NATIONAL ASSOCIATION OF INVESTORS CORPORATION
BETTERINVESTING™
Empowering Investors Since 1951

Stock Selection Guide

Company	Open Text		Date	01/29/19
Prepared by	ROBINS		Data taken from	BI Stock Data
Where traded	NAS	Industry	Software - Application	
Capitalization --- Outstanding Amounts			Reference	

Preferred ($M)		0.0	% Insiders	% Institution
Common (M Shares)		269.4		86.2
Debt ($M)	2,619.1	% to Tot Cap	41.3	% Pot Dil	0.5

Symbol: OTEX

1 VISUAL ANALYSIS of Sales, Earnings, and Price

FY 2019 Q1	Sales ($M)	Earnings Per Share
Latest Quarter	667	0.13
Year Ago Quarter	641	0.14
Percentage Change	4.1%	-7.1%
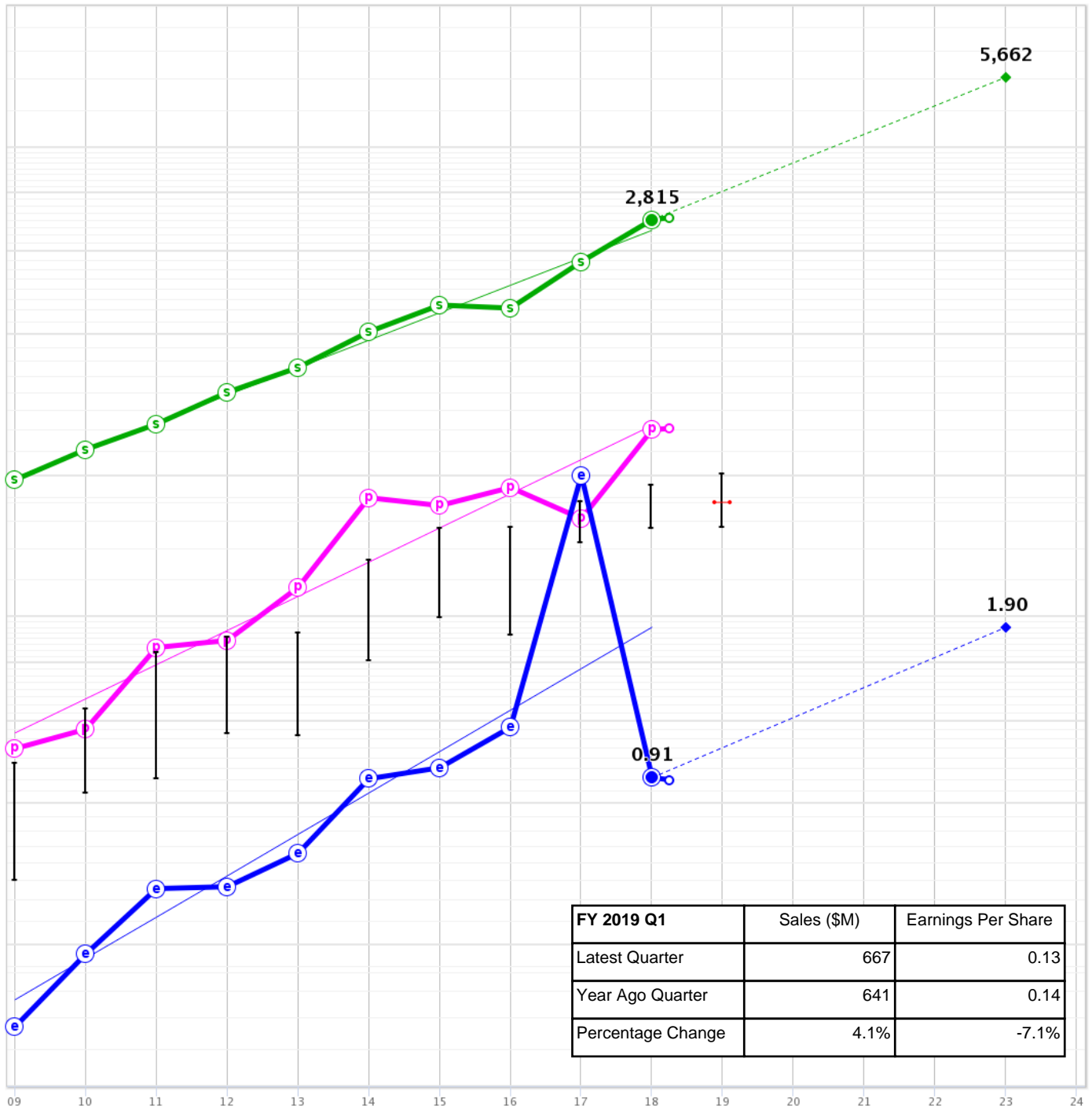
(1) Historical Sales Growth   14.4%

(2) Estimated Future Sales Growth   15.0%

(3) Historical Earnings Per Share Growth   22.5%

(4) Estimated Future Earnings Per Share Growth   15.9%

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Last 5 Year Avg.
Pre-tax Profit on Sales	10.3%	9.7%	12.8%	11.4%	13.1%	17.0%	14.4%	15.9%	10.9%	13.7%	14.4%
% Earned on Equity	8.2%	9.8%	11.6%	10.6%	11.4%	14.1%	13.1%	14.8%	30.2%	6.6%	15.8%
% Debt To Capital	30.6%	25.3%	22.3%	33.6%	29.7%	44.6%	46.5%	52.0%	42.1%	41.4%	45.3%

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 35.09 (01/29/19) **HIGH THIS YEAR** 40.31 **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
2014	26.4	16.1	0.91	29.2	17.8	0.39	42.7	2.4
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
AVERAGE		22.8		27.8	19.1		37.6	
CURRENT/TTM			0.90			0.61	67.5	
AVERAGE PRICE EARNINGS RATIO: 23.4					CURRENT PRICE EARNINGS RATIO: 39.0			

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 27.8 X Estimate High Earnings/Share 1.90 = Forecasted High Price $ 52.9

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 19.1 X Estimate Low Earnings/Share 0.91 = Forecasted Low Price $ 17.4

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

(c) Recent Market Low Price 28.8

(d) Price Dividend Will Support $\dfrac{\text{Indicated Dividend}}{\text{High Yield}}$ = $\dfrac{0.61}{2.39\%}$ = 25.4

Selected Forecasted Low Price $ 22.8

C ZONING using 25%-50%-25%

Forecasted High Price 52.9 Minus Forecasted Low Price 22.8 = 30.1 Range. 25% of Range 7.5

Buy Zone 22.8 to 30.3

Hold Zone 30.3 to 45.4

Sell Zone 45.4 to 52.9

Present Market Price of 35.09 is in the **HOLD** Zone

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

$\dfrac{\text{High Price} \quad 52.9 \quad \text{Minus Present Price} \quad 35.09}{\text{Present Price} \quad 35.09 \quad \text{Minus Low Price} \quad 22.8}$ = $\dfrac{17.82}{12.26}$ = 1.5 To 1

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

$\dfrac{\text{High Price} \quad 52.9}{\text{Closing Price} \quad 35.09}$ = 1.5077 X 100 = 150.77 - 100 = 50.8 % 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 $\dfrac{\text{Indicated Annual Dividend} \quad 0.55}{\text{Closing Price} \quad 35.09}$ = 0.0173 = 1.7 % Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\dfrac{\text{Avg. \% Payout}}{\text{Forecast High PE}}$ = $\dfrac{37.6 \%}{27.80}$ = 1.4 %

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\dfrac{\text{Avg. \% Payout}}{\text{Forecast Average PE}}$ = $\dfrac{37.6 \%}{23.45}$ = 1.6 %

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 8.6 %

Average Yield 1.4 %

Annualized Rate of Return 9.9 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 4.9 %

Average Yield 1.6 %

Annualized Rate of Return 6.5 %