![BetterInvesting logo] **NATIONAL ASSOCIATION OF INVESTORS CORPORATION**
BETTER INVESTING™
Empowering Investors Since 1951

Stock Selection Guide

Company	Winmark		Date	08/22/16
Prepared by	Ritt		Data taken from	BI Stock Data
Where traded	NAS	Industry	Specialty Retail	

Capitalization --- Outstanding Amounts		Reference	
Preferred ($M)	0.0	% Insiders	% Institution
Common (M Shares)	4.3	66.5	53.0
Debt ($M) 53.4 % to Tot Cap	169.6	% Pot Dil	5.1

Symbol: WINA

1 VISUAL ANALYSIS of Sales, Earnings, and Price

FY 2016 Q2	Sales ($M)	Earnings Per Share
Latest Quarter	16	1.25
Year Ago Quarter	15	1.00
Percentage Change	5.3%	25.0%
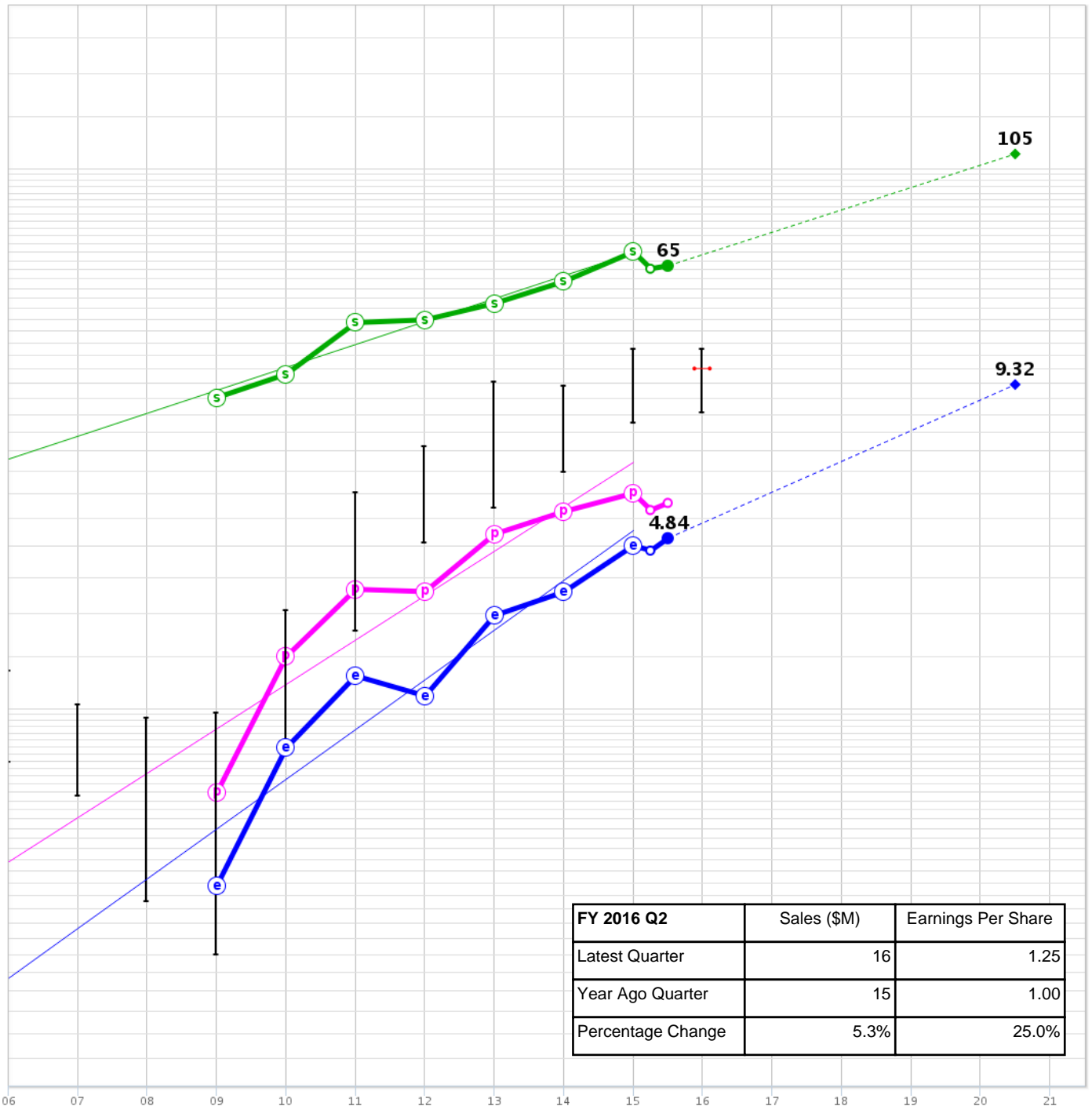
(1) Historical Sales Growth   10.3%

(2) Estimated Future Sales Growth   10.0%

(3) Historical Earnings Per Share Growth   23.6%

(4) Estimated Future Earnings Per Share Growth   14.0%

2 EVALUATING Management

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Last 5 Year Avg.
Pre-tax Profit on Sales	21.0%	16.5%	10.9%	26.4%	42.6%	45.5%	44.6%	53.1%	53.3%	50.7%	49.4%
% Earned on Equity	22.2%	23.1%	8.3%	36.8%	43.2%	44.2%	68.8%	53.8%	121.3%	-53.7%	46.9%
% Debt To Capital	50.4%	74.6%	71.3%	67.6%	0.0%	0.0%	37.6%	0.0%	46.1%	186.1%	54.0%

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 99.76 (08/22/16)　　　**HIGH THIS YEAR** 108.28　　　**LOW THIS YEAR** 82.69

	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
2011	58.8	32.5	2.69	21.8	12.1	0.11	4.1	0.3
2012	71.5	47.4	2.47	28.9	19.2	0.15	6.1	0.3
2013	94.2	55.0	3.48	27.1	15.8	0.19	5.5	0.3
2014	92.7	64.1	3.85	24.1	16.6	0.23	6.0	0.4
2015	108.3	79.0	4.69	23.1	16.8	0.27	5.8	0.3
AVERAGE		55.6		24.0	15.3		5.5	
CURRENT/TTM			4.84			0.40	8.3	
AVERAGE PRICE EARNINGS RATIO: 19.7				CURRENT PRICE EARNINGS RATIO: 20.6				

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　　24.0　　X Estimate High Earnings/Share　　9.32　　=　　Forecasted High Price $　　223.7

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E　　15.3　　X Estimate Low Earnings/Share　　4.84　　=　　Forecasted Low Price $　　74.1

(b) Avg. Low Price of Last 5 Years　　55.6

(c) Recent Market Low Price　　64.1

(d) Price Dividend Will Support　　$\dfrac{\text{Indicated Dividend}}{\text{High Yield}}$　=　$\dfrac{0.27}{0.36\%}$　=　75.2

Selected Forecasted Low Price $　　74.0

C ZONING　using 25%-50%-25%

Forecasted High Price　223.7　Minus Forecasted Low Price　74.0　=　149.7　Range.　25% of Range　37.4

Buy Zone	74.0	to	111.4
Hold Zone	111.4	to	186.2
Sell Zone	186.2	to	223.7

Present Market Price of　　99.76　　is in the　　**BUY**　　Zone

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

$\dfrac{\text{High Price} \quad 223.7}{\text{Present Price} \quad 99.76}$　$\dfrac{\text{Minus Present Price} \quad 99.76}{\text{Minus Low Price} \quad 74.0}$　=　$\dfrac{123.90}{25.76}$　=　4.8　　To 1

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

$\dfrac{\text{High Price} \quad 223.7}{\text{Closing Price} \quad 99.76}$　=　2.2419　X　100　=　224.19　-　100　=　124.2　% 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　$\dfrac{\text{Indicated Annual Dividend} \quad 0.27}{\text{Closing Price} \quad 99.76}$　=　0.0040　=　0.4 %　Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\dfrac{\text{Avg. \% Payout}}{\text{Forecast High PE}}$　=　$\dfrac{4.7\%}{24.00}$　=　0.2 %

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\dfrac{\text{Avg. \% Payout}}{\text{Forecast Average PE}}$　=　$\dfrac{4.7\%}{19.65}$　=　0.2 %

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation	17.5 %
Average Yield	0.2 %
Annualized Rate of Return	17.7 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation	12.9 %
Average Yield	0.2 %
Annualized Rate of Return	13.2 %