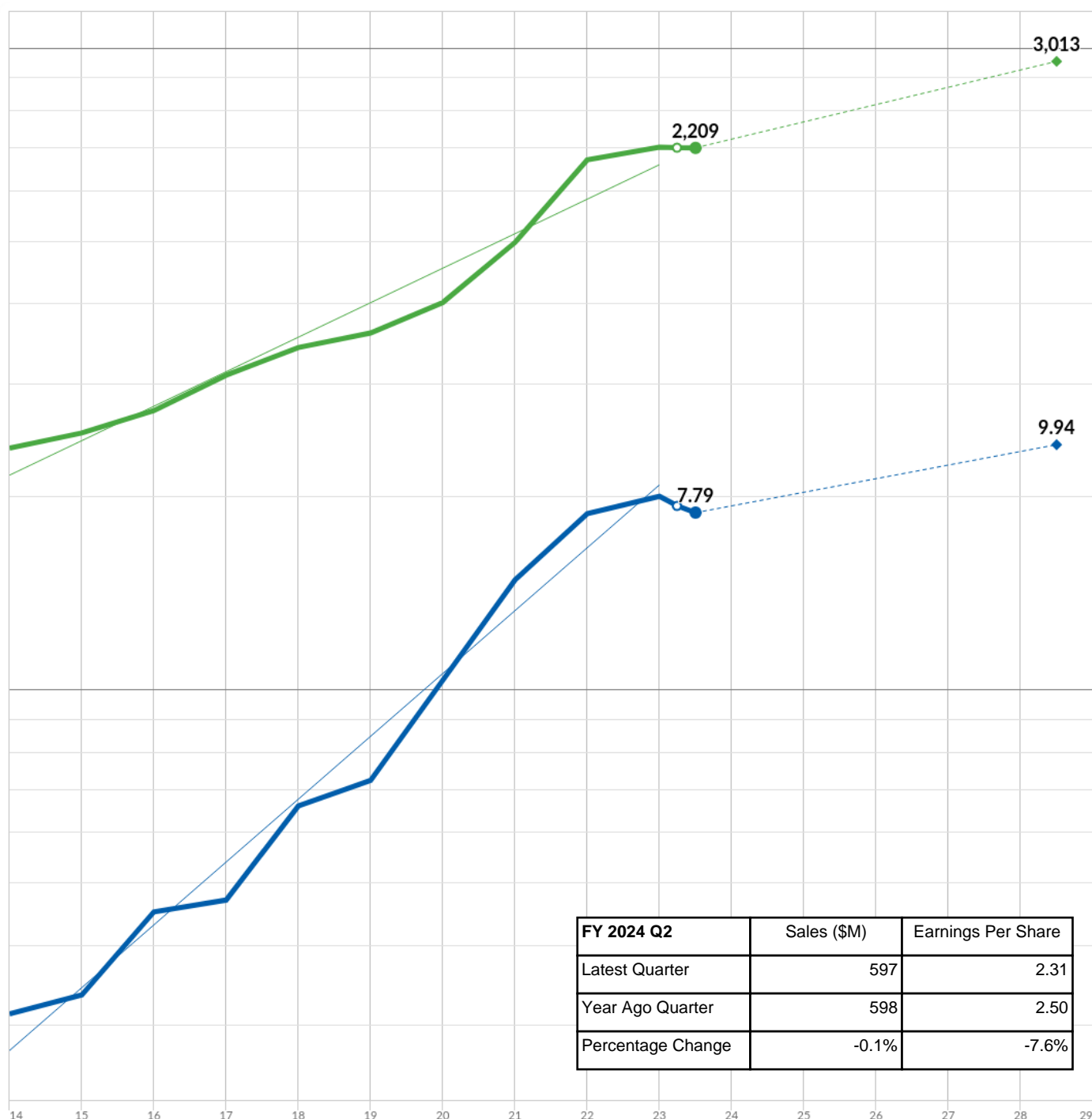


Stock Selection Guide

Company	Simpson Manufacturing		Date	08/05/24	
Prepared by	Patrick M Smith		Data taken from	BI Stock Data	
Where traded	NYS	Industry	Lumber & Wood Production		
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	42.4	16.6	70.1		
Debt (\$M)	539.9	% to Tot Cap	23.4	% Pot Dil	0.4

Symbol: SSD

1 VISUAL ANALYSIS of Sales, Earnings, and Price



(1) Historical Sales Growth	13.2%	(3) Historical Earnings Per Share Growth	25.3%
(2) Estimated Future Sales Growth	6.4%	(4) Estimated Future Earnings Per Share Growth	5.0%

2 EVALUATING Management

Simpson Manufacturing

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Last 5 Year Avg.
% Pre-tax Profit on Sales	13.2%	13.7%	16.1%	14.8%	16.0%	15.7%	19.7%	22.8%	21.2%	21.5%	20.2%
% Earned on Equity	7.3%	7.9%	10.3%	9.9%	13.4%	15.0%	19.3%	23.6%	24.7%	20.9%	20.7%
% Debt To Capital	0.0%	0.0%	0.0%	0.4%	0.0%	3.8%	4.5%	3.7%	31.0%	24.7%	13.5%

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.

CURRENT PRICE 174.20 (08/05/24)

52-WEEK HIGH 218.38

52-WEEK LOW 123.93

	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
2019	85.4	52.5	2.98	28.6	17.6	0.91	30.5	1.7
2020	104.3	47.0	4.27	24.4	11.0	0.92	21.5	2.0
2021	141.3	91.3	6.12	23.1	14.9	0.98	16.0	1.1
2022	139.5	75.3	7.76	18.0	9.7	1.03	13.3	1.4
2023	202.1	89.5	8.26	24.5	10.8	1.07	13.0	1.2
AVERAGE		71.1		23.7	12.8		18.9	
CURRENT/TTM			7.79	28.0	15.9	1.12	14.4	
AVERAGE PRICE EARNINGS RATIO: 18.3					CURRENT PRICE EARNINGS RATIO: 22.4			

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 23.7 X Estimate High Earnings/Share 9.94 = Forecasted High Price \$ 235.6

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 12.8 X Estimate Low Earnings/Share 7.98 = Forecasted Low Price \$ 102.1

(b) Avg. Low Price of Last 5 Years 71.1

(c) Recent Market Low Price 75.3

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{1.12}{1.96\%} = 57.2$

Selected Forecasted Low Price \$ 102.1

C ZONING using 25%-50%-25%

Forecasted High Price 235.6 Minus Forecasted Low Price 102.1 = 133.5 Range. 25% of Range 33.4

Buy Zone 102.1 to 135.5

Hold Zone 135.5 to 202.2

Sell Zone 202.2 to 235.6

Present Market Price of 174.20 is in the **HOLD** Zone

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

$\frac{\text{High Price} - \text{Current Price}}{\text{Current Price} - \text{Low Price}} = \frac{235.6 - 174.20}{174.20 - 102.1} = \frac{61.38}{72.10} = 0.9$ To 1

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

$\frac{\text{High Price}}{\text{Current Price}} = \frac{235.6}{174.20} = 1.3523$ X 100 = 135.23 - 100 = 35.2 % 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 $\frac{\text{Indicated Annual Dividend}}{\text{Current Price}} = \frac{1.12}{174.20} = 0.0064 = 0.6\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{18.9\%}{23.70} = 0.8\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{18.9\%}{18.25} = 1.0\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 6.2 %
Average Yield 0.8 %
Annualized Rate of Return 7.0 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 0.8 %
Average Yield 1.0 %
Annualized Rate of Return 1.8 %

Notes: SSD MicNova Watch

Date	Subject	Description	Type
08/07/24	MicNova Stock Watch 8/2/2024	<p>There is no sales/eps estimate from BI. Used consensus of 6.4% Sales (next yr) and 5% EPS (5 yr estimate). Used BI 5yr average for Hi-Lo P/E . Used current 5yr payout ratio of 18.9%.</p> <p>This stock is subject to current mortgage rates and new and existing home sales. Mortgage rates seem to be too high. It might be some time before these rates are meaningfully lower. It is hard to predict an accurate 5 year EPS growth rates till the rate cutting cycle concludes. The consensus estimate will vary till them.</p> <p>I believe this is a good company to invest in but the industry is struggling with high interest rates. Waiting for industry improvement might have diversification portfolio value. Since we have almost received the expected 5 yr return already, a hold or challenge would have equal weight otherwise. Still, I recommend a hold for the time being.</p>	Study

05/12/24	<p>Quartly report 4/22/24 MicNova</p>	<p>Report for Simpson Manufacturing (SSD) Date: May 12, 2024</p> <p>Latest earnings report: April 22nd, 2024 Percentage change in Sales from year ago for quarter: -0.7% Percentage change in Earnings per Share from year ago for quarter: -13.7% Pre-tax Profit on sales trend? 18.5% vs trend of 20.3% Return on equity trends? ROA:12.7%, ROE 19.8%, ROIC 15.2% Debt/Equity? 0.3 *This company has a cashflow near its current debts. It is a cash cow. Current PE: 22.1 Where does it fall in my estimated High/low range of PE's? Near the high end Club cost basis is for this stock: \$97.2155 Current price: \$176.00. My SSG Sales and EPS 5 yr growth estimate: Sales 6% per VL and EPS 6.5 based on preferred procedure. My SSG Total Return: 8.8% Projected Average Return: 3.6% • This is based on Value line however I do not believe a prediction for housing starts and interest rate were reflected into their 3–5-year estimates nor do I see how they could. What will drive future growth? Mainly residential housing starts. During the conference call that stated they usually grow 250 basis over housing starts. A premium price. If housing starts return to normal levels, we should see EPS and Sales growth return as well.</p> <p>Recommend: I recommend we HOLD this stock. We have had this stock in our portfolio for about a year and a half and it has almost doubled in price. Excellent returns so far. I think we should hold for another year giving interest rates and housing starts to recover. We could expect further growth to resume after that. Nothing is fundamentally wrong with this stock other than interest rates and housing starts.</p> <p>Additional Comments: "The Company's business, financial condition and results of operations depends in large part on the level of United States housing starts and residential construction activity. Overall housing starts increased slightly during the first quarter of 2024 compared to the first quarter of 2023, with single family starts increasing significantly during the first quarter of 2024. The increase in single family starts was mostly offset by lower multi-family housing starts, which are more sensitive to interest rate increases and inflation. Lower housing starts in the United States could result in lower demand, which would affect the Company's sales and possibly operating profit.</p> <p>Unlike lumber or other products that have a more direct correlation to United States housing starts, our products are used to a greater extent in areas that are subject to natural forces, such as seismic or wind events. Our products are generally used in a sequential progression that follows the construction process. Residential and commercial construction begins with the foundation, followed by the wall and the roof systems, and then the installation of our products, which flow into a project or a house according to these schedules.</p> <p>In prior years, our sales were heavily seasonal with operating results varying from quarter to quarter depending on weather conditions that could delay construction starts. Our sales and income have historically been lower in the first and fourth quarters than in the second and third quarters of a fiscal year. Due to efforts in diversifying our global footprint with the acquisition of ETANCO and changing our path to market in the United States, sales from our product line, customer base and customer purchases are becoming less seasonal. Political and economic events such as rising energy costs, volatility in the steel market, stressed product transportation systems and increasing interest rates can also have an effect on our gross and operating profits as well. Changes in raw material cost could impact the amount of inventory on-hand, and negatively affect our gross profit and operating margins depending on the timing of raw material purchases or how much sales prices can be increased to offset any increases in raw material costs."</p> <p>Excerpt from latest 10Q</p>	Study
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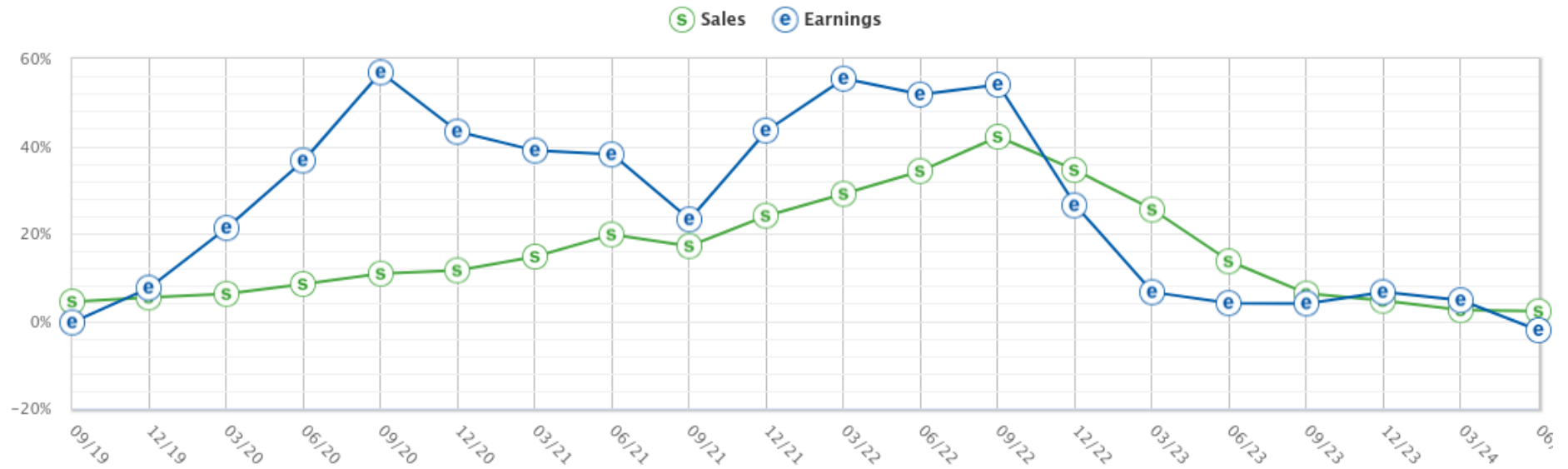
07/10/23	SSD Q2 - FIRE	<p>SSD is doing well considering the current economy and the slowing housing market.</p> <p>Sales increased 8.3% to \$544.4 mil, EPS slid 6.0% to \$2.05 from \$2.18 last years 2Q.</p> <p>Management indicate that the Etanco acquisition is taking longer and costing more than expected, but they are still positive about the purchase. It was a large acquisition.</p> <p>Valueline raised their earnings estimate to \$7.25 per share this year. The board of directors recently raised the quarterly dividend a penny, to \$0.27 / share. Simpson raised its operating Margin guidance to 19-21%.</p>	Community
05/25/23	Q1 2023 FIRE	<p>Sales increased 8.3% but income from Sales decreased 4.9%; due to higher operating expenses, increased personnel costs and continued costs to integrate the ETANCO acquisition.</p> <p>Expect sales to be pressured by softer housing market. Tax rate 26%.</p>	Community
03/13/23	Q4 SSD FIRE	<p>Fourth quarter net sales of \$475.6 million increased 13.6% year-over-year 2022 net sales of \$2.12 billion increased 34.5% year-over-year North America net sales of \$368.1 million decreased 1.4% Europe net sales of \$103.7 million increased 150.3% from \$41.4 million, primarily due to the acquisition of ETANCO.</p> <p>Q4 Consolidated gross margin decreased to 42.2% from 47.4% -4% 2022 net income per diluted share of \$7.76 increased 26.8% year-over-year</p> <p>The Company continues to work on integrating ETANCO into its operations. Plans were developed to realize the Company's previously identified synergies in the years ahead which resulted in additional costs in 2022 that are expected to continue in 2023.</p> <p>CEO of 38 years has retired.</p>	Community
03/13/23	2Q 7/2022 (FIRE)	<p>2Q 7/25/2022 SSD (FIRE)</p> <p>They completed the acquisition of ETANCO, a manufacturer headquartered in France, for \$805.4 million. Expects volumes to be consistant for rest of year. Some pressure from higher material costs.</p> <p>Net sales of \$593.2 million increased 44.6% yoy, driven by the four product price increases we implemented in 2021 to offset rising raw material costs, and the acquisition of ETANCO Income from operations of \$133.1 million increased 30.8% yoy Diluted earnings per share of \$2.16 increased 30.1% yoy Repurchased \$25.0 million of the Company's common stock during the quarter</p> <p>North America net sales of \$456.4 million increased 30.2% from \$350.6 million on relatively flat volumes primarily due to product price increases Europe net sales of \$133.2 million increased 136.1% from \$56.4 million, primarily due to the acquisition of ETANCO, which contributed \$80.3 million in net sales, along with product price increases, mostly offset by lower volumes and the negative effect of approximately \$6.9 million in foreign currency translation. Net income was \$93.6 million, or \$2.16 per diluted share of the Company's common stock, compared to net income of \$72.5 million, or \$1.66 per diluted share.</p>	Community

Study Audit: SSD MicNova Watch

Review Advised	Category	Explanation
✓	Recent Sales Growth	Caution! Sales declined this quarter from the same quarter last year. Sales Quarter Latest: 597 Sales Quarter Year Ago: 598
✓	Recent Earnings Growth	Earnings growth seems lower recently compared to the company's long-term earnings growth. Check the company's latest report to determine if this is acceptable. EPS Quarter Change: -7.6% EPS 10 Yr Growth: 25.3%
✓	Recent Earnings Growth	Caution! Earnings declined this quarter from the same quarter last year. EPS Quarter Latest: 2.31 EPS Quarter Year Ago: 2.50
✓	SSG Results	This stock is selling at a higher multiple of earnings than the average that investors have paid for it over the past five years. Relative Value: 122.4%
✓	SSG Results	Your potential loss is greater than your potential gain. Upside Downside Ratio: 0.9 Low Stock Price Forecast: 102.10 Current Price (08/05/24): 174.2
✓	SSG Results	If purchased at the current price, your potential gain is projected to be less than three times your potential loss. Upside Downside Ratio: 0.9
✓	SSG Results	If purchased at the current price, this stock is not likely to double your money over the next five years. Total Return (High P/E): 7.0% Total Return Guideline: 14.9%

Quarterly Growth Trend Data

Graph: Trailing 4 Quarters, Last 5 Years of Data



Quarterly Data									Last 12 Months Data								
Period	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit		Sales	Income Tax		%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change			\$	\$ Mil		%Sales	\$ Mil	%Rate	EPS	Pre-Tax Profit
06/24	2.31	-7.6	132.7	22.2	-8.3	597.0	-0.1	26.3	7.79	445.6	20.2	2,209.4	113.3	25.4	-2.1	-2.8	2.2
03/24	1.77	-13.7	98.4	18.5	-16.2	530.6	-0.7	23.4	7.98	457.6	20.7	2,210.0	115.9	25.3	4.7	3.7	2.5
12/23	1.28	-5.2	74.4	14.8	-4.8	501.7	5.5	26.4	8.26	476.5	21.5	2,213.8	122.8	25.8	6.6	6.4	4.6
09/23	2.43	18.0	140.1	24.1	18.6	580.1	4.8	25.7	8.33	480.3	22.0	2,187.7	123.6	25.7	4.0	3.7	6.3
06/23	2.50	15.7	144.7	24.2	13.2	597.6	0.7	25.9	7.96	458.3	21.2	2,161.3	117.5	25.6	4.1	3.1	13.6
03/23	2.05	-6.0	117.4	22.0	-5.3	534.4	8.3	25.1	7.62	441.5	20.5	2,156.9	114.1	25.9	6.6	6.1	25.5
12/22	1.35	-16.1	78.1	16.4	-16.1	475.6	13.6	26.3	7.75	448.1	21.2	2,116.1	114.3	25.5	26.4	25.0	34.5

Quarterly Growth Trend Data

Graph: Trailing 4 Quarters, Last 5 Years of Data

Quarterly Data									Last 12 Months Data										
Period	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit			Sales	Income Tax			%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change			\$	\$ Mil	%Sales		\$ Mil	%Rate	EPS	Pre-Tax Profit	Sales	
09/22	2.06	21.2	118.1	21.3	18.4	553.7	39.6	25.3	8.01	463.0	22.5	2,059.0	116.7	25.2	54.0	51.6	42.1		
06/22	2.16	30.1	127.8	21.5	29.0	593.2	44.6	26.8	7.65	444.7	23.4	1,902.1	112.9	25.4	51.8	50.0	34.3		
03/22	2.18	87.9	124.0	25.1	86.2	493.6	42.0	23.7	7.15	416.0	24.2	1,719.1	105.7	25.4	55.4	54.4	29.1		
12/21	1.61	136.8	93.1	22.2	133.5	418.6	42.4	25.0	6.13	358.5	22.8	1,573.2	91.7	25.6	43.6	43.7	24.1		
09/21	1.70	10.4	99.8	25.1	9.9	396.7	8.9	26.1	5.20	305.3	21.1	1,448.6	78.5	25.7	23.2	24.2	17.1		
06/21	1.66	36.1	99.1	24.2	37.5	410.3	25.8	26.9	5.04	296.4	20.9	1,416.1	76.3	25.8	38.1	38.4	19.8		
03/21	1.16	39.8	66.6	19.2	42.3	347.6	22.6	24.4	4.60	269.4	20.2	1,331.9	68.7	25.5	39.0	37.5	14.7		
12/20	0.68	7.9	39.9	13.6	10.4	293.9	12.0	25.7	4.27	249.6	19.7	1,267.9	61.7	24.7	43.3	39.9	11.6		
09/20	1.54	58.8	90.8	24.9	53.4	364.3	17.5	26.2	4.22	245.8	19.9	1,236.6	58.7	23.9	56.9	53.3	10.8		
06/20	1.22	38.6	72.1	22.1	33.9	326.1	7.0	25.8	3.65	214.2	18.1	1,182.2	51.2	23.9	36.7	32.3	8.4		
03/20	0.83	66.0	46.8	16.5	60.0	283.7	9.4	21.3	3.31	195.9	16.9	1,161.0	47.2	24.1	21.2	16.1	6.2		
12/19	0.63	85.3	36.1	13.8	100.0	262.5	8.5	22.3	2.98	178.4	15.7	1,136.5	43.5	24.4	7.6	3.6	5.4		
09/19	0.97	2.1	59.2	19.1	-2.7	309.9	9.1	26.2	2.69	160.3	14.4	1,115.9	41.9	26.1	-0.4	-9.9	4.4		
06/19	0.88	-6.4	53.8	17.6	-11.2	304.9	-1.0	26.4	2.67	161.9	14.9	1,090.1	42.7	26.3	14.1	0.0	4.1		
03/19	0.50	-7.4	29.3	11.3	-10.5	259.2	5.9	22.6	2.73	168.7	15.4	1,093.3	44.8	26.5	37.2	15.3	9.1		
12/18	0.34	25.9	18.1	7.5	-24.5	241.8	4.4	29.3	2.77	172.1	16.0	1,078.8	45.5	26.5	43.5	19.2	10.4		
09/18	0.95	61.0	60.8	21.4	35.9	284.2	8.3	27.1	2.70	178.0	16.7	1,068.6	54.2	30.4	33.7	21.5	13.0		
06/18	0.94	59.3	60.6	19.7	34.8	308.0	17.1	27.2	2.34	161.9	15.5	1,046.9	53.3	32.9	14.1	9.9	14.5		
03/18	0.54	12.5	32.7	13.4	6.1	244.8	11.3	22.2	1.99	146.3	14.6	1,001.9	51.8	35.4	-0.5	2.1	13.7		
12/17	0.27	-25.0	23.9	10.3	-7.9	231.7	15.7	45.3	1.93	144.4	14.8	977.0	52.1	36.1	3.8	4.0	13.5		
09/17	0.59	-4.8	44.8	17.1	-2.0	262.5	13.6	37.0	2.02	146.5	15.5	945.5	48.4	33.0	12.2	8.2	11.9		
06/17	0.59	9.3	44.9	17.1	10.0	263.0	14.4	37.2	2.05	147.4	16.1	914.0	47.9	32.5	26.5	18.2	10.1		
03/17	0.48	41.2	30.8	14.0	16.6	219.9	10.2	24.9	2.00	143.3	16.3	881.0	46.1	32.1	32.5	20.6	7.8		
12/16	0.36	20.0	26.0	13.0	15.8	200.2	8.3	33.0	1.86	138.9	16.1	860.7	49.2	35.4	35.8	27.8	8.4		
09/16	0.62	40.9	45.7	19.8	30.3	231.0	6.9	34.8	1.80	135.4	16.0	845.2	48.4	35.8	40.6	33.2	8.9		
06/16	0.54	25.6	40.8	17.8	16.8	230.0	6.1	35.9	1.62	124.7	15.0	830.4	45.7	36.7	28.6	26.4	8.0		
03/16	0.34	70.0	26.4	13.2	62.6	199.5	13.0	38.1	1.51	118.8	14.5	817.1	44.3	37.3	20.8	24.0	7.5		
12/15	0.30	42.9	22.4	12.1	46.2	184.8	10.9	34.3	1.37	108.7	13.7	794.1	40.6	37.3	5.4	9.4	5.6		
09/15	0.44	4.8	35.1	16.2	9.0	216.1	3.3	38.4	1.28	101.6	13.1	775.9	37.4	36.8					
06/15	0.43	2.4	35.0	16.1	8.8	216.7	4.2	38.5	1.26	98.7	12.8	769.1	35.7	36.2					
03/15	0.20	-20.0	16.2	9.2	-17.5	176.5	4.9	38.1	1.25	95.9	12.6	760.3	34.2	35.7					

Quarterly Growth Trend Data

Graph: Trailing 4 Quarters, Last 5 Years of Data

Quarterly Data									Last 12 Months Data								
Period	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit		Sales	Income Tax		%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change		\$	\$ Mil	%Sales		\$ Mil	%Rate	EPS	Pre-Tax Profit	Sales
12/14	0.21		15.3	9.2		166.6		32.3									
09/14	0.42		32.2	15.4		209.3		36.0									
06/14	0.42		32.1	15.4		207.9		36.3									
03/14	0.25		19.7	11.7		168.3		38.6									