

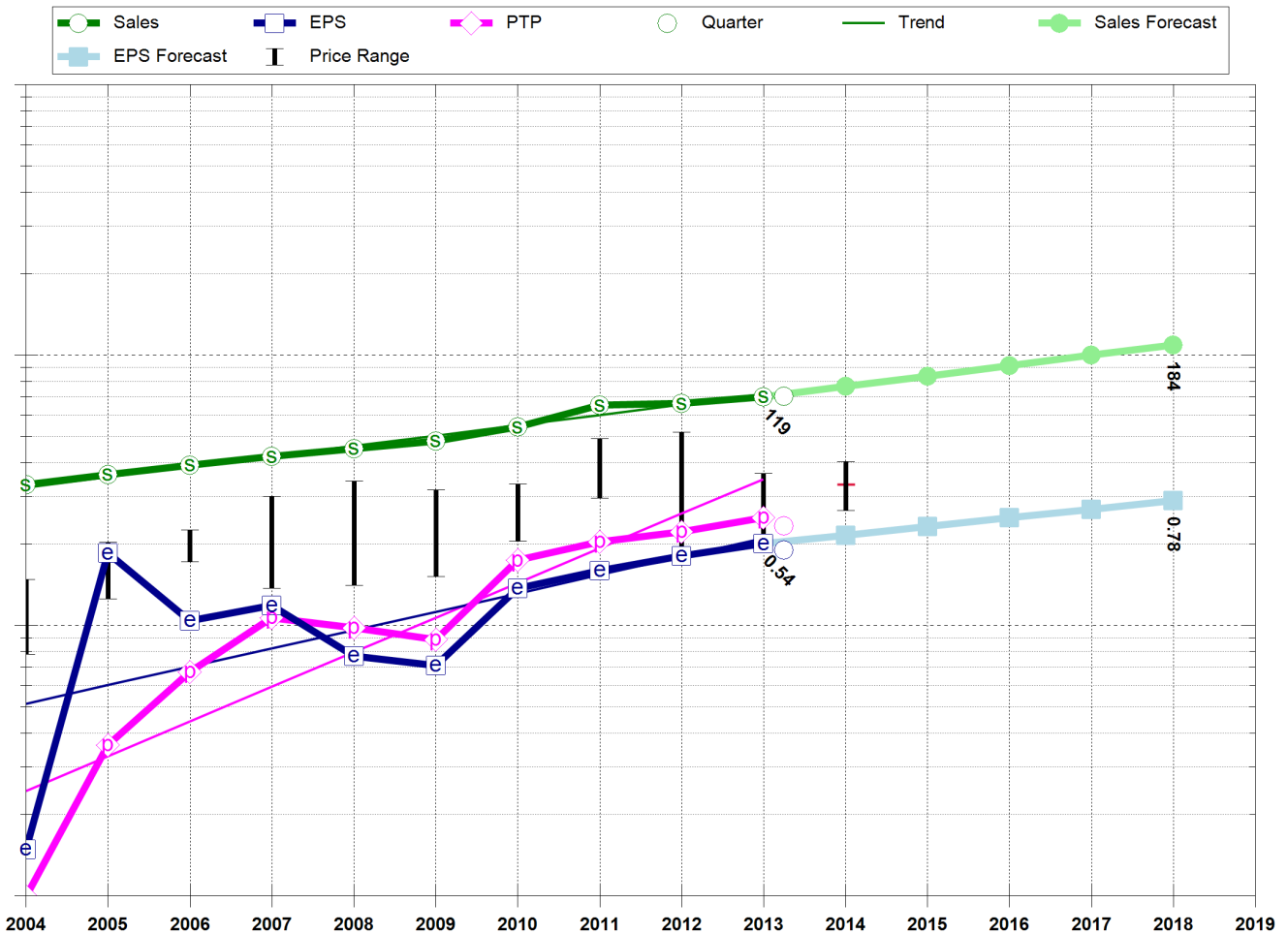
Company	Transcat Inc		Date	8/8/2014	
Prepared by	HARPER		Data taken from	BI Stock Data	
Where traded	NAS		Industry	Scientific & Technical Instruments	
Capitalization ---	Outstanding Amounts		Reference		
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	6.7	13.6	47.0		
Debt (\$M)	10.8	% to Tot Cap	26.0	% Pot Dil	4.1

Stock Selection Guide

Symbol: TRNS

1 VISUAL ANALYSIS of Sales, Earnings, and Price

FY2013 Quarter Ending (06/14)	Sales (\$M)	Earnings Per Share
Latest Quarter	29.1	0.06
Year Ago Quarter	28.7	0.09
Percentage Change	1.4%	-33.0%



- | | | | |
|-----------------------------------|------|--|-------|
| (1) Historical Sales Growth | 9.2% | (3) Historical Earnings Per Share Growth | 16.9% |
| (2) Estimated Future Sales Growth | 9.2% | (4) Estimated Future Earnings Per Share Growth | 7.6% |

2 EVALUATING Management

Transcat Inc

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Last 5 Year Avg.
Pre-tax Profit on Sales	0.5%	1.5%	2.6%	3.9%	3.3%	2.8%	4.9%	4.8%	5.1%	5.4%	4.6%
% Earned on Equity	6.0%	38.9%	17.7%	15.2%	8.3%	6.9%	11.5%	11.6%	11.4%	12.1%	10.7%
% Debt To Capital	63.2%	33.4%	20.5%	2.0%	16.0%	11.1%	18.4%	10.9%	20.2%	20.2%	16.2%

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 9.0

HIGH THIS YEAR 10.90

LOW THIS YEAR 7.19

	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 2009	8.6	4.1	0.19	44.5	21.3	0.00	0.0	0.0	
2 2010	9.0	5.5	0.37	24.3	14.9	0.00	0.0	0.0	
3 2011	13.3	8.0	0.43	30.7	18.5	0.00	0.0	0.0	
4 2012	14.0	5.0	0.49	28.7	10.2	0.00	0.0	0.0	
5 2013	9.9	5.7	0.54	18.2	10.4	0.00	0.0	0.0	
AVERAGE		5.6		29.3	15.1		0.0		
CURRENT/TTM			0.51			0.00	0.0		
AVERAGE PRICE EARNINGS RATIO 22.2					CURRENT PRICE EARNINGS RATIO 17.4				

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 29.30 X Estimate High Earnings/Share 0.78 = Forecasted High Price \$ 22.9

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 15.10 X Estimate Low Earnings/Share 0.54 = Forecasted Low Price \$ 8.2

(b) Avg. Low Price of Last 5 Years 5.6

(c) Recent Market Low Price 4.97

(d) Price Dividend Will Support $\frac{\text{Present Dividend}}{\text{High Yield}} = \frac{0.000}{0.00\%} = 0.0$

Selected Forecasted Low Price \$ 5.0

C ZONING using 25%-50%-25%

Forecasted High Price 22.9 Minus Forecasted Low Price 5.0 = 17.9 Range. 25% of Range 4.5

Buy Zone 5.0 to 9.4

Hold Zone 9.4 to 18.4

Sell Zone 18.4 to 22.9

Present Market Price of 8.95 is in the **Buy** Zone

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

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{22.9 - 8.95}{8.95 - 5.0} = \frac{13.90}{3.98} = 3.5$ To 1

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

$\frac{\text{High Price} - \text{Present Market Price}}{\text{Present Market Price}} = \frac{22.9 - 8.95}{8.95} = 2.55$ X 100 = 255.35 - 100 = 155.4 % 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 $\frac{\text{Present Full Year's Dividend \$}}{\text{Present Price of Stock}} = \frac{0.00}{8.95} = 0.00 = 0.0\%$ Present Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{0.0\%}{29.30} = 0.0\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{0.0\%}{22.20} = 0.0\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 20.6 %
Average Yield 0.0 %
Annualized Rate of Return 20.6 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 14.1 %
Average Yield 0.0 %
Annualized Rate of Return 14.1 %