sell Zone 47.9 to 54.8

Present Market Price of 39.28 is in the **HOLD** Zone

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

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{54.8 - 39.28}{39.28 - 27.2} = \frac{15.51}{12.08} = 1.3$ To 1

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

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{54.8 - 39.28}{39.28} = 1.3949$ X 100 = 139.49 - 100 = 39.5 % 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 $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{0.63}{39.28} = 0.0178 = 1.8\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{41.0\%}{25.70} = 1.6\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{41.0\%}{25.70} = 1.6\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 6.9 %
Average Yield 1.6 %
Annualized Rate of Return 8.5 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 6.9 %
Average Yield 1.6 %
Annualized Rate of Return 8.5 %