

Yeti Holdings Inc.

NASDAQ: YETI | \$29.70

Intrinsic Value: \$14.98

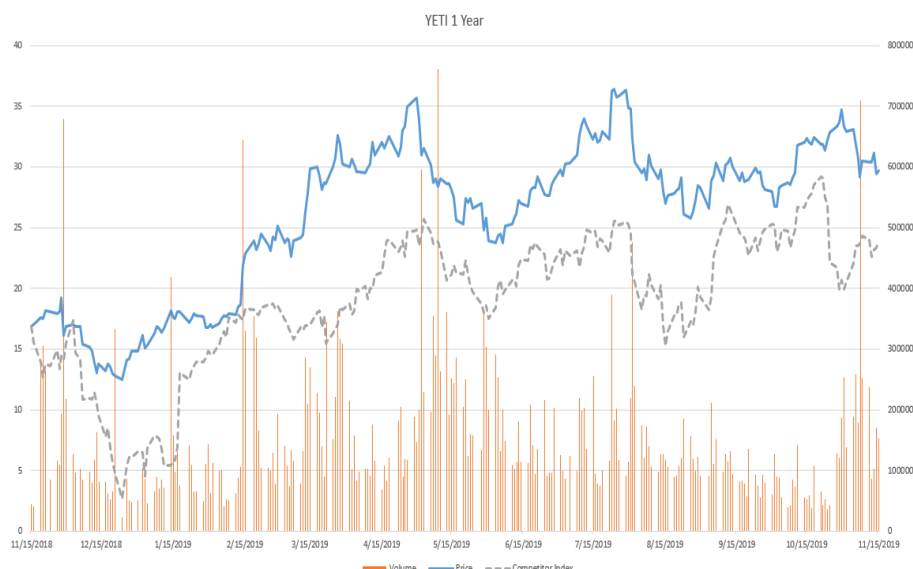
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COMPANY STATISTICS:

Market Cap: \$2.5B
52-week Range: 12.40-38.11
Average Volume: 1.2M
Beta: 1.57
1 Year Target: \$21.50

FINANCIAL SUMMARY:

FYE Dec		Last 4 Quarters
Revenue:	Q3 2019	\$229,125
	Q2 2019	\$231,654
	Q1 2019	\$155,353
	Q4 2018	\$241,179
EPS:	Q3 2019	\$0.25
	Q2 2019	\$0.26
	Q1 2019	\$0.03
	Q4 2018	\$0.05



COMPANY PROFILE:

Yeti Holdings Inc. - owner of the YETI brand - designs, manufactures, distributes, and sells outdoor and recreational equipment and products which include lines of coolers, bags, drinkware, clothing/apparel, and various other outdoor accessories. The company has seen much success since being established in 2006, particularly with its drinkware and cooler sales, and is known for its high-quality design and manufacturing of its products. YETI has also had success promoting its brand through its clothing and apparel products, which it uses to expand its brand awareness and grow its customer base.

REPORTING:

Sector: *Consumer Discretionary*
Industry: *Sporting Goods Mfg.*
Last Guidance: *Oct 31, 2019*
Next Earnings Date: *Jan, 2020*
Expected Revenues: *\$276M*
Expected GAAP DEPS: *\$0.36*

TOP COMPETITORS:

Vista Outdoor (VSTO)
American Outdoor Brands (AOBC)
Brunswick Corp (BC)
Columbia Sportswear (COLM)
Johnson Outdoors Inc. (JOUT)
Helen of Troy Limited (HELE)
VF Corp. (VFC)

MANAGEMENT:

Matthew Reintjes, CEO
Paul Carbone, CFO
Bryan Barksdale, SVP, GC
Hollie Castro, SVP Kirk Zambetti, SVP
Robert Murdock, SVP
Michael Kienitz, SVP

INVESTMENT THESIS:

Optimistic growth projections with little financial backing leads to overpricing, results in SELL rating - potential short opportunity.

I am initiating continuing coverage of Yeti Holdings Inc. (YETI) with a SELL rating. The company closed out the week at a price of \$29.70 a share, and has been determined to have an intrinsic value of \$14.98 based on a weighted average valuation discussed below. Although YETI does have potential for future growth, based on the company's current financials and corporate

guidance, the current market price appears to be substantially more expensive than what the firm is actually worth.

CATALYSTS:

- *Potential resolution of China trade war and tariffs:* In Q3 2019, tariffs negatively affected gross margins by 1.5%, (although overall gross margin still improved Y/Y), and have forced the company to hold excess inventory to avoid additional tariff costs. A resolution in trade disputes would bode well for YETI's margins going forward.

- *Development of new products*: YETI's corporate strategy for growth relies on R&D of new products that complement the

company's existing product line, while helping to expand their offerings and reach new consumers.

EARNINGS PERFORMANCE:

During the FY 2019, YETI has had consistent earnings that have all met or beaten investors expectations. Additionally, the company has been experiencing consistent revenue growth along with steadily improving margins. During the company's most recent Q3 earnings call, revenue growth was recorded at 17% overall Y/Y, while gross profit increased 23% compared to the same period. Additionally, earnings per share were reported to be \$0.25, representing a 24% growth Y/Y.

FY 2019 is expected to be a record year for the company in terms revenues. Guidance for FYE 2019 has been set during the company's last earnings conference call, with diluted earnings per share projected to range between \$0.90 and \$0.92, a 29%-33% growth year over year, and revenue expectations were raised by the company, with overall revenue growth for the 2019 FY forecasted to range between 14.5%-15%. Operating margin expectations were set at around 14%, and adjusted EBITDA margins at 17%, representing an approximately 1% improvement for each.

Year Ended Dec				
	(Projected) 2019	2018	2017	2016
Revenues	\$ 891,764	\$ 778,833	\$ 639,239	\$ 818,914
Revenue Growth (Y/Y)	14.50%	21.84%	-21.94%	74.63%
EBITDA	\$ 143,302	\$ 126,933	\$ 84,736	\$ 99,877
EBITDA Margin	16.07%	16.30%	13.26%	12.20%
ROE	52.01%	199.38%	-20.20%	N/A
ROA	8.16%	11.23%	2.98%	N/A
ROC	15.35%	23.74%	24.33%	N/A
ROIC	16.87%	30.61%	28.11%	N/A

FY 2019 Quarterly Data				
	(Projected) Q4	Q3	Q2	Q1
Revenues	\$ 275,631	\$ 229,125	\$ 231,654	\$ 155,353
Revenue Growth (Y/Y)	14.28%	16.84%	12.30%	14.86%
EBITDA	\$ 50,832	\$ 34,885	\$ 42,262	\$ 15,323
EBITDA Margin	18.44%	15.23%	18.24%	9.86%
ROE	16.07%	24.25%	34.75%	6.11%
ROA	2.52%	3.81%	4.11%	0.44%
ROC	6.30%	6.67%	7.17%	1.94%
ROIC	7.16%	7.33%	8.00%	2.05%

CAPITAL STRUCTURE:

WACC Calculation	
Risk-Free Rate	2.15%
Market Return	7.65%
Beta	1.57
Cost of Equity	10.79%
Interest Expense	\$ 24,722.33
Total LT Debt	\$ 294,832.00
Tax Rate	24.9%
After-Tax Cost of Debt	6.30%
Total Equity	\$ 2,589,000.00
Total Debt	\$ 294,832.00
Total Capital	\$ 2,883,832.00
Weight of Equity	89.78%
Weight of Debt	10.22%
WACC	10.33%

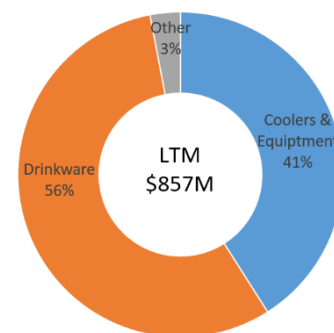
YETI's capital structure was calculated to consist of approximately 10% debt and 90% equity. The company's total debt is the sum of its current portion of LT debt, plus its LT debt net of the current portion. It's cost of debt was calculated by dividing the interest expense by its current outstanding debt, then multiplying by one minus the effective tax rate provided in the company's earnings transcripts. The cost of equity was calculated using CAPM. Combined, this produced a weighted average cost of capital of 10.33%

BUSINESS MODEL:

YETI is a designer, manufacturer, retailer and distributor of recreational outdoor equipment that includes a portfolio of hard and soft coolers, storage, transport and outdoor living products, drinkware, and YETI branded apparel and other items. YETI's mission is to "ensure that each YETI product delivers exceptional performance and durability in any environment". The company has a reputation among consumers for having durable and high-quality products that are priced on the mid-to-higher end when compared to its drinkware and cooler competitors.

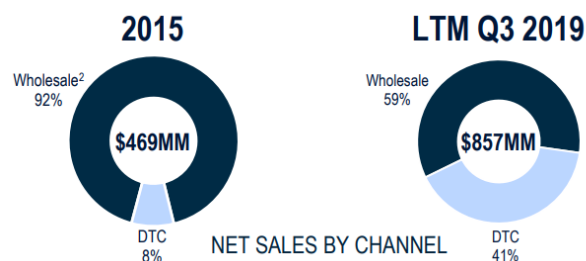
When the company was founded in 2006, it primarily focused on the manufacturing and sale of coolers, but in recent years its drinkware sales have overtaken its cooler and equipment sales.

Growth in both YETI's drinkware and cooler sales are continuing to expand as the company introduces new products and customization offerings. Y/Y drinkware sales have increased 21%, and now represent approximately 56% of YETI's total revenues,



while cooler sales have increased 13%, and represent 41% of YETI's total revenues. Currently, YETI's drinkware portfolio consists of eight different products' all under the "Rambler" brand name, while its cooler and equipment portfolio is comprised of five hard coolers, and three soft coolers, with eight additional non-cooler equipment product lines.

YETI sells its products through two main sales channels, wholesale, and direct-to-customer (DTC). Over the last twelve months, YETI's DTC sales have represented 41% of its total revenue, compared to just four years ago when DTC sales were only 8% of total revenues. Since Q3 of 2018, DTC sales have increased 31%, while wholesale has increased 9%, and currently represents 59% of YETI's total revenues over the past twelve months. These figures do bode well for YETI long term, as DTC is the most profitable form of sale for YETI, and growth in DTC is expected to expand well into its 2020 FY. DTC sales are generated by YETI through four main sources, the YETI website (YETI.com), its YETI authorized Amazon webstore, corporate sales (which consist of bulk purchase agreements directly between YETI and companies such as Facebook, Adidas, Toyota, etc.), and lastly the companies own retail stores, of which the company operates five of, located in Charleston SC, Chicago IL, Dallas TX, and two located in Austin TX. The company's wholesale revenues are generated through purchase agreements made between YETI and other retailers such as Dick's Sporting Goods. Additionally, it is worth mentioning that in FY 2018, Dick's sporting goods accounted for 16% of YETI's entire gross sales. Since that time, it is unclear whether or not YETI was able to further diversify its wholesale revenues, and it will become more clear once the company releases its annual report for FYE of 2019.



INDUSTRY OUTLOOK/COMPETITOR ANALYSIS:

Although YETI is both a manufacturer and retailer of sporting good products, the company's main focus is on the manufacturing end of its business, rather than the retailing side. In my analysis of YETI's competitors and the industry it operates in, I focused mainly on the manufacturing side of the sporting goods industry, in order to gather a more accurate list of peers to compare YETI's performance against. The sporting goods manufacturing industry generates yearly revenues of around \$10 billion, and has historically grown at a rate of approximately 1.3% over the past 5 years. It is expected to continue its growth at a value somewhere above 1% for the foreseeable future. Discussed in detail below are some of YETI's top competitors and how some of the company's financial metrics compares to the rest of its peers. Additionally, the price chart found on page 1 of this report displays the performance of YETI's stock compared over the past year to an adjusted value weighted index of the same list of peers mentioned below.

YETI's top competitors include Vista Outdoor Inc. (owner of Camelbak), American Outdoor Brands, Brunswick Corporation, Columbia Sportswear, Johnson Outdoors Inc., Helen of Troy Limited (owner of Hydro Flask), and VF Corp. Overall, At first glance, YETI seems to compare fairly well to its competitors, especially in the areas of ROE, and ROC/ROIC, where it is the top performing firm, and is the third best performing firm in the category of ROA. YETI is also the second-best performing firm compared to its peers when looking at the return on R&D spending (Rev/R&D), yet is the third worst performing firm when looking at return on SG&A spending (Rev/SG&A).

However, YETI is clearly lacking behind its peers when it comes to metrics like EPS, P/E and Market to Book value of equity. These unfavorable metrics, which are all worst-in-class when compared to YETI's competitors, and well below the average for comparable firms, support my thesis that YETI is currently overvalued by the market. Additionally, even though YETI does appear to produce attractive return on equity, assets, and capital, these metrics are likely inflated due to the fact YETI is still such a young company, having just recently IPO'd in November of 2018. These figures will almost certainly return to more reasonable values - somewhere in the range of 10% to 15%, or possibly 20% - within the next 1-2 fiscal years once the company's growth begins to level out to a more industry typical value.

As of Most Recent FYE						
	EPS	P/E	MC/BV	Rev/SG&A	Rev/R&D	
Yeti Holdings Inc (YETI)	\$	0.67	44.41	83.08	2.77	72.11
Vista Outdoor (VSTO)		-11.27	-0.83	0.89	5.46	74.20
American Outdoor Brands (AOBC)	\$	0.33	25.49	0.61	3.87	49.61
Brunswick Corporation (BC)	\$	3.01	19.69	3.05	7.12	34.67
Columbia Sportswear (COLM)	\$	3.91	23.85	2.66	2.67	N/A
Johnson Outdoors Inc. (JOUI)	\$	4.05	16.00	2.33	3.44	26.63
Helen of Troy Limited (HELE)	\$	6.41	23.93	3.87	3.57	N/A
VF Corp. (VFC)	\$	3.15	27.62	5.73	2.59	N/A
Average		1.28	22.52	12.78	3.94	51.44

As of Most Recent FYE				
	Profit Margin	Asset Turnover	Equity Multiplier	ROE
Yeti Holdings Inc (YETI)	7.42%	1.515	17.749	199.38%
Vista Outdoor (VSTO)	-31.50%	1.184	2.854	-106.47%
American Outdoor Brands (AOBC)	2.88%	0.832	1.000	2.40%
Brunswick Corporation (BC)	5.14%	1.204	2.708	16.76%
Columbia Sportswear (COLM)	9.81%	1.183	1.000	11.61%
Johnson Outdoors Inc. (JOUI)	7.47%	1.375	1.418	14.57%
Helen of Troy Limited (HELE)	10.78%	0.948	1.655	16.91%
VF Corp. (VFC)	9.10%	1.337	1.710	20.79%
Average	2.64%	119.73%	376.17%	21.99%

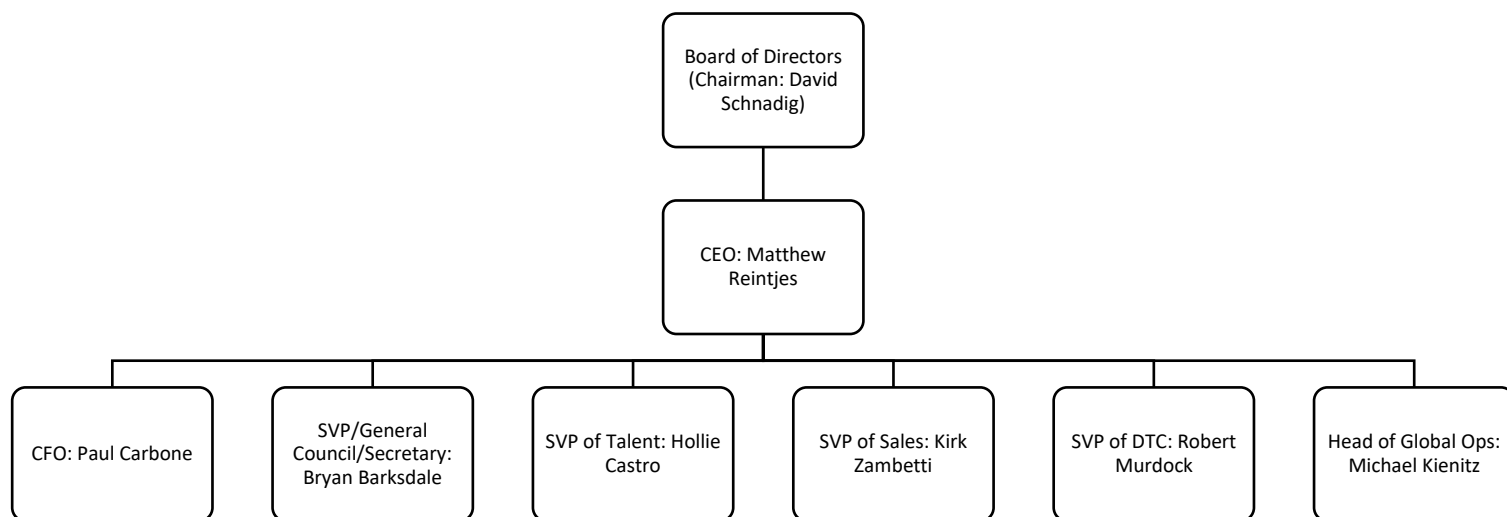
As of Most Recent FYE				
	ROE	ROA	ROC	ROIC
Yeti Holdings Inc (YETI)	199.38%	11.23%	23.74%	30.61%
Vista Outdoor (VSTO)	-106.47%	-37.31%	-45.20%	-45.96%
American Outdoor Brands (AOBC)	2.40%	2.40%	2.52%	2.63%
Brunswick Corporation (BC)	16.76%	6.19%	10.79%	12.05%
Columbia Sportswear (COLM)	11.61%	11.61%	11.22%	13.74%
Johnson Outdoors Inc. (JOUI)	14.57%	10.27%	13.48%	23.92%
Helen of Troy Limited (HELE)	16.91%	10.22%	14.03%	14.15%
VF Corp. (VFC)	20.79%	12.16%	16.89%	18.09%
Average	21.99%	3.35%	5.93%	8.65%

As of Most Recent FYE		
Company	INV TO	Days in Inventory
Yeti Holdings Inc (YETI)	2.5	147.82
Vista Outdoor (VSTO)	4.5	80.74
American Outdoor Brands (AOBC)	2.6	140.46
Brunswick Corporation (BC)	4.3	84.23
Columbia Sportswear (COLM)	2.9	126.28
Johnson Outdoors Inc. (JOUI)	3.6	101.39
Helen of Troy Limited (HELE)	3.3	109.50
VF Corp. (VFC)	3.6	101.69
Average	3.4	111.5

Lastly, it can also be seen that YETI has the worst inventory turnover ratio of its peer group, with a value of 2.5, meaning products, on average stay in inventory for around 148 days before they are sold. It is worth mentioning, however, that this figure is likely impacted by a corporate strategy being utilized by YETI to control tariff costs related to importing goods from China. It was noted in YETI's most recent quarterly report that inventory levels will begin to return to normal within the next fiscal year, which will likely improve inventory turnover closer to the peer group average of 3.4.

MANAGEMENT:

YETI has a core management team of seven executives, consisting of a CEO, CFO, and five SVP's, each responsible for an individual business function. The company's board of directors is comprised of 8 members, one of which being the company's CEO, Matthew Reintjes, and is lead by the Chairman of the Board, David L Schnadig. A graphical depiction of the company's organizational chart is shown below:



Additionally, executive compensation figures found in the company's most recent annual proxy statement indicate that three of the company's executives (Reintjes, Zambetti, and Murdock) receive stock-based compensation on an annual basis. This compensation varies depending on whether or not pre-determined performance targets are reached. Executive Salary and SBC information can be seen below:

Name, Position	Year	Salary	Bonus	Stock Awards	Option Awards	Non-Equity		Total
						Incentive Comp	All Other Comp	
Matthew Reintjes, CEO	2018	\$ 728,269.00		\$ 16,662,199.00	\$ 2,323,252.00	\$ 984,375.00	\$ 18,809.00	\$ 20,716,904.00
	2017	\$ 694,231.00	\$ 171,822.00				\$ 18,091.00	\$ 884,144.00
Kirk Zambetti, SVP	2018	\$ 354,039.00		\$ 4,684,650.00	\$ 398,272.00	\$ 318,635.00	\$ 18,968.00	\$ 5,774,564.00
Robert Murdock, SVP	2018	\$ 330,250.00		\$ 395,203.00	\$ 379,689.00	\$ 297,225.00	\$ 15,024.00	\$ 1,417,391.00

OWNERSHIP SUMMARY:

The following charts summarize the number of shares held by insiders and institutions:

Major Holders	
% of Shares Held by All Insider	11.13%
% of Shares Held by Institutions	76.89%
% of Float Held by Institutions	86.52%
Number of Institutions Holding Shares	132

These next charts summarize who the top institutional holders are:

Top Institutional Holders				
Holder	Shares	Date Reported	% Out	Value
Wellington Management Company, LLP	6,869,745	29-Sep-19	8.00%	192,352,860
Vanguard Group, Inc. (The)	4,239,192	29-Sep-19	4.94%	118,697,376
Lord Abbett & Co	3,727,077	29-Sep-19	4.34%	104,358,156
Macquarie Group Limited	2,848,169	29-Sep-19	3.32%	79,748,732
Blackrock Inc.	1,943,556	29-Sep-19	2.26%	54,419,568

Top Mutual Fund Holders				
Holder	Shares	Date Reported	% Out	Value
Delaware Group Equity Funds IV-Delaware SMID Cap Growth Fund	1,728,408	29-Jun-19	2.01%	50,037,411
Lord Abbett Securities Trust-Growth Leaders Fund	1,307,977	29-Apr-19	1.52%	46,668,619
Lord Abbett Developing Growth Fund	1,173,693	29-Apr-19	1.37%	41,877,366
Carillon Ser Tr-Carillon Eagle Small Cap Growth Fund	980,403	29-Jun-19	1.14%	28,382,666
Smallcap World Fund	866,000	29-Jun-19	1.01%	25,070,700

These last charts summarize who the top insider holders are, and how many insider sales there were within the past 6 months:

Insider Holdings			
Individual or Entity	Most Recent Transaction	Date	Shares Owned as of Transaction Date
<u>BARKSDALE BRYAN C</u> General Counsel	Sale	11-Nov-19	41,933
<u>CARBONE PAUL C</u> Chief Financial Officer	Stock Award(Grant)	14-Feb-19	85,411
<u>KELLEY MARY LOU</u> Director	Stock Award(Grant)	16-May-19	8,772
<u>MCCOY DUSTAN E</u> Director	Stock Award(Grant)	16-May-19	14,504
<u>MURDOCK ROBERT O</u> Officer	Stock Award(Grant)	1-Aug-19	134,336
<u>REINTJES MATTHEW J</u> Chief Executive Officer	Sale	11-Nov-19	375,852
<u>SHEARER ROBERT K</u> Director	Stock Award(Grant)	16-May-19	18,407

Insider Transactions	
Insider Purchases Last 6 Months	Shares
Purchases	134,451
Sales	10,913,029
Net Shares Purchased (Sold)	-10,778,578
Total Insider Shares Held	9.55M
% Net Shares Purchased (Sold)	-53.00%

Conclusion:

Although YETI does appear to have an attractive business model, in an expanding industry with a strong and growing customer base, at the current market price I cannot justify a BUY rating, as investors seem to be overly optimistic about future revenue growth predictions. Even when using a DCF valuation - which produces the highest intrinsic value of any of the other valuation metrics, and one that I did not feel comfortable using in my own valuation, given that the output was so sensitive to changes in NWC spending, and YETI's NWC spending moving forward would be hard to predict - with very generous revenue growth inputs, it still only results in an intrinsic value that just barely misses the current market price, and generates a 1-year target price of about \$31.00. Meaning the stock would only have an implied upside of about 6%.

Optimistic DCF Valuation							
	Base Year	Year 1	Year 2	Year 3	Year 4	Year 5	Continuing Period
Revenue	\$ 891,764	\$ 1,025,528	\$ 1,148,592	\$ 1,263,451	\$ 1,364,527	\$ 1,446,399	\$ 1,482,559
Rev growth		15.00%	12.00%	10.00%	8.00%	6.00%	2.50%
EBITDA Margin	16.07%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
EBITDA	\$ 143,306	\$ 153,829	\$ 172,289	\$ 189,518	\$ 204,679	\$ 216,960	\$ 222,384
Depreciation	\$ 30,713	\$ 35,320	\$ 39,558	\$ 43,514	\$ 46,995	\$ 49,815	\$ 51,060
Tax Rate	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
NOPAT	\$ 84,445	\$ 88,882	\$ 99,548	\$ 109,503	\$ 118,263	\$ 125,359	\$ 128,493
NWC spending	\$ 79,459	\$ 91,377	\$ 102,343	\$ 112,577	\$ 121,583	\$ 128,878	\$ 132,100
Net CAPEX	\$ (4,287)	\$ (5,701)	\$ (6,385)	\$ (7,024)	\$ (7,586)	\$ (8,041)	\$ (8,242)
CAPEX/Rev	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%
UFCF	\$ 159,617	\$ 174,558	\$ 195,505	\$ 215,056	\$ 232,260	\$ 246,196	\$ 252,351
WACC	10.33%						
PV UFCF	\$ 2,759,073	\$ 2,869,422	\$ 2,970,220	\$ 3,061,875	\$ 3,145,790	\$ 3,224,434	
Claims (total debt)	\$ 294,832	\$ 250,000					
Cash	\$ 50,016	\$ 54,064.32					
Equity	\$ 2,514,258	\$ 2,673,487					
DSO	86,373	86,373					
Intrinsic Value	\$ 29.11						
Target Price	\$ 30.95						

Additionally, due to the fact that YETI compares so poorly to its peers in the areas of EPS, P/E, and P/S, as well as P/BV of equity, it would appear that YETI is quite overvalued by the market at a closing price as of 11/17/2019 of \$29.70. By my calculations, which consist of a weighted valuation of 50% P/S, 20% EV/Rev, 20% EV/EBITDA, and 10% book value of assets, YETI's intrinsic value is closer to \$15.00 per share, with a one-year target price of \$21.50. All of my valuation calculations, and summary of my weighted valuations are shown on the following page.

So, although YETI appears to be a well-managed, and overall strong firm, I assign the company a SELL rating at the current market price, and based on the fact that my calculated intrinsic value is so much lower than what the firm is currently being traded at, I recommend we take a short position on the company at the current market value with the assumption that within the next four quarters the market will adjust the price of YETI down to a per share value in between my current estimated intrinsic value of \$14.98, and my estimated one-year target price of \$21.50. This would represent a minimum implied gain of about 23%.

VALUATION:

Base Weighted Valuation	
DCF Weight	0%
EV/Rev Weight	20%
EV/EBITDA Weight	20%
P/E Weight	0%
P/S Weight	50%
P/BV Weight	0%
Asset Based Weight	10%
Intrinsic Value	14.98
1 Yr Target Price	21.50

Multiple Valuation																
Company	Price	Market Cap	Revenue	EBITDA	Net Income	Debt	Minority Interest	Preferred Equity	Cash & Cash Equivalents	Book Value of Equity	DSO	EV	EPS	RPS	BVPS	EV/Rev
Yeti Holdings Inc (YETI)	\$ 29.41	\$ 2,589,000	\$ 891,764	\$ 143,302	\$ 66,133	\$ 294,832	-	\$ -	\$ 50,016	\$ 87,860	86.373	\$ 2,833,816	\$ 0.77	\$ 10.32	\$ 1.02	3.18
Vista Outdoor (VSTO)	\$ 9.34	\$ 540,100	\$ 2,058,528	\$ (563,952)	\$ (648,443)	\$ 704,005	-	\$ -	\$ 21,935	\$ 609,040	\$ 57,544	\$ 1,222,170	\$ (11.27)	\$ 25.77	\$ 10.58	0.59
American Outdoor Brands (AOBC)	\$ 8.50	\$ 465,990	\$ 638,277	\$ 91,915	\$ 18,410	\$ 201,134	-	\$ -	\$ 41,015	\$ 766,789	\$ 55,216	\$ 626,109	\$ 0.33	\$ 11.56	\$ 13.89	0.98
Brunswick Corporation (BC)	\$ 59.24	\$ 4,830,000	\$ 5,159,200	\$ 520,000	\$ 265,300	\$ 1,220,800	-	\$ -	\$ 294,400	\$ 1,582,600	\$ 88,200	\$ 5,756,400	\$ 3.01	\$ 58.49	\$ 17.94	1.12
Columbia Sportswear (COLM)	\$ 93.16	\$ 6,290,000	\$ 2,802,326	\$ 409,212	\$ 274,948	\$ -	16,456	\$ -	\$ 437,825	\$ 2,368,721	\$ 70,401	\$ 5,868,631	\$ 3.91	\$ 39.81	\$ 33.65	2.09
Johnson Outdoors Inc. (JOUI)	\$ 64.81	\$ 651,340	\$ 544,266	\$ 75,015	\$ 40,669	\$ -	-	\$ -	\$ 121,877	\$ 279,197	\$ 10,042	\$ 529,463	\$ 4.05	\$ 54.20	\$ 27.80	0.97
Halen of Troy Limited (HLE)	\$ 153.34	\$ 3,860,000	\$ 1,564,151	\$ 229,306	\$ 168,545	\$ 320,784	-	\$ -	\$ 11,871	\$ 996,637	\$ 26,303	\$ 4,168,913	\$ 6.41	\$ 59.47	\$ 37.89	2.67
VF Corp. (VFC)	\$ 86.88	\$ 34,700,000	\$ 13,848,660	\$ 1,976,845	\$ 1,259,792	\$ 2,121,147	-	\$ -	\$ 543,011	\$ 6,058,269	\$ 400,496	\$ 36,278,136	\$ 3.15	\$ 34.58	\$ 15.13	2.62
												Average	1.78	11.68	21.77	1.69

EV Valuation Summary				EV Target Price					
EV/Rev		EV/EBITDA		Measure	Avg EV/Rev	Projected Rev	Projected EV	Projected Debt	Projected Cash
Average EV/Rev	\$ 2	Average EV/EBITDA	\$ 12	EV/Rev	1.78	\$ 998,775	\$ 2,784,936	\$ 250,000	\$ 54,064
Enterprise Value	\$ 1,585,117	Enterprise Value	\$ 1,673,428	Measure	Avg EV/EBITDA	Projected EBITDA	Projected EV	Projected Debt	Projected Equity Value
Equity Value	\$ 1,240,269	Equity Value	\$ 1,428,612	EV/EBITDA	11.68	\$ 149,816	\$ 2,784,936	\$ 250,000	\$ 54,064
DSO	\$ 86,373	DSO	\$ 86,373						
Intrinsic Value	\$ 14.36	Intrinsic Value	\$ 16.54						
1 Yr Target Price	\$ 28.72	1 Yr Target Price	\$ 28.72						

P/E Valuation Summary		P/S Valuation Summary		P/BV Valuation Summary	
Average P/E	21.77	Average P/S	1.69	Average P/BV	6.07
EPS	\$ 0.77	RPS	\$ 10.32	Book Value of Equity	\$ 1.02
Projected EPS	\$ 0.82	Projected RPS	\$ 11.56	Projected BVPS	\$ 2
Implied Share Price	\$ 16.67	Implied Share Price	\$ 17.40	Implied Share Price	\$ 6.18
1 Yr Target Price	\$ 17.91	1 Yr Target Price	\$ 19.49	1 Yr Target Price	\$ 10.22

DCF Valuation							
	Base Year	Year 1	Year 2	Year 3	Year 4	Year 5	Continuing Period
Revenue	\$ 891,764	\$ 998,775	\$ 1,098,653	\$ 1,164,572	\$ 1,211,155	\$ 1,247,490	\$ 1,272,439
Rev growth		12.00%	10.00%	6.00%	4.00%	3.00%	2.00%
EBITDA Margin	16.07%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
EBITDA	\$ 143,306	\$ 149,816	\$ 164,798	\$ 174,686	\$ 181,673	\$ 187,123	\$ 190,866
Depreciation	\$ 30,713	\$ 34,398	\$ 37,838	\$ 40,109	\$ 41,713	\$ 42,964	\$ 43,824
Tax Rate	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
NOPAT	\$ 84,445	\$ 86,563	\$ 95,220	\$ 100,933	\$ 104,970	\$ 108,119	\$ 110,282
NWC spending	\$ 79,459	\$ 88,994	\$ 97,893	\$ 103,767	\$ 107,917	\$ 111,155	\$ 113,378
Net CAPEX	\$ (4,287)	\$ (5,553)	\$ (6,108)	\$ (6,474)	\$ (6,733)	\$ (6,935)	\$ (7,074)
CAPEX/Rev	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%	-4.00%
UFCF	\$ 159,617	\$ 170,004	\$ 187,005	\$ 198,225	\$ 206,154	\$ 212,339	\$ 216,586
WACC	10.33%						
PV UFCF	\$ 2,315,836	\$ 2,384,969	\$ 2,444,241	\$ 2,498,413	\$ 2,550,250	\$ 2,601,255	
Claims (total debt)	\$ 294,832	\$ 250,000					
Cash	\$ 50,016	\$ 54,064.32					
Equity	\$ 2,071,020	\$ 2,189,034					
DSO	\$ 86,373	\$ 86,373					
Intrinsic Value	\$ 23.98						
Target Price	\$ 25.34						