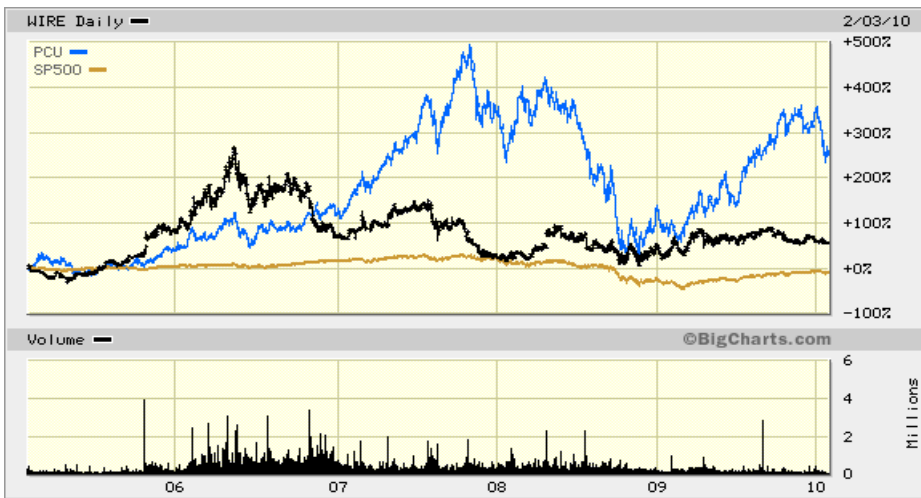


## Encore Wire Corp. (WIRE) 2/3/10

WIRE produces copper wire for buildings and cables, serving customers in residential, commercial, and industrial roles. WIRE was founded in 1989 and is headquartered in McKinney, Texas.

Current Price	\$20.23
52 Week High	\$24.49
52 Week Low	\$16.62
One Yr Target	\$23.00
Market Cap (in billions)	\$0.47
P/E (Trailing)	21.07
P/E(1 Yr Forward)	15.79
P/E/G	13.47
ROA	4.15%
ROE	5.79%
EPS	\$0.96
Beta	1.10
Annualized Dividend	\$0.08
Dividend Yield	0.40%
Analyst Consensus	2.50
Debt to Equity	0.38



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**Annual EPS**

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2006	\$2.16	
2007	\$4.95	128.90%
2008	\$1.33	-73.20%
2009	\$1.73	30.47%
ttm	\$0.96	-44.47%

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**Annual Revenue (in millions)**

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2006	\$758.09	
2007	\$1,249.33	64.80%
2008	\$1,184.79	-5.17%
2009	\$1,081.13	-8.75%

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**Annual Net Income (in millions)**

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2006	\$50.08	
2007	\$115.13	129.89%
2008	\$30.80	-73.25%
2009	\$39.77	29.12%

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**Free Cash Flows (in millions)**

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2006	-\$22.23	
2007	-\$8.17	63.25%
2008	\$56.29	788.98%
2009	\$144.13	156.05%

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**Required Rate of Return**

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11.25%

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**Dividend Growth Model**

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Present Value of 2015 Price	\$3.11
Holding Period Return (5 years)	-18.04%

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**Expected Annualized Return Model**

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Present Value of 2015 Price	\$15.42
Holding Period Return (5 years)	-4.49%

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**Residual Income Model**

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Intrinsic Stock Price	\$11.53
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# Analysis

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## Positives

## Negatives

Very high PEG ratio suggests the current stock price is overvalued

## Financial Statements

Income Statement is poor, growth is negative and margins are low

Balance Sheet is ok, good Retained Earnings, Asset Turnover is very high

Cash Flows are ok, not much growth but not too many expenses either

## Industry Analysis

Demand for Copper is increasing on the global economic recovery

WIRE has average financial ratios compared to its industry

## Summary

WIRE is a good company in the Copper Production industry. Its financial ratios aren't all the great but have suffered from low prices in the past couple of years. Financial statements are ok, with the Balance Sheet being fairly strong. WIRE has a good operating model of being vertically integrated and centrally located, keeping expenses low. World demand for copper is expected to outpace production, which should then increase commodity prices. The growth outlook for WIRE is just below market average, and thus the current price looks a bit expensive which is echoed by the valuation models. Going forward WIRE should do well but nothing special and so earns a hold, unless one believes that the price of copper will sky-rocket where WIRE could be a buy.