

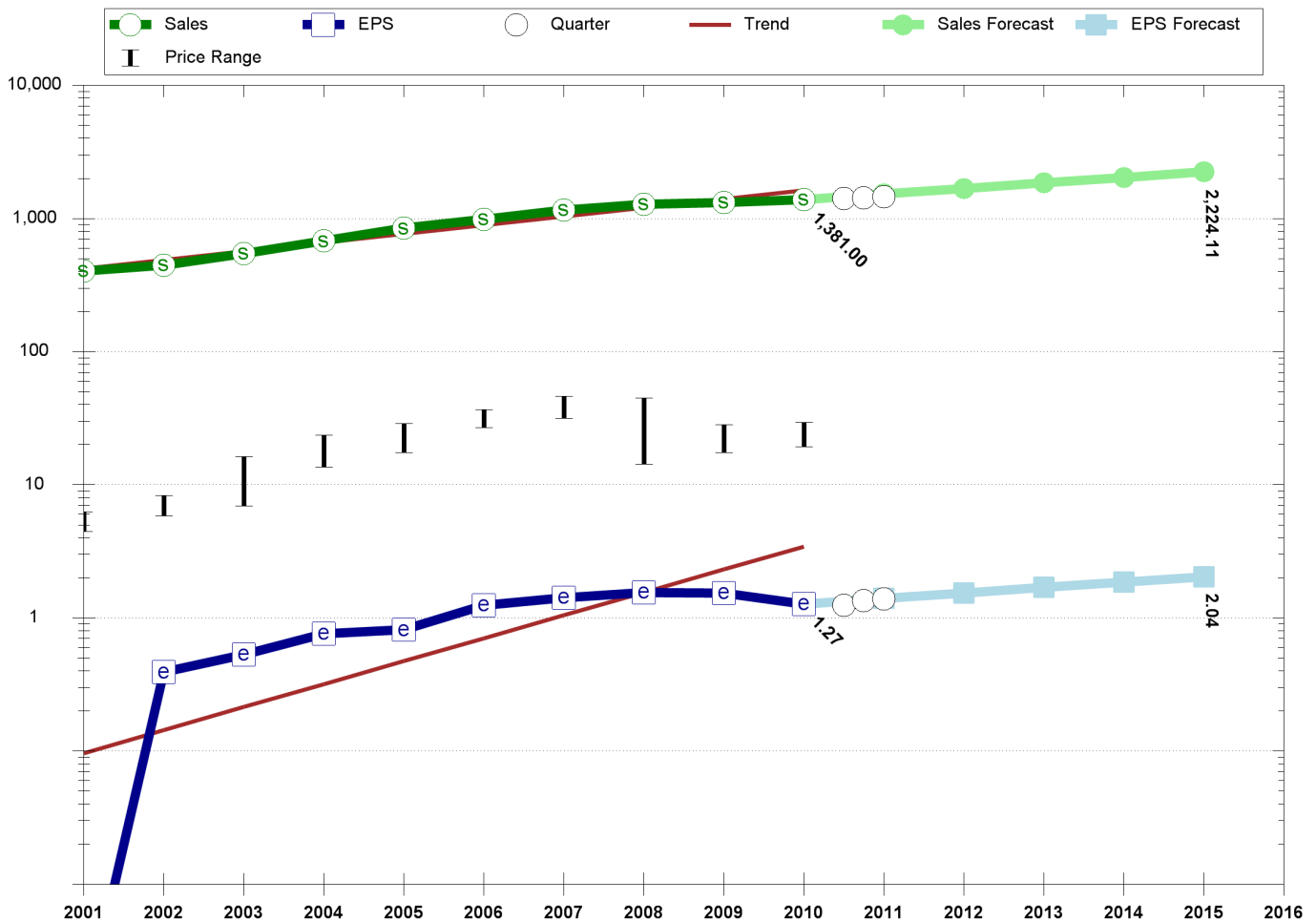
Company <u>VCA Antech, Inc.</u>		Date <u>11/21/2011</u>	
Prepared by <u>Taylor IV</u>		Data taken from <u>BI Stock Data</u>	
Where traded <u>NAS</u>		Industry <u>Medical Care</u>	
Capitalization --- Outstanding Amounts Reference _____			
Preferred (\$M)	0.0	% Insiders	% Institution
Common (M Shares)	86.7	3.7	92.2
Debt (\$M)	627.4	% to Tot Cap	36.2
		% Pot Dil	0.6

## Stock Selection Guide

Symbol: WOOF

### 1 VISUAL ANALYSIS of Sales, Earnings, and Price

FY2010 Quarter Ending (09/11)	Sales (\$M)	Earnings Per Share
Latest Quarter	385.1	0.35
Year Ago Quarter	358.7	0.32
Percentage Change	7.37%	9.38%



- |                                   |        |  |       |
|-----------------------------------|--------|--|-------|
| (1) Historical Sales Growth       | 16.2%  | (3) Historical Earnings Per Share Growth       | 39.8% |
| (2) Estimated Future Sales Growth | 10.00% | (4) Estimated Future Earnings Per Share Growth | 9.90% |

## 2 EVALUATING Management

VCA Antech, Inc.

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Last 5 Year Avg.
Pre-tax Profit on Sales (Net Before Taxes/Sales)	-3.83%	11.35%	13.55%	15.82%	13.33%	16.80%	17.38%	17.18%	16.75%	13.92%	16.40%
% Earned on Equity (E/S / Book Value)	172.76%	44.87%	26.62%	26.79%	21.68%	24.06%	20.90%	18.45%	14.96%	10.96%	17.87%

## 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 18.9

HIGH THIS YEAR 26.29

LOW THIS YEAR 14.73

	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 2006	36.57	26.74	1.24	29.49	21.56	0.000	0.00	0.00
2 2007	46.10	31.54	1.41	32.70	22.37	0.000	0.00	0.00
3 2008	44.55	14.17	1.55	28.74	9.14	0.000	0.00	0.00
4 2009	27.99	17.42	1.53	18.29	11.39	0.000	0.00	0.00
5 2010	29.28	19.12	1.27	23.06	15.06	0.000	0.00	0.00
6 TOTAL		109.0		132.3	79.5		0.0	
7 AVERAGE		21.8		26.5	15.9		0.0	
8 AVERAGE PRICE EARNINGS RATIO 21.2					9 CURRENT PRICE EARNINGS RATIO 13.7			

## 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 16.00 X Estimate High Earnings/Share 2.04 = Forecasted High Price \$ 32.64

### B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 15.90 X Estimate Low Earnings/Share 1.27 = Forecasted Low Price \$ 20.19

(b) Avg. Low Price of Last 5 Years 21.80

(c) Recent Market Low Price 14.73

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

Selected Forecasted Low Price 14.73

### C ZONING using 25%-50%-25%

Forecasted High Price 32.64 Minus Forecasted Low Price 14.73 = 17.91 Range. 25% of Range 4.48

Buy Zone 14.73 to 19.21

Hold Zone 19.21 to 28.16

Sell Zone 28.16 to 32.64

Present Market Price of 18.88 is in the **Buy** Zone

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

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{32.64 - 18.88}{18.88 - 14.73} = \frac{13.76}{4.15} = 3.32$  To 1

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

$\frac{\text{High Price} - \text{Present Market Price}}{\text{Present Market Price}} = \frac{32.64 - 18.88}{18.88} = 1.73$  X 100 = 172.88 - 100 = 72.88 % 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  $\frac{\text{Present Full Year's Dividend \$}}{\text{Present Price of Stock}} = \frac{0.000}{18.88} = 0.00 = 0.00\%$  Present Yield

### B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{0.00\%}{16.00} = 0.00\%$

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

Annualized Appreciation 11.57 %

Average Yield 0.00 %

Annualized Rate of Return 11.57 %