

FINANCIAL STATEMENTS	Historical Results					Forecast Period				
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022

LIVE SCENARIO **2**

## Assumptions

### SCENARIO 1

Revenue Growth (% Change)	10.0%	10.0%	10.0%	10.0%	10.0%
Cost of Goods Sold (% of Revenue)	42.0%	47.0%	50.0%	36.0%	35.0%
Salaries and Benefits (% of Revenue)	17.0%	17.0%	17.0%	17.0%	17.0%
Rent and Overhead (\$000's)	15,000	15,000	15,000	15,000	15,000
Depreciation & Amortization (% of PP&E)	35.0%	35.0%	35.0%	35.0%	35.0%
Interest (% of Debt)	10.0%	10.0%	10.0%	10.0%	10.0%
Tax Rate (% of Earnings Before Tax)	28.0%	28.0%	28.0%	28.0%	28.0%
Accounts Receivable (Days)	18	18	18	18	18
Inventory (Days)	80	90	100	100	100
Accounts Payable (Days)	37	37	37	37	37
Capital Expenditures (\$000's)	15,000	15,000	15,000	15,000	15,000
Debt Issuance (Repayment) (\$000's)	-	-	(20,000)	-	-
Equity Issued (Repaid) (\$000's)	-	-	-	-	-

### SCENARIO 2

Revenue Growth (% Change)	5.0%	4.5%	4.0%	3.5%	3.0%
Cost of Goods Sold (% of Revenue)	37.0%	37.0%	36.0%	36.0%	35.0%
Salaries and Benefits (% of Revenue)	17.0%	17.0%	17.0%	17.0%	17.0%
Rent and Overhead (\$000's)	10,000	10,000	10,000	10,000	10,000
Depreciation & Amortization (% of PP&E)	40.0%	40.0%	40.0%	40.0%	40.0%
Interest (% of Debt)	5.0%	5.0%	5.0%	5.0%	5.0%
Tax Rate (% of Earnings Before Tax)	28.0%	28.0%	28.0%	28.0%	28.0%
Accounts Receivable (Days)	18	18	18	18	18
Inventory (Days)	73	73	73	73	73
Accounts Payable (Days)	37	37	37	37	37
Capital Expenditures (\$000's)	15,000	15,000	15,000	15,000	15,000
Debt Issuance (Repayment) (\$000's)	-	-	(20,000)	-	-
Equity Issued (Repaid) (\$000's)	-	-	-	-	-

### LIVE SCENARIO

Revenue Growth (% Change)	5.0%	4.5%	4.0%	3.5%	3.0%
Cost of Goods Sold (% of Revenue)	37.0%	37.0%	36.0%	36.0%	35.0%
Salaries and Benefits (% of Revenue)	17.0%	17.0%	17.0%	17.0%	17.0%

Rent and Overhead (\$000's)	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Depreciation & Amortization (% of PP&E)	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Interest (% of Debt)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Tax Rate (% of Earnings Before Tax)	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%
Accounts Receivable (Days)	18	18	18	18	18	18	18	18	18	18
Inventory (Days)	73	73	73	73	73	73	73	73	73	73
Accounts Payable (Days)	37	37	37	37	37	37	37	37	37	37
Capital Expenditures (\$000's)	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Debt Issuance (Repayment) (\$000's)	-	-	(20,000)	-	-	-	-	-	-	-
Equity Issued (Repaid) (\$000's)	-	-	-	-	-	-	-	-	-	-

## Income Statement

<b>Revenue</b>	<b>1,02,007</b>	<b>1,18,086</b>	<b>1,31,345</b>	<b>1,42,341</b>	<b>1,50,772</b>	<b>1,58,311</b>	<b>1,65,435</b>	<b>1,72,052</b>	<b>1,78,074</b>	<b>1,83,416</b>
Cost of Goods Sold (COGS)	39,023	48,004	49,123	52,654	56,710	58,575	61,211	61,939	64,107	64,196
<b>Gross Profit</b>	<b>62,984</b>	<b>70,082</b>	<b>82,222</b>	<b>89,687</b>	<b>94,062</b>	<b>99,736</b>	<b>1,04,224</b>	<b>1,10,113</b>	<b>1,13,967</b>	<b>1,19,220</b>
<b>Expenses</b>										
Salaries and Benefits	26,427	22,658	23,872	23,002	25,245	26,913	28,124	29,249	30,273	31,181
Rent and Overhead	10,963	10,125	10,087	11,020	11,412	10,000	10,000	10,000	10,000	10,000
Depreciation & Amortization	19,500	18,150	17,205	16,544	16,080	15,008	15,005	15,003	15,002	15,001
Interest	2,500	2,500	1,500	1,500	1,500	1,500	1,500	500	500	500
<b>Total Expenses</b>	<b>59,390</b>	<b>53,433</b>	<b>52,664</b>	<b>52,066</b>	<b>54,237</b>	<b>53,421</b>	<b>54,629</b>	<b>54,752</b>	<b>55,774</b>	<b>56,682</b>
<b>Earnings Before Tax</b>	<b>3,594</b>	<b>16,649</b>	<b>29,558</b>	<b>37,622</b>	<b>39,825</b>	<b>46,314</b>	<b>49,595</b>	<b>55,361</b>	<b>58,193</b>	<b>62,539</b>
Taxes	1,120	4,858	8,483	10,908	11,598	12,968	13,887	15,501	16,294	17,511
<b>Net Earnings</b>	<b>2,474</b>	<b>11,791</b>	<b>21,075</b>	<b>26,713</b>	<b>28,227</b>	<b>33,346</b>	<b>35,708</b>	<b>39,860</b>	<b>41,899</b>	<b>45,028</b>

## Balance Sheet

<b>Assets</b>										
Cash	67,971	81,210	83,715	1,11,069	1,39,550	1,72,530	2,07,632	2,27,097	2,68,487	3,13,243
Accounts Receivable	5,100	5,904	6,567	7,117	7,539	7,807	8,158	8,485	8,782	9,045
Inventory	7,805	9,601	9,825	10,531	11,342	11,715	12,242	12,388	12,821	12,839
Property & Equipment	45,500	42,350	40,145	38,602	37,521	37,513	37,508	37,505	37,503	37,502
<b>Total Assets</b>	<b>1,26,376</b>	<b>1,39,065</b>	<b>1,40,252</b>	<b>1,67,319</b>	<b>1,95,951</b>	<b>2,29,564</b>	<b>2,65,540</b>	<b>2,85,474</b>	<b>3,27,592</b>	<b>3,72,629</b>
<b>Liabilities</b>										
Accounts Payable	3,902	4,800	4,912	5,265	5,671	5,938	6,205	6,279	6,498	6,507
Debt	50,000	50,000	30,000	30,000	30,000	30,000	30,000	10,000	10,000	10,000

<b>Total Liabilities</b>	<b>53,902</b>	<b>54,800</b>	<b>34,912</b>	<b>35,265</b>	<b>35,671</b>	<b>35,938</b>	<b>36,205</b>	<b>16,279</b>	<b>16,498</b>	<b>16,507</b>
<b>Shareholder's Equity</b>										
Equity Capital	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Retained Earnings	2,474	14,265	35,340	62,053	90,280	1,23,627	1,59,335	1,99,195	2,41,094	2,86,122
<b>Shareholder's Equity</b>	<b>72,474</b>	<b>84,265</b>	<b>1,05,340</b>	<b>1,32,053</b>	<b>1,60,280</b>	<b>1,93,627</b>	<b>2,29,335</b>	<b>2,69,195</b>	<b>3,11,094</b>	<b>3,56,122</b>
<b>Total Liabilities &amp; Shareholder's Equity</b>	<b>1,26,376</b>	<b>1,39,065</b>	<b>1,40,252</b>	<b>1,67,319</b>	<b>1,95,951</b>	<b>2,29,564</b>	<b>2,65,540</b>	<b>2,85,474</b>	<b>3,27,592</b>	<b>3,72,629</b>

## Cash Flow Statement

<b>Operating Cash Flow</b>										
Net Earnings	2,474	11,791	21,075	26,713	28,227	33,346	35,708	39,860	41,899	45,028
Plus: Depreciation & Amortization	19,500	18,150	17,205	16,544	16,080	15,008	15,005	15,003	15,002	15,001
Less: Changes in Working Capital	9,003	1,702	775	903	827	375	611	398	511	272
<b>Cash from Operations</b>	<b>12,971</b>	<b>28,239</b>	<b>37,505</b>	<b>42,354</b>	<b>43,480</b>	<b>47,980</b>	<b>50,102</b>	<b>54,465</b>	<b>56,390</b>	<b>59,757</b>
<b>Investing Cash Flow</b>										
Investments in Property & Equipment	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
<b>Cash from Investing</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>	<b>15,000</b>
<b>Financing Cash Flow</b>										
Issuance (repayment) of debt	-	-	(20,000)	-	-	-	-	(20,000)	-	-
Issuance (repayment) of equity	70,000	-	-	-	-	-	-	-	-	-
<b>Cash from Financing</b>	<b>70,000</b>	<b>-</b>	<b>(20,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(20,000)</b>	<b>-</b>	<b>-</b>
Net Increase (decrease) in Cash	67,971	13,239	2,505	27,354	28,480	32,980	35,102	19,465	41,390	44,757
Opening Cash Balance	-	67,971	81,210	83,715	1,11,069	1,39,550	1,72,530	2,07,632	2,27,097	2,68,487
<b>Closing Cash Balance</b>	<b>67,971</b>	<b>81,210</b>	<b>83,715</b>	<b>1,11,069</b>	<b>1,39,550</b>	<b>1,72,530</b>	<b>2,07,632</b>	<b>2,27,097</b>	<b>2,68,487</b>	<b>3,13,243</b>

## Supporting Schedules

<b>Working Capital Schedule</b>										
Accounts Receivable	5,100	5,904	6,567	7,117	7,539	7,807	8,158	8,485	8,782	9,045
Inventory	7,805	9,601	9,825	10,531	11,342	11,715	12,242	12,388	12,821	12,839
Accounts Payable	3,902	4,800	4,912	5,265	5,671	5,938	6,205	6,279	6,498	6,507
Net Working Capital (NWC)	9,003	10,705	11,480	12,382	13,210	13,584	14,196	14,594	15,105	15,377
Change in NWC	9,003	1,702	775	903	827	375	611	398	511	272

**Depreciation Schedule**

PPE Opening	50,000	45,500	42,350	40,145	38,602	37,521	37,513	37,508	37,505	37,503
Plus Capex	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Less Depreciation	19,500	18,150	17,205	16,544	16,080	15,008	15,005.05	15,003.03	15,001.82	15,001.09
PPE Closing	45,500	42,350	40,145	38,602	37,521	37,513	37,508	37,505	37,503	37,502

**Debt & Interest Schedule**

Debt Opening	50,000	50,000	50,000	30,000	30,000	30,000	30,000	30,000	10,000	10,000
Issuance (repayment)	-	-	(20,000)	-	-	-	-	(20,000)	-	-
Debt Closing	50,000	50,000	30,000	30,000	30,000	30,000	30,000	10,000	10,000	10,000
Interest Expense	2,500	2,500	1,500	1,500	1,500	1,500	1,500	500	500	500

**DCF Model****Assumptions**

Tax Rate	25%
Discount Rate	12%
Perpetual Growth Rate	4%
EV/EBITDA Multiple	8.0x
Transaction Date	31-03-2018
Current Price	16.00
Shares Outstanding	20,000

<b>Discounted Cash Flow</b>	<b>Entry</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>Exit</b>	<b>Terminal Value</b>	
<i>Date</i>	31-03-2018	31-12-2018	31-12-2019	31-12-2020	31-12-2021	31-12-2022	31-12-2022	EV/EBITDA	6,24,317
<i>Year fraction</i>		0.75	1.00	1.00	1.00	1.00	1.00		
EBIT		47,814	51,095	55,861	58,693	63,039			
Less: Cash Taxes		11,954	12,774	13,965	14,673	15,760			
NOPAT		35,861	38,321	41,896	44,020	47,279			
Plus: D&A		15,008	15,005	15,003	15,002	15,001			
EBITDA		62,823	66,100	70,864	73,695	78,040			
Less: Capex		(15,000)	(15,000)	(15,000)	(15,000)	(15,000)			
Less: Changes in WC		375	611	398	511	272			
<b>Unlevered FCF</b>		<b>35,495</b>	<b>37,715</b>	<b>41,501</b>	<b>43,511</b>	<b>47,008</b>	<b>6,24,317</b>		
<b>Transection FCF</b>	-	<b>26,621</b>	<b>37,715</b>	<b>41,501</b>	<b>43,511</b>	<b>47,008</b>	<b>6,24,317</b>		

IRR FCF	(2,10,450)	26,621	37,715	41,501	43,511	47,008	6,24,317
---------	------------	--------	--------	--------	--------	--------	----------

**Intrinsic Value**

Enterprise Value	5,05,755
Plus: Cash	1,39,550
Less: Debt	30,000
Equity Value	6,15,305

Equity Value/Share	30.77
--------------------	-------

**Market Value**

Market Cap	3,20,000
Less: Cash	1,39,550
Plus: Debt	30,000
Enterprise Value	2,10,450.48

Equity Value/Share	16
--------------------	----

**Rate of Return**

Current Price	16.00
Target Price	30.77
Target Price: Upside	92%
IRR	39%