

COMPANY: Malibu Boats (NASDAQ:MBUU)

Report by: Mike Yanagisawa and Raiford Garrabrant

Current Price: \$40.33 (11/19/24)

Target Price: \$62.80

Upside: 55.7%

Recommendation: Buy



Investment Thesis:

- **Strong brand with leading market share.** Malibu is a well-established brand with stable, industry-leading market share.
- **Retail boat sales are poised to recover:** Consumer sentiment has increased from its recent low, and due to a variety of factors (including interest rates and the recent election), we believe consumer sentiment will continue to increase. Based on our model, this is a positive sign for the boat industry.
- **The market expects minimal growth:** Malibu's current price implies a 2.5% net sales growth year-over-year, even after its 40% net sales drop in FY 2024. The market expects minimal growth, which gives the company excellent upside potential to "pop" if it exceeds these minimal sales growth numbers.

COMPANY

Overview

Founded in 1982, Malibu Boats designs and manufactures boats under 8 brands: Malibu, Axis, Pursuit, Maverick, Cobia, Pathfinder, Hewes, and Cobalt. The company went public in January 2014.

Products and Product Mix

Reportable Segment	Brand	Number of Models	Lengths	Retail Price Range (In thousands)	Description
Malibu	Malibu	12	20'-26'	\$80-\$300	Malibu targets consumers seeking a premium boating experience with our latest innovations in performance, comfort and convenience. Across our three product lines, we offer a variety of products to customers from our Response Series tailored for high-performance water ski to highly customizable options in our Wakesetter series to our ultra premium models in the M Series.
	Axis	7	20'-25'	\$80-\$175	Axis was formed to target a younger demographic by providing a more affordably priced, high quality, entry-level boat with high performance, functional simplicity and the option to upgrade key features such as Surf Gate.
Saltwater Fishing	Pursuit	16	25'-46'	\$130-\$1,400	Pursuit is a premium brand of saltwater outboard fishing boats available in three product lines including our sports center consoles, dual consoles and our offshore series to provide customers with options for ideal fishing as well as casual cruising and luxury entertainment.
	Cobia	11	21'-34'	\$60-\$500	Cobia models consist of center console and dual console vessels that are designed to promote ease of boating and fishing for all levels of anglers and boaters.
	Pathfinder	8	22'-27'	\$60-\$250	Pathfinder provides the most versatile inshore fishing boat. The product of bay boats provides for dedicated anglers to fish and do so with comfort, safety and proven technology.
	Maverick and Hewes	6	16'-21'	\$45-\$125	Maverick and Hewes have been designed to tailor to shallow inshore flats anglers. These boats, with vacuum infused (VARIS) construction and enhanced performance, provide a legacy of dependability, unmatched ride, and exceptional craftsmanship.
Cobalt	Cobalt	16	22'-35'	\$75-\$625	Cobalt is a premium luxury sterndrive and outboard boat manufacturer available in five product lines. Our products tailor sterndrive from entry level to premium with options to expand some models with the patented Surf Gate, as well as our outboard series for increased saltwater use.

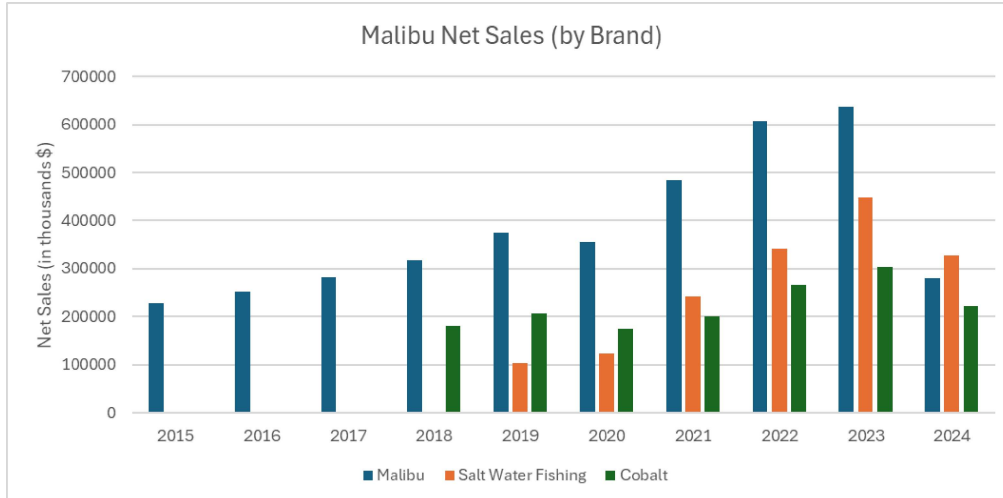
Source: 2024 10-K

The Malibu segment is MBUU’s flagship brand and is the “[de-facto](#) American watersports boat builder” for the ski/wake crowd. As a testament to their ski/wake focus, the company created patented technologies to maximize wake for minimal effort, including Surf Gate and Power Wedge III.

To expand their portfolio, the company has also acquired a few brands over the past six years:

- In July 2017, MBUU acquired Cobalt, a premium luxury sterndrive company
- In Oct 2018, MBUU acquired Pursuit to build out their “Saltwater Fishing” segment, and in Dec 2020, they acquired Maverick (which includes Cobia, Pathfinder, and Maverick), a group of more value-focused brands
- In the future, they are looking for potential acquisitions in the Pontoon segment, ideally purchasing a company with leading market share, strong cash flow, and an experienced management team.

Net sales by segment can be seen in the graph below. The graph suggests that Malibu has grown into a company that has successfully increased their diversification of boat offerings.



Source: Malibu 10-Ks

Market share and competitive landscape

As of June 30, 2024:

- **Malibu/Axis brands:** #1 in market share in US performance sport boat category. It had a 24.4% market share in 2010 that increased to 29.0% in 2011. Since then, market share has hovered between 30.5% and 33% (with a dip to 28.8% in 2022). Market share currently sits at 30.5%. Its largest
- **Cobalt:** #1 in market share in US 24'-29' segment of sterndrive category. Market share has increased from 14.2% (in 2010) to 27.8% in 2015, and steadily rising to 40.8% market share in 2023. (Cobalt's peak sales were in 2019, though, so the market segment may be shrinking.)
- **Pursuit/Maverick:** "Amongst the leading market share positions" in fiberglass outboard. Malibu doesn't provide much more information than this about these brands' market share.

Management

CEO

Steve D. Menneto. He joined Malibu in August 2024 from Polaris, where he was most recently President of the Off-Road Vehicle Division. He also owned his own dealership earlier in his career and served as Director of North American Sales for 5 years (2004-2009).

He supplanted Jack Springer, former CEO, who joined Malibu Boats in 2009. Over the past couple years, Jack Springer had overseen the stock price come down by about 50% from its peak in 2021. He was also named in two lawsuits, one with Tommy's Boats, a now-bankrupt boat dealer, and one with a stockholder, who claimed the company made false and misleading statements. Both lawsuits allege that Malibu pumped boats into the inventory channel, artificially increasing sales volume, at the expense of the dealer. Our sense is that the combination of the stock dip and bad press, combined with the anticipation of a poor FY 2024 metrics, was enough to push Jack Springer to step down in early 2024.

CFO

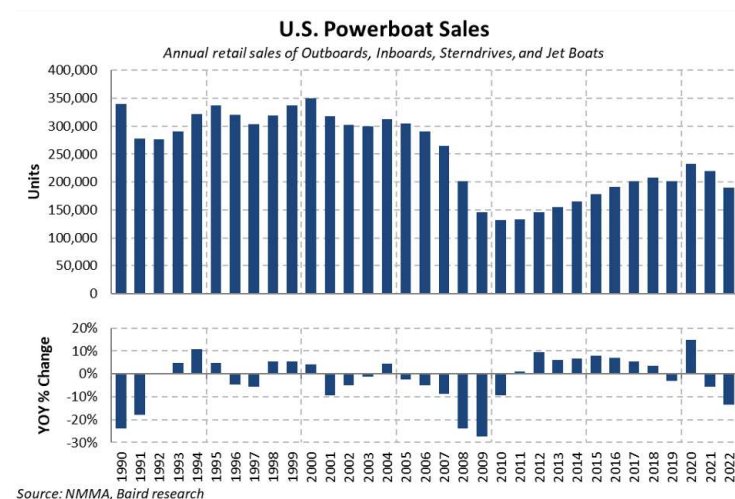
Bruce Beckman took over the role of CFO in November 2023, coming from Entegris, a semiconductor manufacturer. He succeeded Wayne Wilson, who had previously served as CFO from 2009 to 2023.

REVENUE FORECAST

Industry landscape

If we look back over the past 30+ years of boat sales, the entire boating industry is characterized by a couple of patterns:

- **Higher average boat sales (unit sales) from 1990-2007 than 2008-2022.** Without more historical knowledge (e.g. on boat quality, popularity of boating, etc.), it's hard to know what accounts for this drop-off. It raises natural questions on whether the boat industry could see another big hit, though.
- **Sharp year-over-year change drops in sales during recessions.** 2008 and 2009 (post-GFC) had about 23% and 28% declines in unit sales. 2001 (after the dot-com bubble) saw boat sales decline by 10%. Prior to that, boat sales declined 22% and 18% in 1990 and 1991, after the recession of 1990-91.



Revenue non-drivers

Because Malibu has a relatively stable market share, we used data from National Marine Manufacturers Association (NMMA), which collects info on the entire industry back to at least 2008. These data are hidden behind a thousand-dollar-annual-membership paywall, but is conveniently reported on Malibu's 10-Ks. This longer horizon allows us to see the impact of one recession (the GFC) in the data. We regressed inboard and outboard unit sales against:

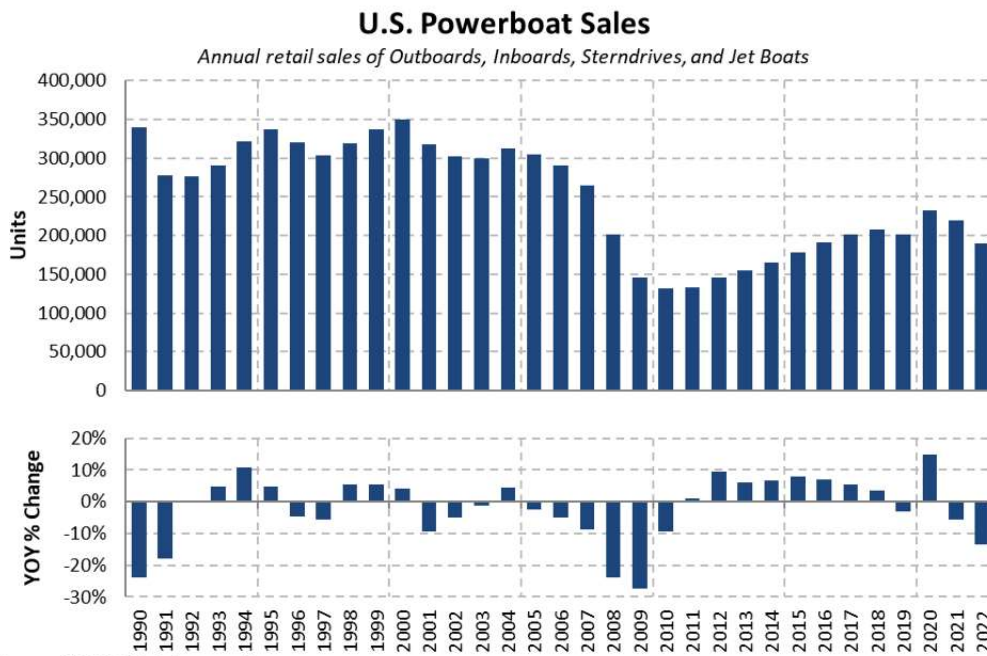
- **Change in [Real Disposable Personal Income: Per Capita](#)** - R-squared for outboard of 0.037
- **Change in percent of population making > \$100K (based on [census data](#))** - R-squared of 0.058
- **[Fed fund rate](#)** - R-squared of 0.071
- **[US Inflation](#)** - R-squared of 0.027
- **Popularity of boating**, as measured by [Google Trends](#) searches for “boats for sale” and “boats near me.” We used the June value (the peak interest) in our regression. While an interesting idea and a little promising, we did not find statistical significance. R-squared of 0.19.
- **Broad stock market.** We ran a regression of change in unit sales against the [Russell 3000](#) returns. R-squared of 0.032.

The reason given on earnings calls is pretty simple: boats are a mid-market luxury product, and so someone who is a boat buyer is not very sensitive to interest rates. In other words, most people who buy boats are going to still buy boats in a down market. (You can see this in 2008-2009 when the sky was falling – over 130,00 boats were still sold each year in the US.) Only on the margins will people choose not to buy boats because interest rates are high.

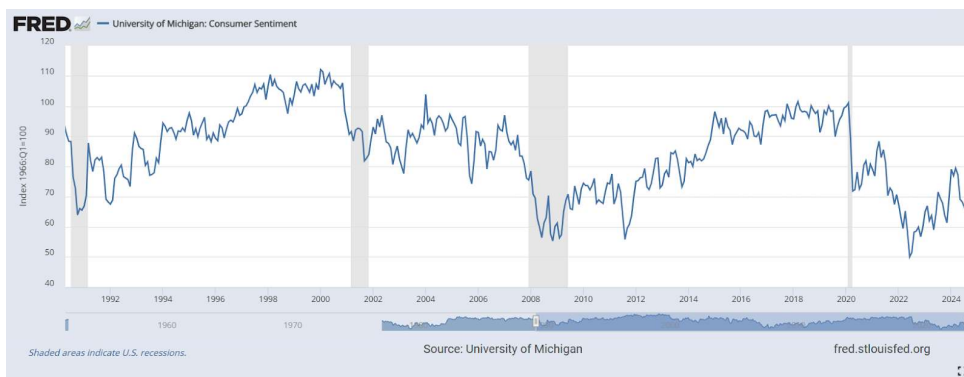
Revenue drivers

Consumer sentiment

When outgoing Mastercraft CEO Frederick Brightbill was asked about the number one factor in the recent retail boat demand slowdown, his answer was simple: “first and foremost, it’s confidence” (Mastercraft earnings call, Sept 2022). We see this clearly below when we line up US Powerboat Sales against consumer sentiment. The big dips in year-over-year percent change correspond with the recessions, and “bull runs” in consumer sentiment (1990-2000, 2009-2020) correspond with increased boat sales.



Source: NMMA, Baird research



Source: [MRR Report, Dec 2023](#), [University of Michigan: Consumer Sentiment](#), [FRED](#)

Malibu is composed of both outboard (Saltwater Fishing, Cobalt) and inboard (Malibu) segments. We regressed outboard boat sales and inboard boat sales separately, and found they were both statistically significant. That both segments are significant on the same factor lends further support to these being important revenue drivers.

Revenue model - Unit sales

We regressed the **change in University of Michigan consumer sentiment index from 1-year ago** onto **inboard/ outboard** unit sales. (We averaged the consumer sentiment for all months in 2023 to get the consumer sentiment for the full-year 2023.) Note that this consumer sentiment index encapsulates all the macro factors (disposable income, interest rates, geopolitical risks, etc.) inside a complex function called the human brain. The lagged component also makes intuitive sense: if the market sours this year, next year’s boat sales should be bad.

CHANGE IN OUTBOARD UNIT SALES = 0.028412 + 0.7935 * LAGGED CHANGE IN CONSUMER SENTIMENT

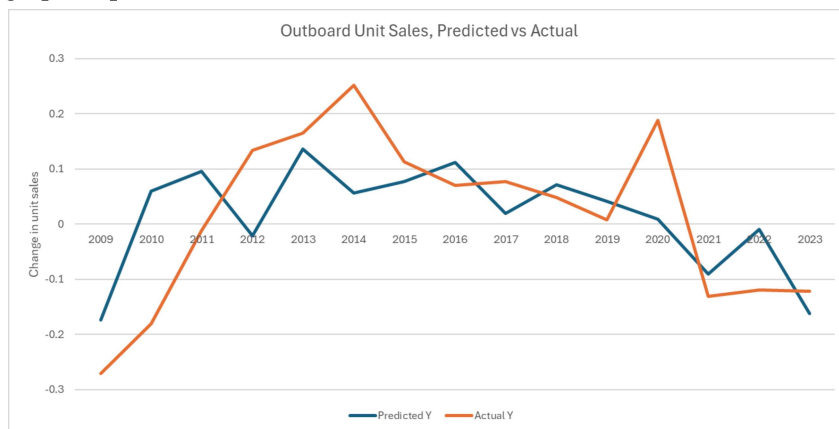
- R-squared = 0.384
- Observations = 15
- T-stat: 2.844, p-value of 0.014

CHANGE IN INBOARD UNIT SALES = 0.028742 + 0.83621 * LAGGED CHANGE IN CONSUMER SENTIMENT

- R-squared = 0.433
- Observations = 15
- T-stat = 3.154, p-value of 0.0076

Discussion of the model

The model is simple but also reasonable: absent *any* change in consumer sentiment, unit sales will increase by about 2.8%, which seems reasonable. Our model also is moderate; it does not predict as large outliers as occur in reality. We’re okay with this, though, as it protects us against overfitting. An example graph of predicted vs. actual is below.



Revenue forecast

Consumer sentiment

For consumer sentiment, we relied on past low periods and forecast a return similar to historic returns. We looked back to other periods in time that hit consumer sentiment lows, which occurred in the recession of 1990-91 and the GFC (2008-2009). Based on rebounds from these crises, we forecast a consumer sentiment increase of 3 points per year until 2027 and subsequently stabilizing to the long-term consumer sentiment average of 82. We do acknowledge that consumer sentiment can be highly volatile, but we believe this to be a reasonable estimate of the next few years.

Unit sales

To forecast 2025 for the Malibu segment, we use the inboard model using consumer sentiment for the first 9 months of 2024 (73) to get the Malibu unit sales growth rate for 2025. We then use the consumer sentiment forecast from above to forecast future growth.

We applied the same methodology for Salt Water Fishing (SWF) and Cobalt, using our outboard model for the Salt Water Fishing segment and the inboard model for the Cobalt brand.

Average selling price

The average selling price (ASP) for each segment in 2024 was \$127k for Malibu, \$200k for SWF and \$141k for Cobalt. We projected ASP growth for each segment of 3.5% in 2025, falling to 2% each year by 2028. We got 3.5% growth from their most recent ASP growth years and estimate they will not be able to keep up pricing growth that outpaces inflation.

Forecasted net sales

Combining out unit sales and ASP forecasts we were able to forecast total sales for the next six years as follows:

	JUN '15	JUN '16	JUN '17	JUN '18	JUN '19	JUN '20	JUN '21	JUN '22	JUN '23
Sales	\$229	\$253	\$282	\$497	\$684	\$653	\$927	\$1,215	\$1,388
<i>% Growth</i>		10.6%	11.5%	76.3%	37.6%	-4.5%	41.9%	31.1%	14.3%
	JUN '24	JUN '25E	JUN '26E	JUN '27E	JUN '28E	JUN '29E	JUN '30E		
	\$829	\$954	\$1,105	\$1,203	\$1,302	\$1,407	\$1,477		
	-40.3%	15.0%	15.9%	8.9%	8.2%	8.1%	4.9%		

Future improvements to our model

In a future iteration of the model, we would love to be able to factor in:

- Wider trends in the boating industry (e.g. increase in popularity of wake boats vs. salt water fishing boats)
- Changes in the popularity of boating or fishing, which can differ from generation to generation
- Geography and population movements into our boat demand predictions
- The used boat sales market and its impact on new boat sales

We would also love to conduct a deeper dive into the research on consumer sentiment as a potential economic driver. [Barnes and Olivei](#) (2017) find that University of Michigan consumer sentiment contains some information beyond that captured by other economic indicators. We think that more deeply understanding this measurement would strengthen our conviction in its use.

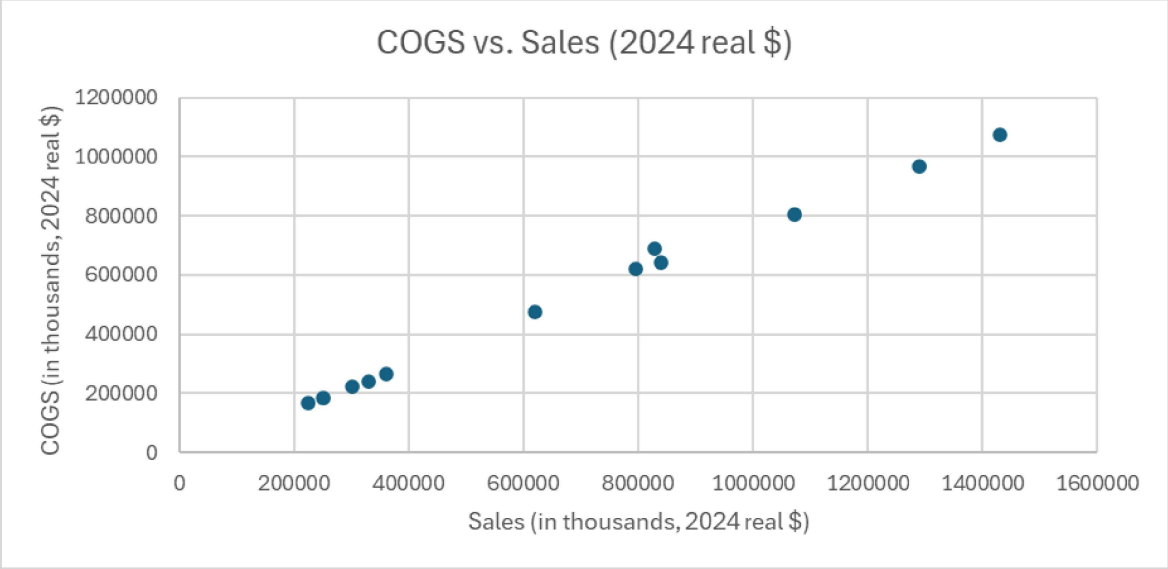
COST & CASH FLOW FORECASTS

COGS

One of Malibu’s risks in their 2024 10-K is a “large fixed-cost base.” We adjusted COGS and sales to 2024 real dollars (using [FRED CPI](#)), and regressed sales on COGS for the past 12 years of annual data, which yields the regression:

$$\text{COGS} = -312.828 + 0.762588 \text{ SALES (in 2024 real \$)}$$

R-squared = 0.996

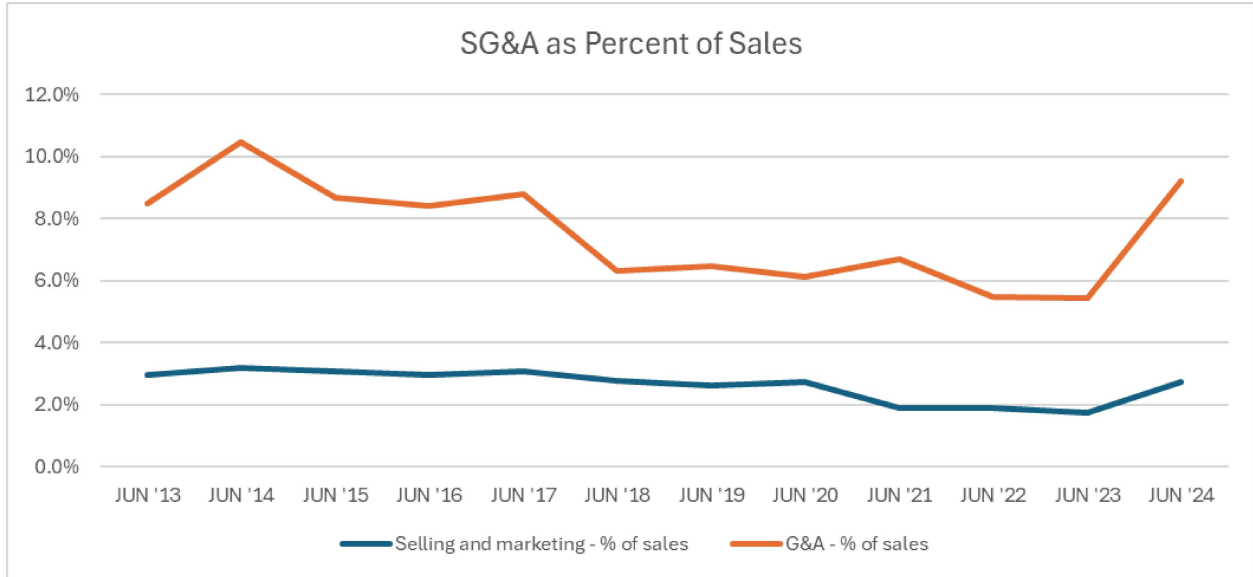


A few notes on COGS:

- The intercept for COGS is negative, which implies a *negative* fixed-cost base, instead of a large *positive* one. (In their Q2 2024 earnings call, Malibu split out their “variable costs,” claiming 85-90% of their COGS are variable.) However, the intercept is (a) very small and (b) not statistically different from 0 (coefficient -\$312.828K, standard error \$12121.15k, t-stat -0.0258). The graph’s visual linearity is also hard to argue with. It also matches general accounting wisdom that “in the long term, all costs are variable costs.”
- To forecast COGS, we must factor in inflation, which we assume to be 2%. (The choice of inflation of 2% vs 3% – or even 0% – changes implied share price by literal pennies.)
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SG&A

Malibu reports SG&A as two segments, “Selling and marketing” and “General and administrative.” Of note, General and administrative include litigation settlements, including a \$20mn settlement in 2014 and a \$100mn settlement in 2023 (which were both removed in the graph below to help with SG&A forecasts).



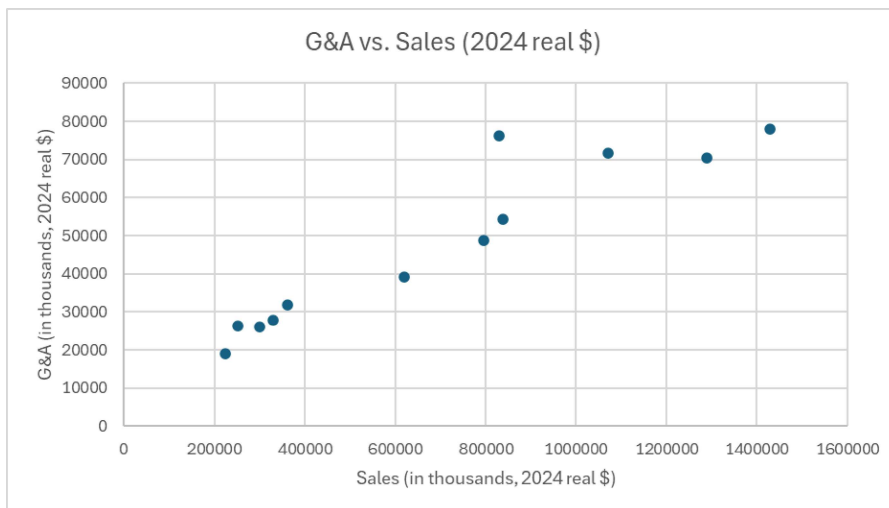
“Selling and marketing” to revenue appeared to be relatively constant, so forecast selling-to-marketing to be the average of the past 10 years, or 2.5%.

$$S\&M = 0.025 + 0.025 \text{ SALES}$$

“General and administrative” (excluding litigation settlements) to revenue appeared to decline when revenue was high and increase when revenue was low, suggesting a “fixed cost base” to G&A. We modified the past 12 years of Malibu data to 2024 real dollars (using [FRED CPI](#)) and ran a regression to get G&A in terms of sales.

$$G\&A = 13,055.13 + 0.049463 \text{ SALES (in 2024 real \$)}$$

$$R\text{-squared} = 0.874$$



SG&A

In total, we get:

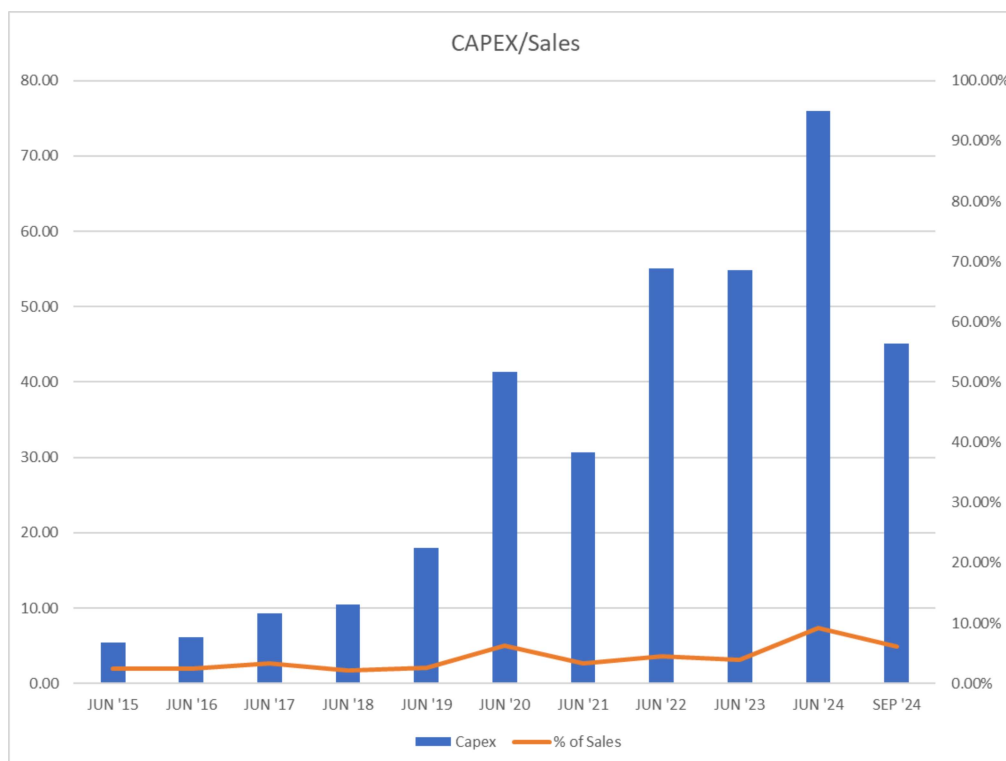
$$SG\&A = 13,055.13 + 0.074463 \text{ SALES (in 2024 real \$)}$$

Ongoing Litigation

Lastly, despite a few ongoing lawsuits, we do not include any litigation settlements into our SG&A projections. The lawsuits, all filed in 2024, are: (1) breach of obligations to dealer Tommy’s Boats (which filed for bankruptcy), (2) a security class action lawsuit alleging misleading statements and (3) a customer class action lawsuit related to guidance issues to customers for older model boats. While the number of lawsuits worry us, the probabilities and dollar amounts of these lawsuits are hard to reasonably estimate, and even if successful, will ultimately have a minor impact on Malibu’s final valuation.

CapEx

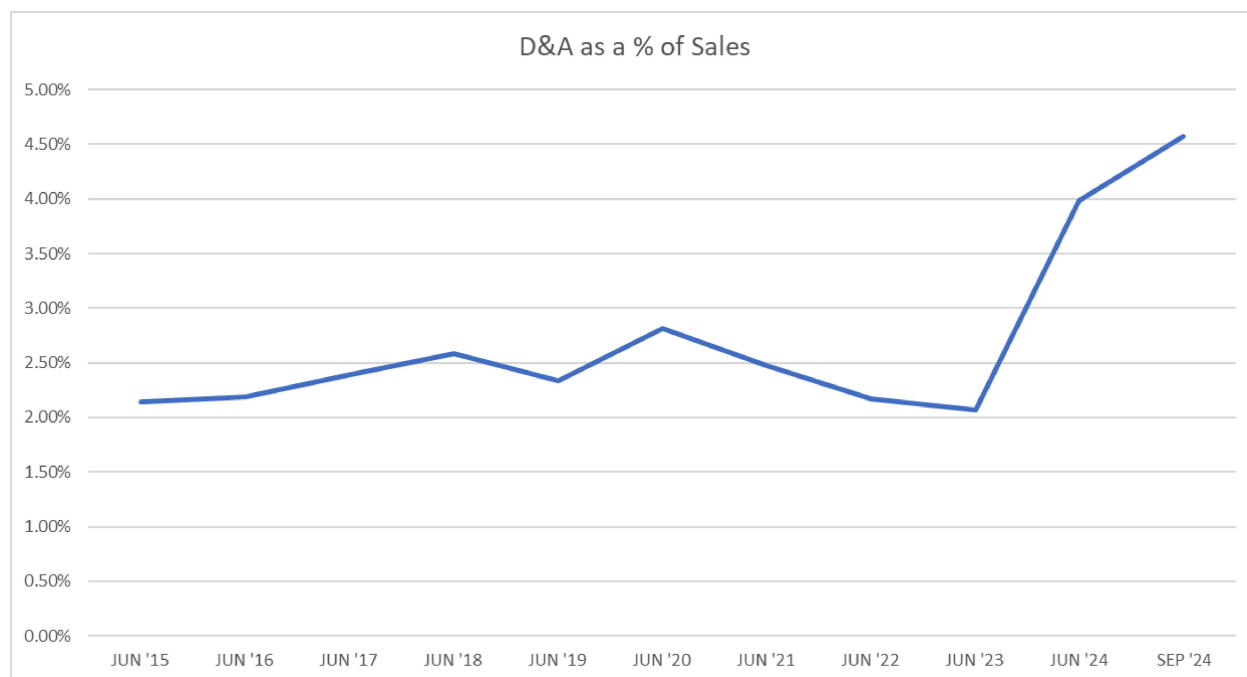
CapEx as a percentage of sales has been mostly constant since 2015, with some recent fluctuation due primarily to the large decrease in revenue in 2024. As seen in the figure below, when considering the last twelve months ending in September 2024, this ratio is returning to normal. Thus we have chosen to take a constant ratio of CapEx to Sales of 3%.



Depreciation and Amortization

D&A as a percentage of sales has also been constant historically. Again, this ratio was heavily impacted in 2024 by the dramatic loss of revenue and did not recover as quickly as CapEx because of the “sticky”

nature of depreciation. We have taken the pre-2024 average D&A as a percentage of sales ratio to forecast D&A expense.



Working Capital

Changes in working capital have been highly volatile but have typically remained between 0% and 3% of revenue so we have taken a constant 1.5%. Additionally this has a nearly insignificant effect on the projected cash flows so we believe taking the long run average is fair.

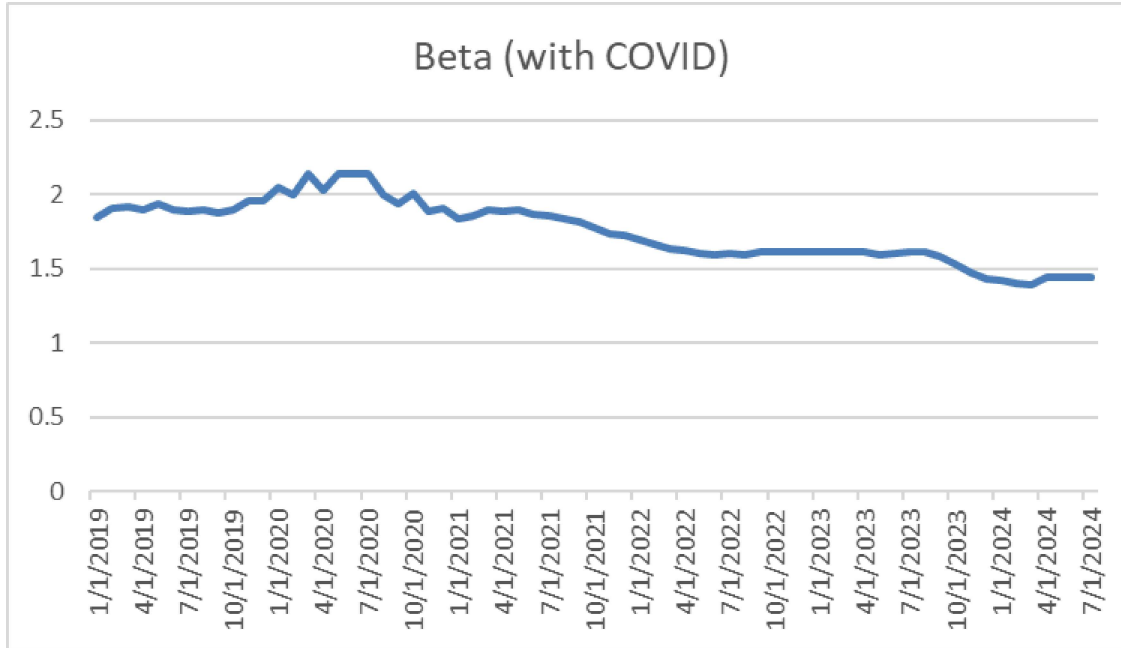
VALUATION METHODOLOGY & WACC

Debt-to-Equity Ratio

Malibu's debt-enterprise value ratio remained mostly constant from 2017 to 2022 around 10%. In 2023, management made a push for zero debt, reducing their LT Debt position (not including lease obligations) to \$0. In September of this year, they utilized their standing credit facility, taking on \$28m in new LT Debt, bringing this ratio to 3%. We have chosen to use 3% for our forecast as we believe this to be a reasonable debt level for Malibu to hold moving forward. Additionally, 3% is not far off the historical average and does not provide a meaningful difference from that average

Beta

The 60-month rolling beta was calculated against the CRSP value-weighted index (including dividends) and the 30-day treasury bill rate. All data was provided by WRDS.



(Note: the beta provided by other sources – [such as Zack’s](#) – is slightly lower at 1.3 because it uses S&P as the market.)

From the rolling beta we took the average for the past 2 years, yielding a beta of 1.5.

WACC

Using this information, along with the inputs shown below, we arrived at a WACC of 11.19%

Input	Value	Source
Tax Rate	22%	Management
MRP	4.60%	Damodaran
Rf	4.42%	10yr T-Bill
Beta	1.5	Rolling Beta
Re	11.32%	
Rd	8.85%	
D/EV	3%	
E/EV	97%	
WACC	11.19%	
Terminal Growth	2%	

Final Valuation

With all of the info listed so far we used the following DCF model to get an equity value of \$1.293b, or \$62.80/share. This suggests a ~55.7% implied upside leading us to the buy rating.

	JUN '25E	JUN '26E	JUN '27E	JUN '28E	JUN '29E	JUN '30E
Sales	\$954	\$1,105	\$1,203	\$1,302	\$1,407	\$1,477
% Growth	15.0%	15.9%	8.9%	8.2%	8.1%	4.9%
COGS (incl. D&A)	\$727	\$842	\$917	\$993	\$1,073	\$1,126
%Rev	76.2%	76.2%	76.2%	76.2%	76.2%	76.2%
Gross Income	\$227	\$263	\$286	\$309	\$334	\$351
% Rev	23.8%	23.8%	23.8%	23.8%	23.8%	23.8%
SG&A	\$84	\$95	\$103	\$110	\$118	\$123
% Rev	8.8%	8.6%	8.5%	8.4%	8.4%	8.3%
EBIT	\$143	\$167	\$183	\$199	\$217	\$228
% Rev	15.0%	15.1%	15.2%	15.3%	15.4%	15.4%
Change in WC	\$23	\$23	\$23	\$24	\$24	\$25
% Rev	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Tax	\$31	\$37	\$40	\$44	\$48	\$50
% Rev	3.3%	3.3%	3.4%	3.4%	3.4%	3.4%
CapEx	\$29	\$33	\$36	\$39	\$42	\$44
% Rev	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
D&A	\$22	\$25	\$28	\$30	\$32	\$34
% Rev	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
FCF	\$82	\$100	\$111	\$123	\$135	\$143
PV	\$470.27					
TV	1555.218323					
PV of TV	\$823.11					
EV	\$1,293.37					
Shares Outstanding	20.59					
Equity Value	\$1,293.03					
Implied Share Price	\$62.80					
Current Share Price	\$40.33					
Upside	55.71%					

What the market missed

1. *Underestimating recovery from 2024*
 - a. We believe the market is underestimating the recovery Malibu will have following 2024. To test this, we completed a separate DCF analysis for what we think the market is using (Beta from Yahoo Finance and simple assumptions) and arrived at a valuation nearly identical to the current market valuation. (See Appendix for the DCF and assumptions we made.)
2. *Expecting lower recovery in Consumer Sentiment or ignoring completely*
 - a. We believe that the market is either projecting lower consumer sentiment recovery than we predict or are not using it at all. We believe CS to be a strong indicator of future sales and think it is important to consider when valuing Malibu.

Appendix

Expected market DCF

We came up with a simple DCF that we might expect the market to use. We made a few simple assumptions:

- A revenue CAGR of 2.7% (which comes from the [IBIS Boat Building in the US](#)'s CAGR for the past 5 years)
- All other line item are calculated as a percent of revenue and averaged over the past 5 years

After making these assumptions, we landed on a share price (\$40.81) that almost exactly matched the current price (\$40.33).

	JUN '15	JUN '16	JUN '17	JUN '18	JUN '19	JUN '20	JUN '21	JUN '22	JUN '23	JUN '24	JUN '25E	JUN '26E	JUN '27E	JUN '28E	JUN '29E	JUN '30E	JUN '31E	JUN '32E	JUN '33E	JUN '34E
Sales	228.62	252.97	281.94	497.00	684.02	653.16	926.52	1,214.88	1,388.37	829.04	766.8574	787.5625	808.8267	830.665	853.093	876.1265	899.7819	924.076	949.0261	974.6498
% Growth		10.65%	11.45%	76.28%	37.63%	-4.51%	41.85%	31.12%	14.28%	-40.29%	-7.50%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
COGS (inc)	169.76	183.09	208.80	381.86	523.70	510.02	697.29	911.78	1,043.88	688.75	575.14	590.67	606.62	623.00	639.82	657.09	674.84	693.06	711.77	730.99
%Rev	74.25%	72.38%	74.06%	76.83%	76.56%	78.09%	75.26%	75.05%	75.19%	83.08%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Gross Incc	58.87	69.87	73.14	115.14	160.31	143.14	229.23	303.09	344.49	140.28	191.71	196.89	202.21	207.67	213.27	219.03	224.95	231.02	237.26	243.66
% Rev	25.75%	27.62%	25.94%	23.17%	23.44%	21.91%	24.74%	24.95%	24.81%	16.92%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
SG&A	25.99	28.73	30.35	44.59	59.35	57.83	76.81	89.27	199.70	99.11	76.69	78.76	80.88	83.07	85.31	87.61	89.98	92.41	94.90	97.46
% Rev	11.37%	11.36%	10.76%	8.97%	8.68%	8.85%	8.29%	7.35%	14.38%	11.95%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
EBIT	32.87	41.14	42.79	70.56	100.96	85.31	152.42	213.82	144.78	41.18	115.03	118.13	121.32	124.60	127.96	131.42	134.97	138.61	142.35	146.20
% Rev	14.38%	16.26%	15.18%	14.20%	14.76%	13.06%	16.45%	17.60%	10.43%	4.97%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Change in	24.99	2.43	3.54	10.12	15.05	2.02	21.25	39.47	-55.36	22.46	11.50	11.81	12.13	12.46	12.80	13.14	13.50	13.86	14.24	14.62
% Rev	10.93%	0.96%	1.26%	2.04%	2.20%	0.31%	2.29%	3.25%	-3.99%	2.71%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Tax	7.23	9.05	9.41	15.52	22.21	18.77	33.53	47.04	31.85	9.06	25.31	25.99	26.69	27.41	28.15	28.91	29.69	30.49	31.32	32.16
% Rev	3.16%	3.58%	3.34%	3.12%	3.25%	2.87%	3.62%	3.87%	2.29%	1.09%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%
CapEx	5.47	6.18	9.26	10.45	17.94	41.29	30.68	55.06	54.84	75.96	26.84	27.56	28.31	29.07	29.86	30.66	31.49	32.34	33.22	34.11
% Rev	2.39%	2.44%	3.29%	2.10%	2.62%	6.32%	3.31%	4.53%	3.95%	9.16%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
D&A	4.89	5.52	6.75	12.85	15.96	18.38	22.89	26.32	28.72	32.99	19.17	19.69	20.22	20.77	21.33	21.90	22.49	23.10	23.73	24.37
% Rev	2.14%	2.18%	2.39%	2.59%	2.33%	2.81%	2.47%	2.17%	2.07%	3.98%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
FCF	0.08	29.01	27.32	47.31	61.72	41.61	89.85	98.57	142.17	-33.31	70.55	72.46	74.41	76.42	78.48	80.60	82.78	85.01	87.31	89.67
PV	\$465.85																			
TV	1033.515																			
PV of TV	\$374.79																			
EV	\$840.64																			
Shares Out	20.59																			
Equity Val	\$840.30																			
Implied Sh	\$40.81																			
Current St	\$40.33																			
Upside	1.19%																			