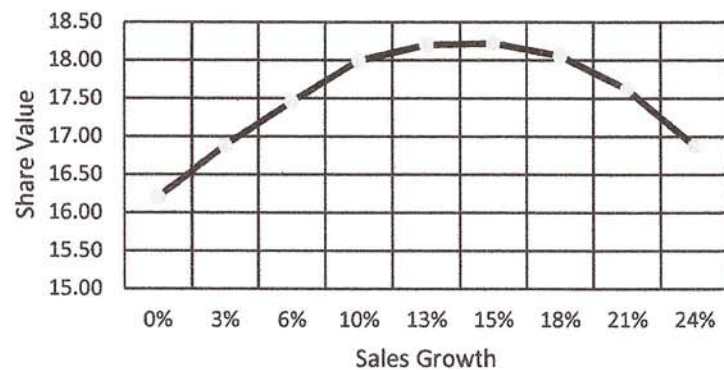


	A	B	C	D	E	F	G	H
1	ABC Corporation_Financial Model							
2	Pro Forma Balance Sheets, Income statements, Free Cash Flows and DCF Valuation							
3	Model Parameters				Policy Assumptions: Debt is \$ 2,060,000,			
4	Sales growth	10.0%			cash is plug, and debt repayment of \$412,000			
5	Cost of goods sold/Sales	52.0%			per year for five years.			
6	Current assets/Sales	15.0%			Notes: Common stock \$ 4,000,000 @ \$4.00 per share			
7	Current liabilities/ Sales	8.0%						
8	Net fixed assets/Sales	75.0%						
9	Depreciation rate	10.0%						
10	Interest rate on debt	10.0%						
11	Interest earned on cash balances	8.0%						
12	Tax rate	35.0%						
13	Dividend payout ratio	30.0%						
14								
15	Year	2015	2016	2017	2018	2019	2020	
16	Income Statement							
17	Sales revenue	8,000,000	8,800,000	9,680,000	10,648,000	11,712,800	12,884,080	
18	Cost of Goods Sold	(4,160,000)	(4,576,000)	(5,033,600)	(5,536,960)	(6,090,656)	(6,699,722)	
19	Depreciation	(900,000)	(978,947)	(1,148,310)	(1,342,132)	(1,563,652)	(1,816,513)	
20	Interest payment on debt	(206,000)	(185,400)	(144,200)	(103,000)	(61,800)	(20,600)	
21	Interest earned on cash and marketable securities	80,000	90,518	114,304	143,725	179,042	220,503	
22	Pretax Income	2,814,000	3,150,171	3,468,194	3,809,633	4,175,734	4,567,749	
23	Taxes	(984,900)	(1,102,560)	(1,213,868)	(1,333,371)	(1,461,507)	(1,598,712)	
24	Net Income(profit after tax)	1,829,100	2,047,611	2,254,326	2,476,261	2,714,227	2,969,037	
25	Dividends	(548,730)	(716,664)	(789,014)	(866,691)	(949,980)	(1,039,163)	
26	Retained earnings	1,280,370	1,330,947	1,465,312	1,609,570	1,764,248	1,929,874	
27								
28	Balance sheet							
29	Cash	1,000,000	1,262,947	1,594,659	1,998,469	2,477,581	3,035,005	

	A	B	C	D	E	F	G	H
30	Current assets	1,200,000	1,320,000	1,452,000	1,597,200	1,756,920	1,932,612	
31	Fixed assets							
32	At cost	9,000,000	10,578,947	12,387,258	14,455,390	16,817,642	19,512,614	
33	Depreciation	-3,000,000	(3,978,947)	(5,127,258)	(6,469,390)	(8,033,042)	(9,849,554)	
34	Net fixed assets	6,000,000	6,600,000	7,260,000	7,986,000	8,784,600	9,663,060	
35	Total assets	8,200,000	9,182,947	10,306,659	11,581,669	13,019,101	14,630,677	
36								
37	Current liabilities	640,000	704,000	774,400	851,840	937,024	1,030,726	
38	Debt	2,060,000	1,648,000	1,236,000	824,000	412,000	0	
39	Stock	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	
40	Accumulated retained earnings	1,500,000	2,830,947	4,296,259	5,905,829	7,670,077	9,599,951	
41	Total liabilities and equity	8,200,000	9,182,947	10,306,659	11,581,669	13,019,101	14,630,677	
42								
43	Free cash flow calculation							
44	Year	0	1	2	3	4	5	
45	Profit after cash		2,047,611	2,254,326	2,476,261	2,714,227	2,969,037	
46	add back depreciation		978,947	1,148,310	1,342,132	1,563,652	1,816,513	
47	Subtract increase in current assets		(120,000)	(132,000)	(145,200)	(159,720)	(175,692)	
48	add back increase in current liabilities		64,000	70,400	77,440	85,184	93,702	
49	Subtract increase in fixed assets at cost		(1,578,947)	(1,808,310)	(2,068,132)	(2,362,252)	(2,694,973)	
50	Add back after-tax interest on debt		129,780	100,940	72,100	43,260	14,420	
51	Subtract after-tax interest on cash		(63,363)	(80,013)	(100,608)	(125,329)	(154,352)	
52	Free cash flow		1,458,028	1,553,653	1,653,994	1,759,022	1,868,655	
53								
54	Valuing the firm							
55	Weighted average cost of capital(WACC)	13%						
56	Long-term growth rate of FCFs(g)	5%						
57								
58	Year 5 FCF	1,868,655						
59	Terminal value	24,526,095						

	A	B	C	D	E	F	G	H
60								
61	Year	2015	2016	2017	2018	2019	2020	
62	FCF		1,458,028	1,553,653	1,653,994	1,759,022	1,868,655	
63	Terminal value						24,526,095	
64	Total		1,458,028	1,553,653	1,653,994	1,759,022	26,394,750	
65								
66	Present value(PV) of row 64	19,058,183						
67	Add in initial year(0) cash and mkt. securities	1,000,000						
68	Firm value	20,058,183						
69	Subtract out value of firm's debt today	-2,060,000						
70	Equity value	17,998,183						
71	Per-share data							
72	Per-share equity valuation	18.00						
73	Earnings-per-share(EPS)	1.8	2.0	2.3	2.5	2.7	3.0	
74								
75	Sensitivity Analysis							
76		Sales Growth	Share Value					
77	Data table: effect of sales growth on share value		18.00					
78		0%	16.21					
79		3%	16.89					
80		6%	17.46					
81		10%	18.00					
82		13%	18.20					
83		15%	18.22					
84		18%	18.06					
85		21%	17.62					
86		24%	16.88					
87	Table_1 Effect of sales growth on per-share valuation							
88								
89								

Sales Growth Versus Share Value



	A	B	C	D	E	F	G	H
90	Data table: Effect of COGS on firm's profit	COGS/Sales	Profit	<p style="text-align: center;">Profit Versus COGS</p>				
91			1,280,370					
92		10%	2,809,170					
93		20%	2,445,170					
94		30%	2,081,170					
95		40%	1,717,170					
96		50%	1,353,170					
97		60%	989,170					
98		70%	625,170					
99		80%	261,170					
100		90%	(102,830)					
101	Table_2 Effect of cost of goods sold(COGS) on firm's profitability							
102								
103	Data table(two dimensional): Effect of weighted average cost of capital(WACC) and long-term growth rate(g) on per-share valuation		WACC					
104		18.00	8%	10%	13%	14%	16%	18%
105		0%	21.40	16.76	12.49	11.48	9.83	8.56
106		2%	27.12	19.95	14.09	12.79	10.75	9.23
107		5%	50.01	29.52	18.00	15.87	12.76	10.62
108		6%	72.90	35.90	20.04	17.40	13.70	11.24
109	Long-term FCF growth rate(g)	8%	nmv	67.81	26.59	22.01	16.28	12.84
110		10%	nmv	nmv	41.87	31.23	20.58	15.25
111	Note; nmv(no meaningful value)	12%	nmv	nmv	118.28	58.89	29.18	19.27
112		14%	nmv	nmv	nmv	nmv	54.98	27.30
113		16%	nmv	nmv	nmv	nmv	nmv	51.40
114		18%	nmv	nmv	nmv	nmv	nmv	nmv
115		20%	nmv	nmv	nmv	nmv	nmv	nmv
116	Table_3 Effect of weighted average cost of capital(WACC) and long-term growth rate(g) on per-share valuation							