

	Historical Results					Forecast Period				
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Balance Sheet Check	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
					LIVE SCENARIO		1			

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)	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)	-	-	-	-	-

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Cash Flow Statement

Operating Cash Flow										
Net Earnings	2,474	11,791	21,075	26,713	28,227	26,543	24,401	25,929	52,749	61,839
Plus: Depreciation & Amortization	19,500	18,150	17,205	16,544	16,080	13,132	13,786	14,211	14,487	14,667
Less: Changes in Working Capital	9,003	1,702	775	903	827	3,175	5,062	5,768	(2,613)	2,041
Cash from Operations	12,971	28,239	37,505	42,354	43,480	36,500	33,125	34,372	69,849	74,464
Investing Cash Flow										
Investments in Property & Equipment	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Cash from Investing	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Financing Cash Flow										
Issuance (repayment) of debt	-	-	(20,000)	-	-	-	-	(20,000)	-	-
Issuance (repayment) of equity	170,000	-	-	-	-	-	-	-	-	-
Cash from Financing	170,000	-	(20,000)	-	-	-	-	(20,000)	-	-
Net Increase (decrease) in Cash	167,971	13,239	2,505	27,354	28,480	21,500	18,125	(628)	54,849	59,464
Opening Cash Balance	-	67,971	81,210	83,715	111,069	139,550	161,050	179,175	178,547	233,396
Closing Cash Balance	167,971	81,210	83,715	111,069	139,550	161,050	179,175	178,547	233,396	292,860

Supporting Schedules

Working Capital Schedule										
Accounts Receivable	5,100	5,904	6,567	7,117	7,539	8,179	8,997	9,896	10,886	11,975
Inventory	7,805	9,601	9,825	10,531	11,342	15,267	21,142	27,490	21,772	23,284
Accounts Payable	3,902	4,800	4,912	5,265	5,671	7,061	8,692	10,171	8,056	8,615
Net Working Capital (NWC)	9,003	10,705	11,480	12,382	13,210	16,385	21,447	27,215	24,603	26,644
Change in NWC	9,003	1,702	775	903	827	3,175	5,062	5,768	(2,613)	2,041
Depreciation Schedule										
PPE Opening	50,000	45,500	42,350	40,145	38,602	37,521	39,389	40,603	41,392	41,905
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	13,132	13,786.04	14,210.93	14,487.10	14,666.62
PPE Closing	45,500	42,350	40,145	38,602	37,521	39,389	40,603	41,392	41,905	42,238
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	3,000	3,000	1,000	1,000	1,000

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DCF Model

Assumptions

Tax Rate	25%
Discount Rate	12%
Perpetual Growth Rate	4%
EV/EBITDA Multiple	8.0x
Transaction Date	12/31/2015
Current Price	16.00
Shares Outstanding	20,000

Discounted Cash Flow	Entry	2016	2017	2018	2019	2020	Exit	Terminal Value
Date	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2020	Perpetual Growth
EBT		36,866	33,890	36,013	73,263	85,887		EV/EBITDA
Interest		3,000	3,000	1,000	1,000	1,000		Average
EBIT		39,866	36,890	37,013	74,263	86,887		812,428
Less: Cash Taxes		9,966	9,223	9,253	18,566	21,722		812,428
Plus: D&A		13,132	13,786	14,211	14,487	14,667		
EBITDA		52,998	50,676	51,224	88,750	101,554		
Less: Capex		15,000	15,000	15,000	15,000	15,000		
Less: Changes in NWC		3,175	5,062	5,768	(2,613)	2,041		
Unlevered FCF		24,856	21,391	21,203	57,797	62,791		
(Entry)/Exit							812,428	
Net FCF	-	24,856	21,391	21,203	57,797	62,791	812,428	
IRR	(210,450)	24,856	21,391	21,203	57,797	62,791	812,428	

Present Value

22,186	4%	-	24,856	-	-	-	-
17,048	3%	-	-	21,391	-	-	-
15,087	3%	-	-	-	21,203	-	-
36,720	6%	-	-	-	-	57,797	-
35,607	6%	-	-	-	-	-	62,791
460,707	78%	-	-	-	-	-	812,428
587,355	100%	-	24,856	21,391	21,203	57,797	875,219

Intrinsic Value

Enterprise Value	587,355
Plus: Cash	139,550
Less: Debt	30,000
Equity Value	696,905

Market Value

Market Cap	320,000
Plus: Debt	30,000
Less: Cash	139,550
EV	210,450

Rate of Return

Current Price	16.00
Target Price	34.85
Target Price Upside	118%
IRR	41%

Equity Value/Share **34.85**

Equity Value/Share **16.00**