



Neurocrine Biosciences Inc.

Implied Upside of 38.69%

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Business Overview



Neurocrine Biosciences (NASDAQ:NBIX) is a US-based biopharmaceutical company with a focus on neuropsychiatric illnesses. Their products treat rare diseases and have a pipeline that targets common illnesses such as schizophrenia and MDD.

Company Overview

- Established in 1992, headquartered in San Diego, California, USA.
- Focused on discovering and developing treatments for neurological, endocrine, and psychiatric disorders.
- Expertise in small-molecule therapeutics targeting movement disorders, neuropsychiatric conditions, and rare endocrine diseases.
- Proprietary research platform and robust pipeline centered on neurology and neuropsychiatry.

Pharmaceutical Industry Overview

HEALTH CARE SECTOR TRENDS

Price/Value focused pressure

- Insurance companies and Govt programs emphasizing outcomes-based pricing and cost-effectiveness.
- Ongoing debates over drug-pricing reforms may impact biotech / pharma margins' reimbursement models (stock devaluation)

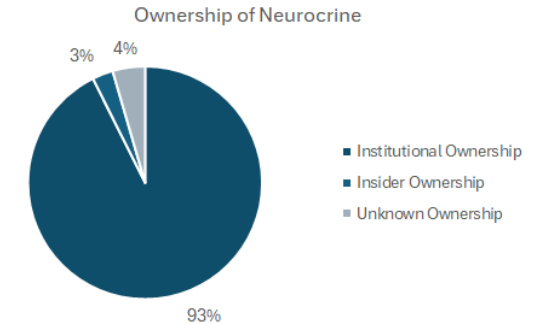
Biotech Funding

- Volatility in markets tighten funding/higher barriers for new players
- Mid-large cap biotech fare better and are protected by increased rent-seeking cost

Company Ownership

Like many large-cap biotech firms, the majority of NBIX shares are held by institutional investors, such as mutual funds, pension funds, hedge funds, and large asset managers

Top Institutional Holders	
BlackRock	11%
Vanguard	10%
SSgA Funds Management Inc.	5%
Dodge & Cox	3%
Citadel Advisors LLC	2.5%



Technological Advancements

Price/Value focused pressure

- Gene therapy, cell therapy, and mRNA-based platforms remain hot areas, though the sector is scrutinized for tangible clinical outcomes, manufacturing scale-up, and pricing feasibility.
- Artificial intelligence (AI) tools are increasingly used in drug discovery, clinical trial design, and real-world evidence gathering—potentially compressing timelines and reducing R&D costs.



- Robust R&D Ecosystem

- Presence of governmental agencies and private capital provide stream of R&D funding

- High-Demand & Essential Services

- Healthcare is non-cyclical, demand for treatments and medical service persists

- Advanced Regulation measures

- Pathways are present to shorten time to market for essential conditions

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- High Cost Structure

- R&D expenses are extremely high, and specialized manufacturing and supply chain logistics add expense

- Dependence on External Factors

- Firms often rely on insurance companies or governments to generate revenue.

- Pricing and Affordability

- Regulations change and vary depending on governments

W

- New Technologies

- Gene/Cell Therapy, mRNA platforms, AI

- Global Expansion

- Emerging markets present growing demand

- Demographic Changes

- Aging population in developed countries drive demand

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- Increased Regulations

- Drug Pricing legislations, Shift in trade policies

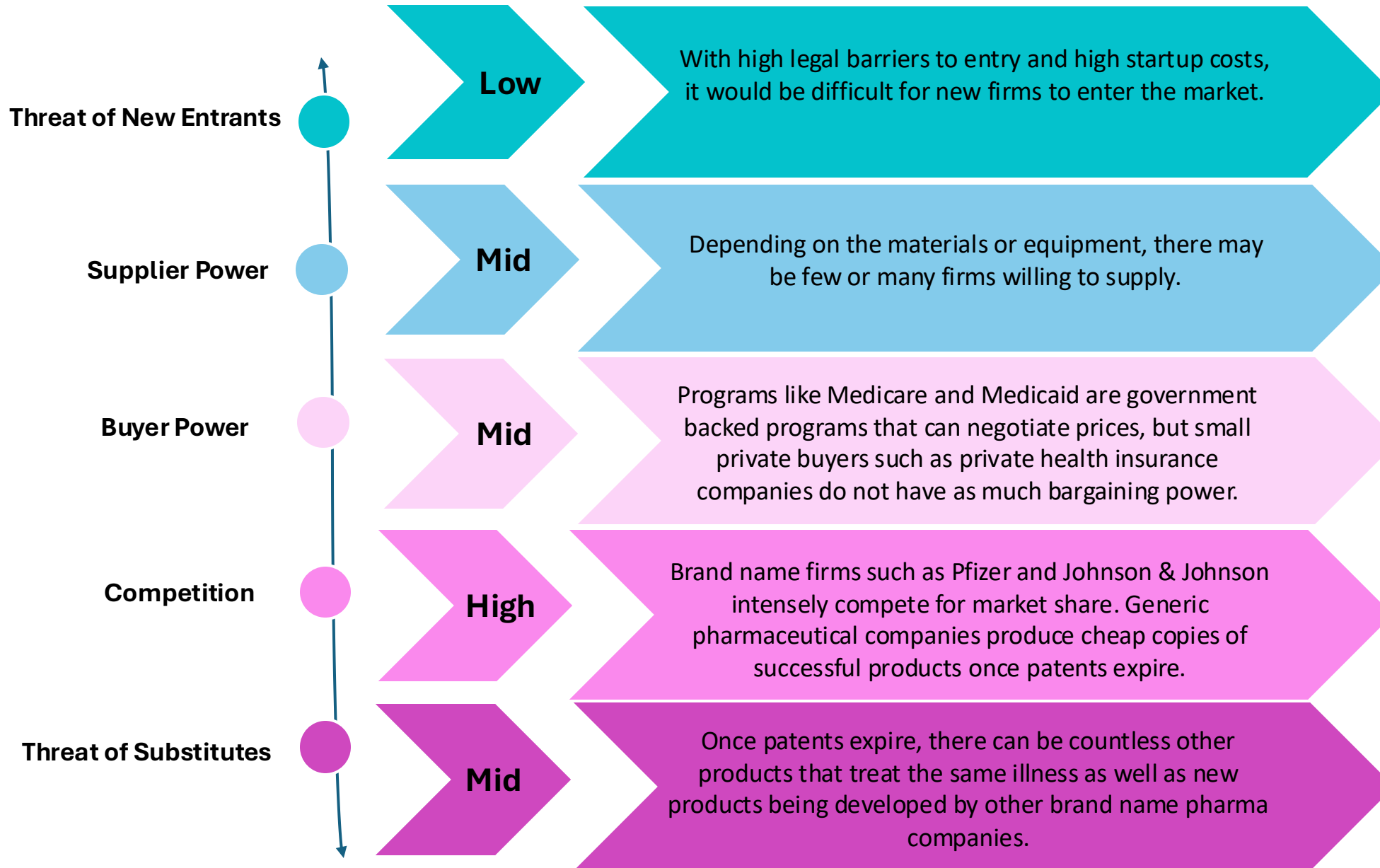
- Patent Expiration/Competition

- Expiration of Patents lead to the market being flooded with biosimilars, eroding brand revenue

- Public Trust & Misinformation

- Vaccine hesitancy and skepticism towards big Pharma, alongside online misinformation

Porter's 5 Forces

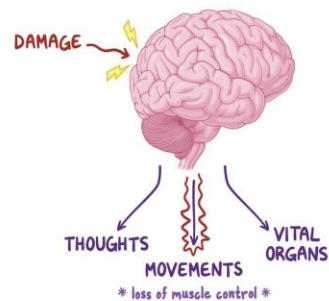




Diversifying their product pipeline

Entering markets with higher demand such as schizophrenia, major depressive disorder, and cerebral palsy

CEREBRAL PALSY ~ "brain condition causing paralysis"



Maximizing commercialization of INGREZZA and CRENESSITY



Crenessity[™]
(crinecerfont)

Primarily focus on research while delegating manufacturing to third parties.



Kyle W. Gano is the Chief Executive Officer at Neurocrine. Before being appointed in October 2024, he was the Chief Business Development and Strategy Officer for 13 years.



Jude Oniya has been the Chief Scientific Officer at Neurocrine for 4 years. Before his time at Neurocrine, Oniya was the Vice President-Biotechnology Discovery Research at Eli Lilly. Currently, he is also a director at Voyager Therapeutics.



Dimitri E. Grigoriadis has plenty of experience working at Neurocrine as a Chief Research Officer since 2006. Before then, Grigoriadis established the pharmacology screening groups.



After a 28-year career at Eli Lilly as the Senior Vice President and Head of Drug Development, Delivery & Device, Andrew Ratz is now a part of Neurocrine in the same position. Ratz contributed to the development and registration of over 25 products during his time at Eli Lilly.

Name	Position	Age	Company Tenure (Yrs)
Kyle W. Gano, PhD, MBA	President, Chief Executive Officer & Director	52	14
Bill Wilson	Vice President-Information Technology & Operations	-	29
Matthew C. Abernethy, MBA, CPA	Chief Financial Officer	46	8
Jude Oniya, PhD	Chief Scientific Officer	61	4
Eiry W. Roberts, MD	Chief Medical Officer	61	7
Andrew Ratz, PhD	Senior VP-Drug Development, Delivery & Device	-	<1
Eric S. Benevich, MBA	Chief Commercial Officer	59	10
Todd Tushla	Vice President-Investor Relations	-	6
Julie S. Cooke	Chief Human Resources Officer	58	8
Darin Michael Lippoldt	Secretary & Chief Legal Officer	60	11
Ingrid Delaet, PhD	Chief Regulatory Officer	59	4



Tardive Dyskinesia

Neurological disorder that causes involuntary repetitive body movements



Chorea

a type of Dyskinesia genetically caused by Huntington's Disease, and also involves the involuntary movement of muscles



Congenital Adrenal Hyperplasia (CAH)

group of genetic disorders affecting the adrenal glands, leading to impaired cortisol production and often excess androgen secretion



Dyskinetic Cerebral Palsy

movement disorder caused by brain damage affecting motor control, leading to involuntary, fluctuating muscle movements such as dystonia (twisting motions) and chorea (jerky movements)



Schizophrenia



is a chronic mental disorder characterized by distorted thinking, hallucinations, delusions, and impaired emotional regulation

 Treated using **INGREZZA**

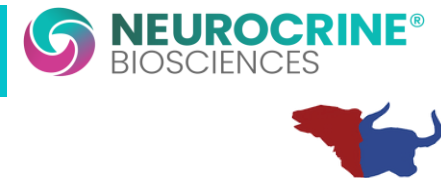
 Treated using **CRENESSITY**

 Treatment in Development



Product	Product Information
 <p>ONCE-DAILY INGREZZA[®] (valbenazine) capsules</p>	<ul style="list-style-type: none"> • Treats Tardive Dyskinesia and Chorea • Net Product Sales: \$2.3 Billion (2024), increased 26% from last year • FDA Approved in 2017 • Tardive Dyskinesia affects 600,000 people in the US
 <p>Crenessity[™] (crinecerfont)</p>	<ul style="list-style-type: none"> • An adjunctive, first in-class treatment for controlling androgen levels in individuals aged four and older with classic CAH • CAH affects over 30,000 people in the US • FDA Approved in December 2024 • Patent set to expire between 2035 and 2041

Product Pipeline



PROGRAM (TARGET)	THERAPEUTIC AREA	INDICATION	PHASE 1	PHASE 2	PHASE 3
Valbenazine (VMAT2 Inhibitor)	Neuropsychiatry	Adjunctive Treatment of Schizophrenia	<div><div></div></div> Phase 3 Ongoing (Likely for several more months)		
Valbenazine (VMAT2 Inhibitor)	Neurology	Dyskinetic Cerebral Palsy	<div><div></div></div> Phase 3 Ongoing (Likely for several more months)		
Osavampator	Neuropsychiatry	Inadequate Response to Treatment in Major Depressive Disorder	<div><div></div></div> Recently Entered Phase 3 (Second Half 2024)		
NBI-568	Neuropsychiatry	Schizophrenia	<div><div></div></div> Expected to Enter Phase 3 (First Half 2025)		
NBI-770	Neuropsychiatry	Major Depressive Disorder	<div><div></div></div> Phase 2 Ongoing		



Member of the Biopharma Sustainability Roundtable, a sector-specific network that pushes the biopharma sustainability agenda forward, focusing on environmental, social, and governance topics.



Recently started operating in a newly designed campus in San Diego with sustainability in mind.



Recycled over 98% of its hazardous waste and is looking to bring the recycling percentage as close to 100% as possible.



Prioritizes patient safety by applying high quality manufacturing and laboratory practices, while also implementing an anti-counterfeit strategy of their products.



Executives are compensated with a base salary, but also receive additional compensation for appropriate company performance and individual performance.



Politics

Geopolitics

Disruption of international supply chains.
Difficulty in operating in foreign markets.

Governmental affect on Neurocrine

Requiring clinical trials
Government funded programs to negotiate prices with Neurocrine

Subsidizing Neurocrine run programs

Economics

Increase of Import Tariffs
increase production cost

High interest rates and inflation can impact the ability to invest in projects, and purchase supplies.

Industry wide high R&D expenses require Neurocrine to match industry standards, forcing High R&D expenditure.

Society

Clinical Trial Performance must be conducted in compliance with ethical standards and local law

Rise in awareness for neurological and neuropsychiatric illnesses, increasing potential consumers

Doctors and patients may be hesitant to try products that treat diseases in a new fashion, which could impact the success of CRENESSITY's new way of treating CAH.

Technology




AI and Machine learning is currently used to increase efficiency and drug discovery, while also improving clinical trials and drug approvals.

New Precision medicine technology is improving at effectively diagnosing and treating neurological and neuropsychiatric illnesses.

Big data analytics are used to optimize drug development and patient monitoring.

3D Printing technology is being used to improve Neurocrine's suppliers' manufacturing capacity, allowing Neurocrine's costs and quality to be improved.



Competitor	Business Description	Key Takeaways
	<p>Teva Pharmaceuticals Industry Ltd. Is a company specializing in generic and specialty medicines. It is one of the world's largest generic drug manufacturers, producing affordable alternatives to branded medications across various therapeutic areas, including central nervous system disorders, respiratory conditions, and pain management.</p>	<ul style="list-style-type: none"> • INGREZZA is subject to generic competition such as Teva Pharmaceutical Industries' AUSTEDO (Approved Feb 2023) • INGREZZA's list price: \$8,919.79 • AUSTEDO list price: \$7,080.70 • About 90% of patients pay less than \$10 out of pocket for a month's supply of both INGREZZA and AUSTEDO • INGREZZA has more patient data since it was approved earlier • INGREZZA has less severe side effects of sleepiness and balance problems, compared to AUSTEDO's side effects of depression and suicidal thoughts.
	<p>A U.S.-based multinational pharmaceutical and biotechnology company known for developing innovative prescription medicines and vaccines. Its portfolio includes treatments for oncology, cardiology, immunology, and infectious diseases.</p>	<ul style="list-style-type: none"> • Geodon® (ziprasidone hydrochloride) and Navane® (thiothixene): Approved by the FDA for the treatment of schizophrenia • Pristiq® (desvenlafaxine): Pristiq is an extended-release tablet approved for the treatment of MDD in adults
	<p>American healthcare conglomerate operating in three segments: pharmaceuticals, medical devices, and consumer health products. It produces prescription medicines, surgical equipment, and well-known consumer brands like Tylenol and Band-Aid</p>	<ul style="list-style-type: none"> • For schizophrenia, INVEGA HAFYERA™ (paliperidone palmitate), INVEGA TRINZA® (paliperidone palmitate), INVEGA SUSTENNA® (paliperidone palmitate) • For MDD, SPRAVATO® (esketamine), Seltorexant
	<p>American pharmaceutical company focusing on innovative medicines for diabetes, oncology, immunology, and neuroscience. It is known for pioneering insulin production and developing drugs like Trulicity (for diabetes) and Zepbound (for obesity)</p>	<ul style="list-style-type: none"> • For schizophrenia, Zyprexa® (olanzapine) • For MDD, Cymbalta® (duloxetine), Symbyax® (olanzapine and fluoxetine combination)

	Chance	Severity
INGREZZA succumbs to competitive pressure, hurting Neurocrine's financial performance. Neurocrine is focusing on developing new products to reduce the severity of the risk.	Low	High
The launch of CRENESSITY is unsuccessful, questioning Neurocrine's long-term health. CRENESSITY treats the disease itself rather than the symptoms.	Low	Moderate
Government programs delay product approvals and/or implement price controls. Neurocrine maintains ethical standards when participating in clinical trials.	Low	Moderate
Neurocrine does not adapt to the rapidly changing technology, allowing competitors to outperform them. Neurocrine is not only seeking patent protection for its proprietary technologies but also focusing on cybersecurity to mitigate against data breaches.	Moderate	High
Third-party manufacturers and suppliers do not perform up to standard, hurting operating efficiency. Possess long term commercial supply and manufacturing agreements with multiple manufacturers and a continued focus on the expansion and diversification of our third-party manufacturing relationships	Moderate	Moderate



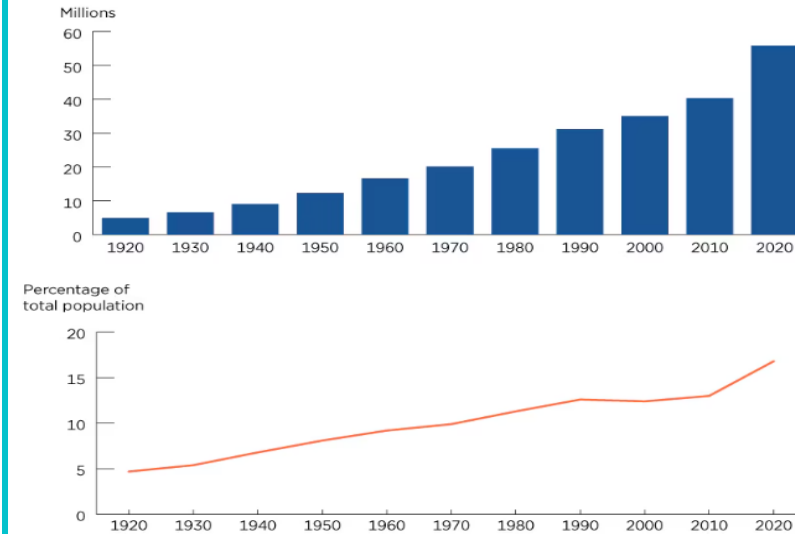
The Healthcare sector is not very sensitive to market changes. Demand for medical treatment is present no matter the economic condition.

An ageing US population is at risk of contracting Tardive Dyskinesia, implying more demand for INGREZZA.

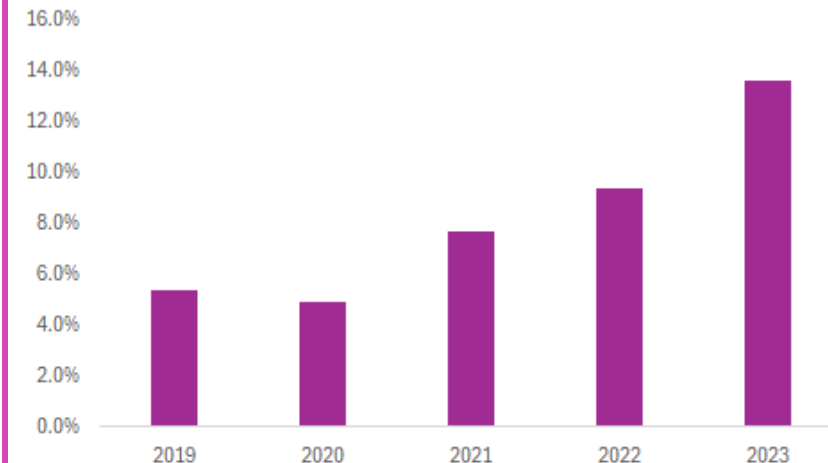
Despite technological advancement, neuropsychiatric and neurological diseases are currently difficult to diagnose and treat.

The US expenditures on pharmaceuticals has been accelerating since 2020.

Population 65 Years and Over by Size and Percentage of Total Population: 1920 to 2020



Pharmaceutical Expenditure Growth Rate





While they do face intense pressure in the pharmaceutical industry, Neurocrine's INGREZZA has been able to pave the way for tremendous growth.



Neurocrine has the potential to grow even more with the launch of CRENESSITY, and a diverse pipeline entering large markets.

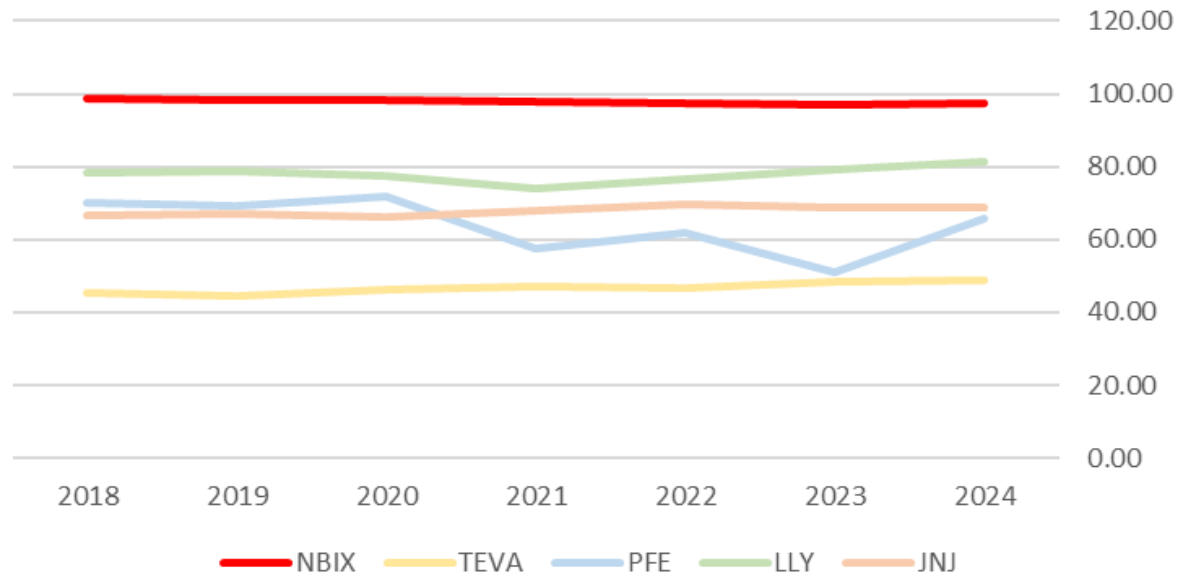


With a strong and experienced leadership team, Neurocrine will be guided in the right direction in both developing and selling its innovative products.

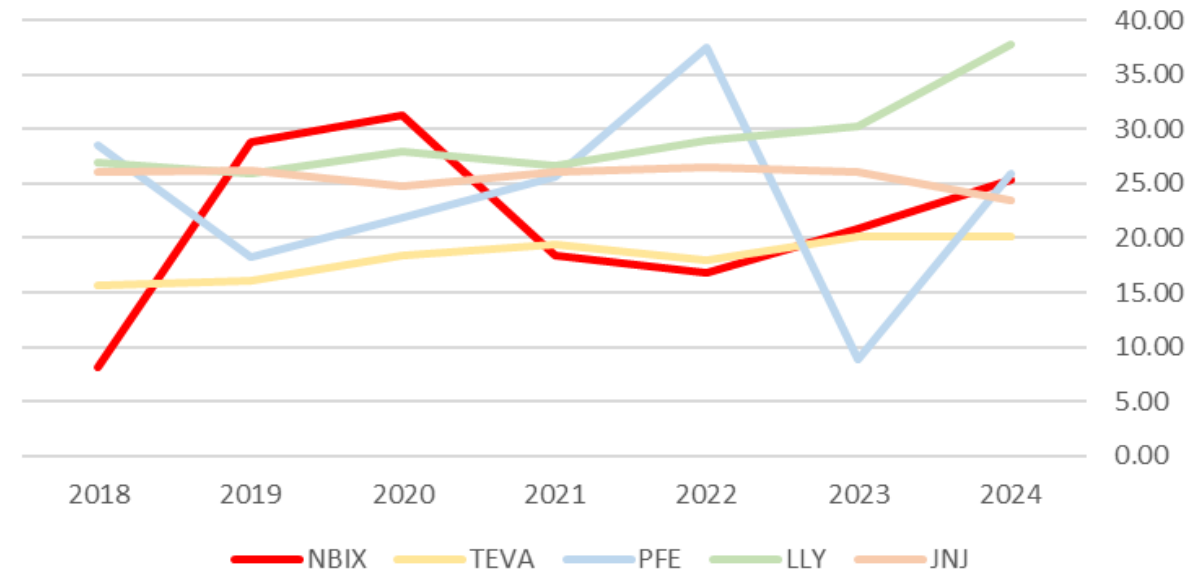
Financial Summary - Profitability



Gross Margin



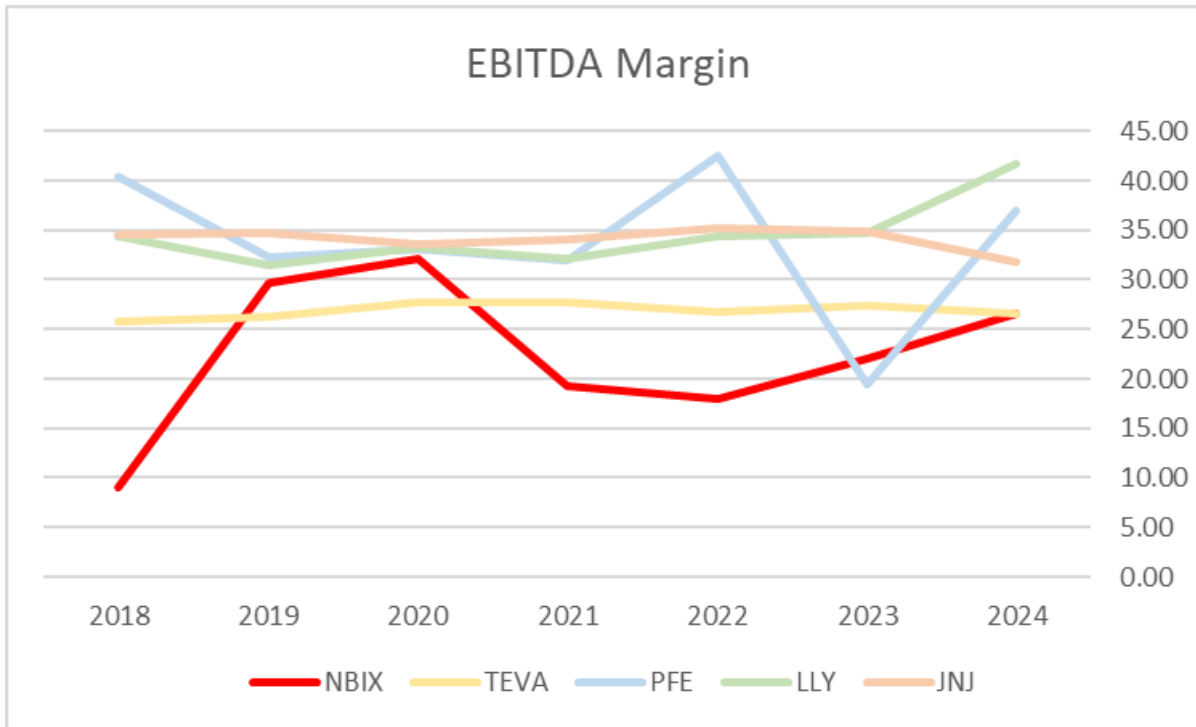
Operating Margin



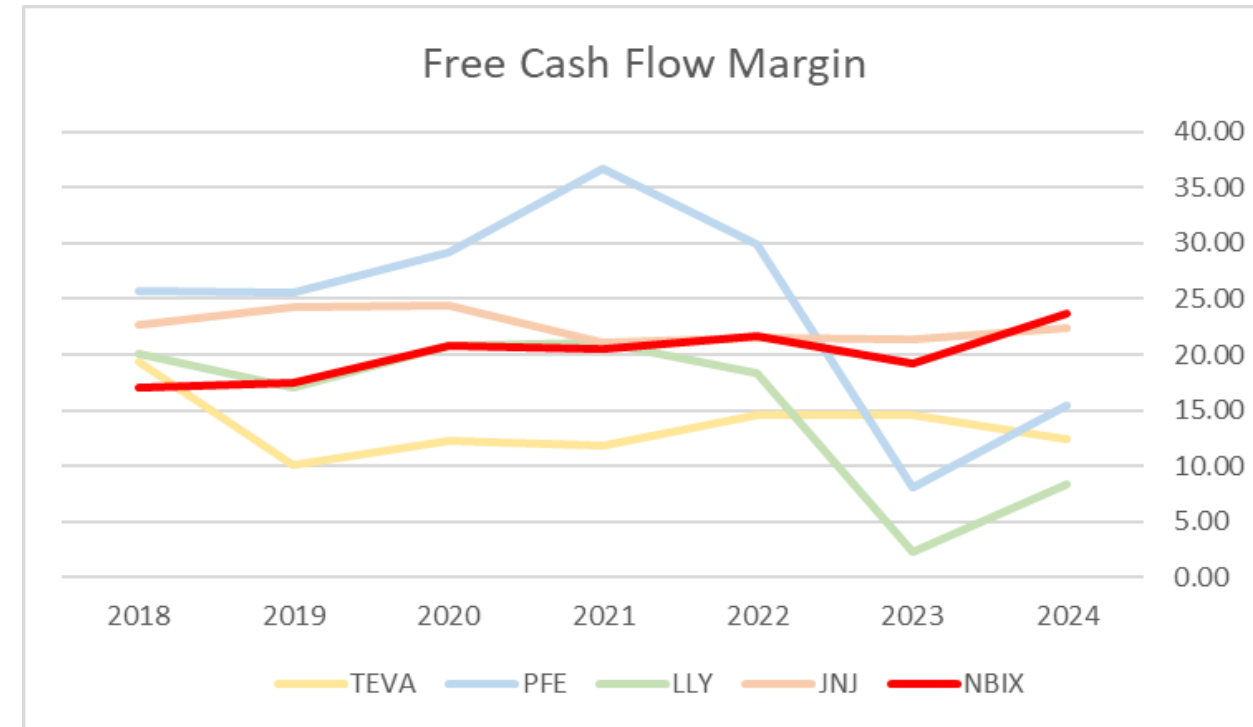
Financial Summary - Profitability



EBITDA Margin

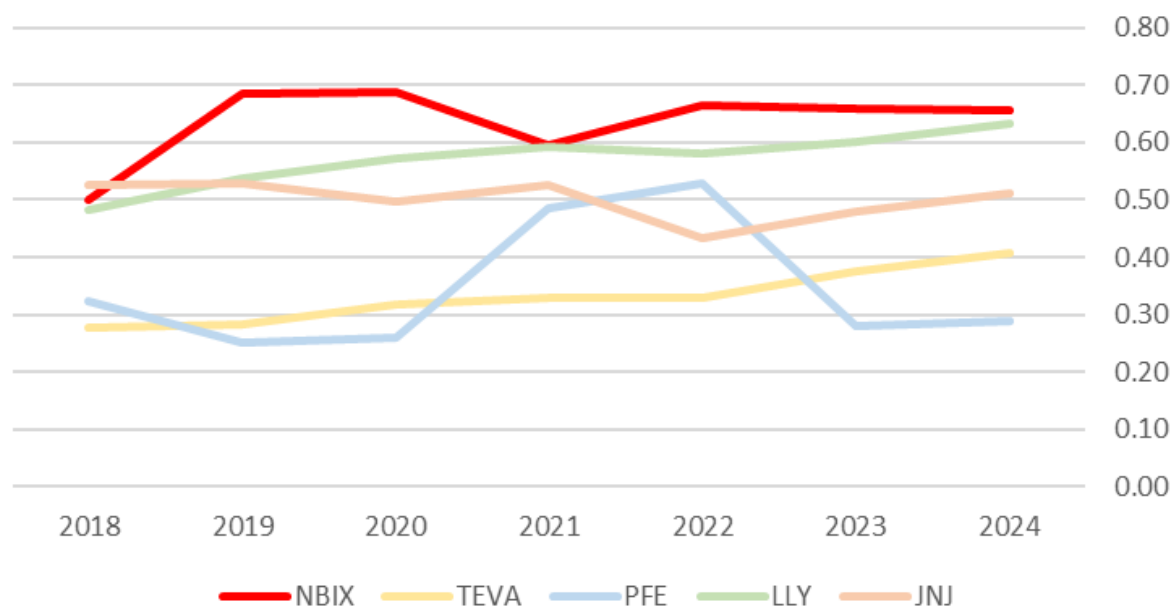


Free Cash Flow Margin

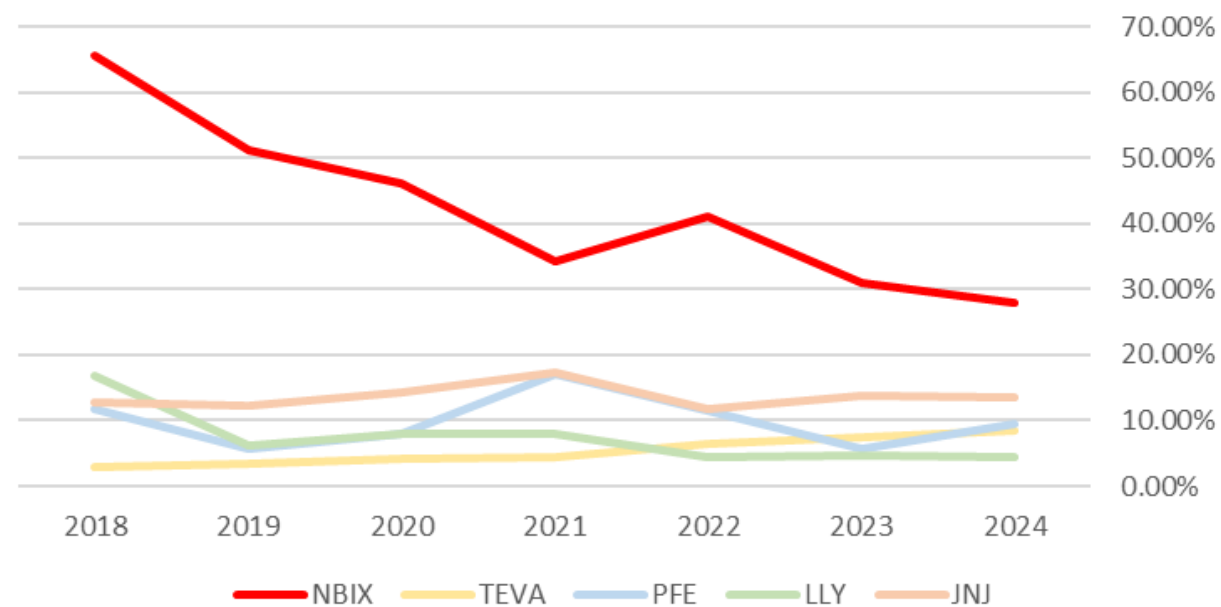




Asset Turnover

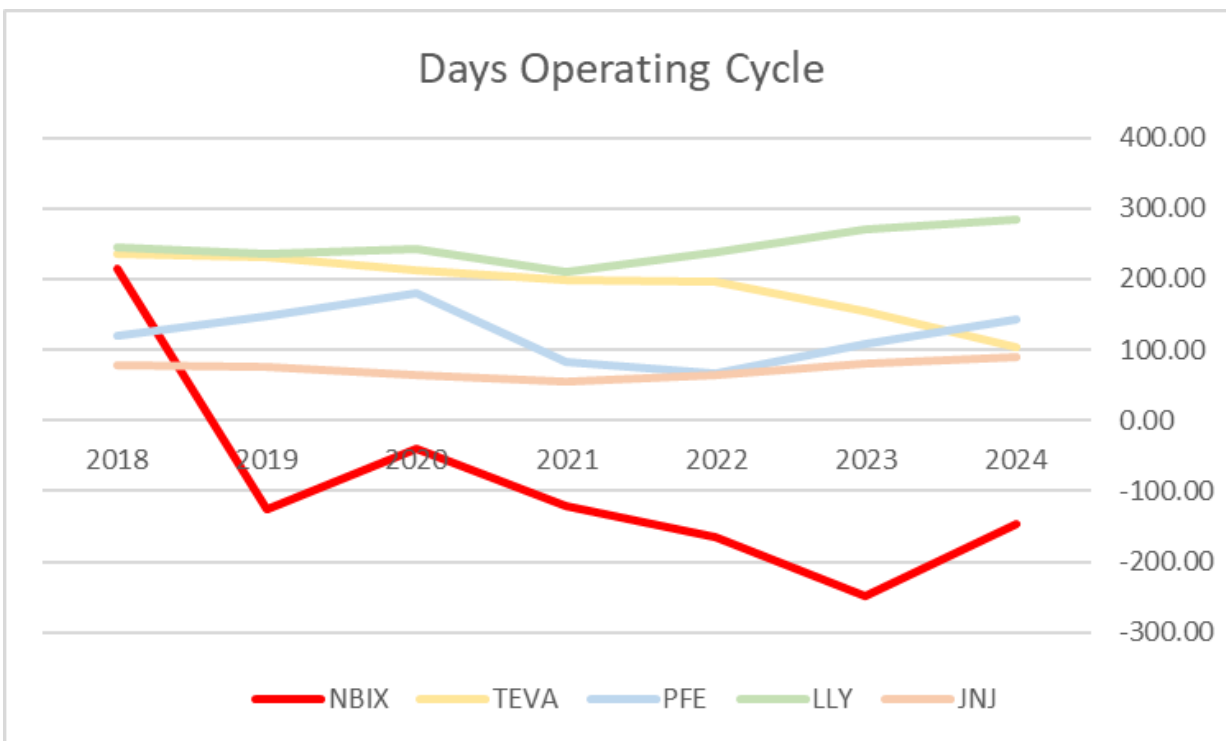


Cash/Total Assets

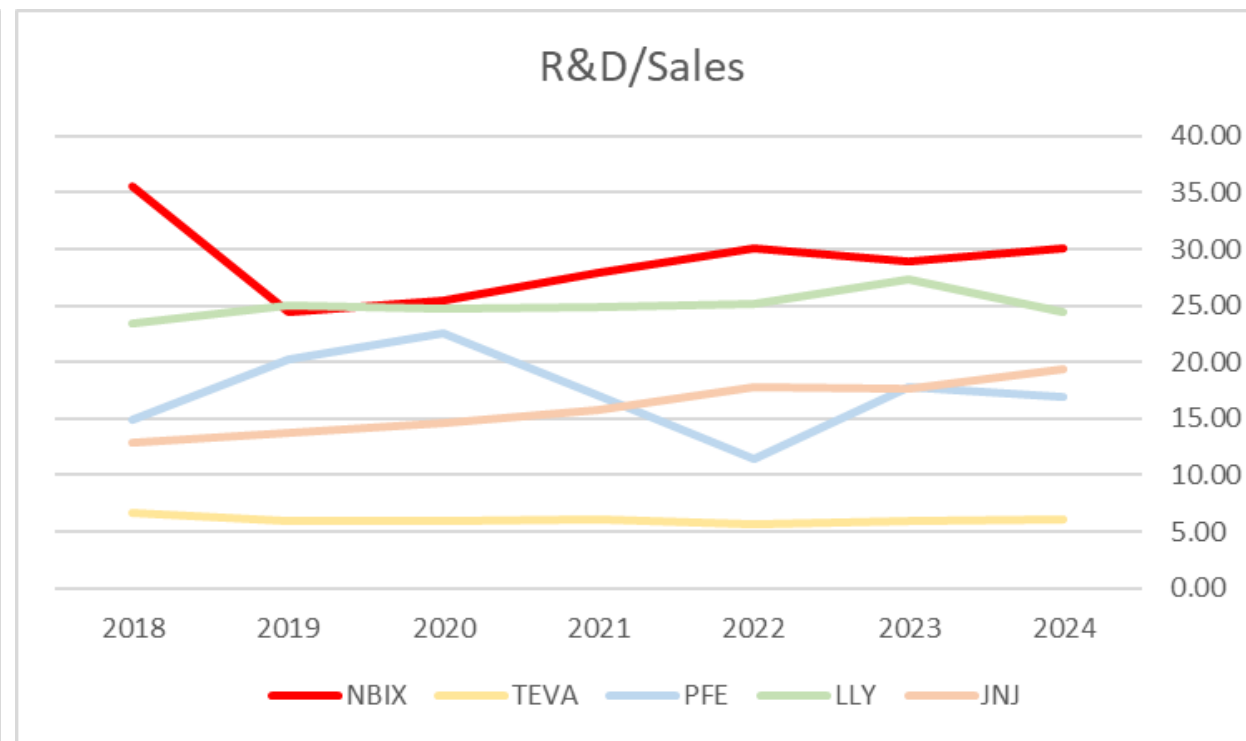




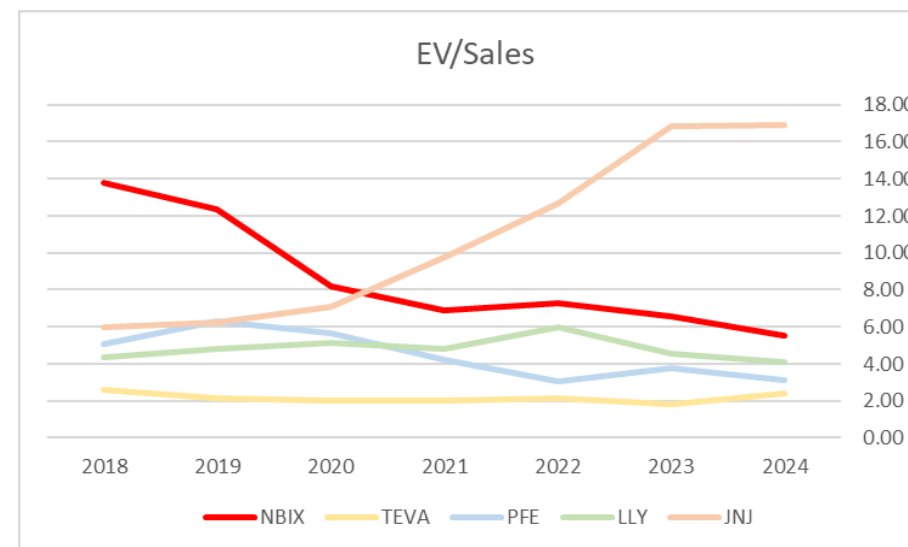
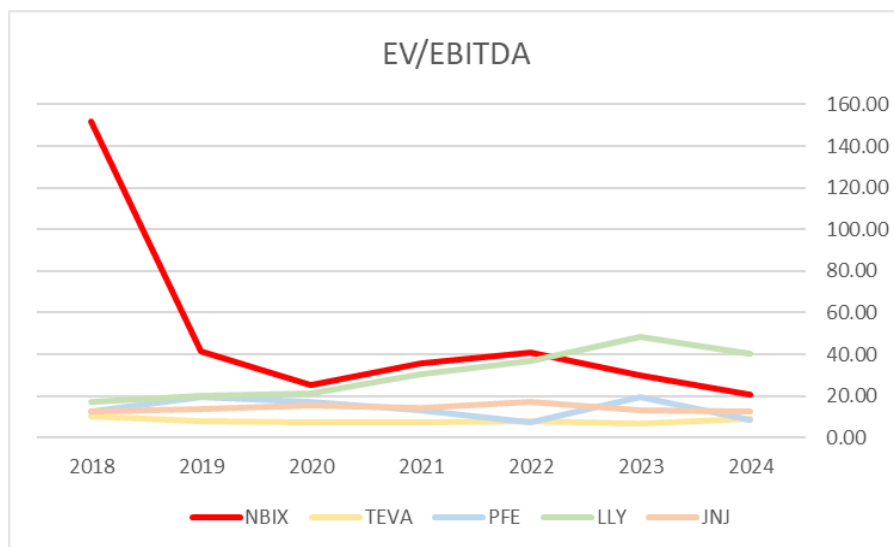
Days Operating Cycle

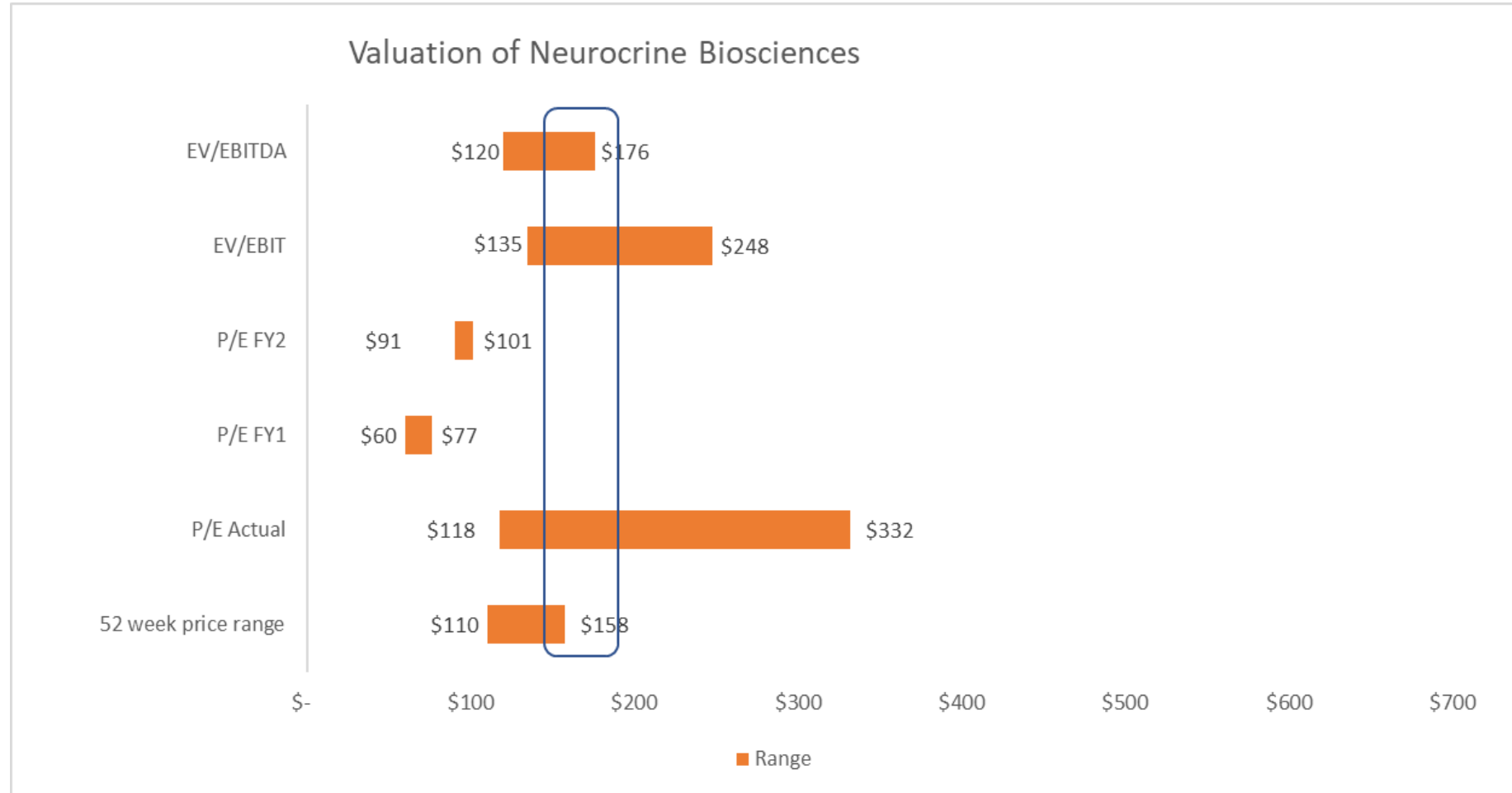


R&D/Sales



Financial Summary - Valuation





Valuation Model Outputs - DCF



Gordon Growth Model

NPV of FCFF	5,894.17
PV of TV	\$ 9,288.71
Enterprise Value	\$ 15,182.88
Equity Value	\$ 15,763.28
Shares outstanding	100
Target share price	\$ 158.10
Current share price	\$ 114.00
Implied Upside / Downside	38.69%

Exit Multiple

EV/EBITDA	20.00x
Terminal EV	\$ 36,379.45
PV of Terminal Value	\$ 14,827.26
Equity value	\$ 15,407.66
Shares outstanding	100
Target share price	\$ 154.53
Implied Upside / Downside	35.56%

Sensitivity Analysis

		WACC				
		7.39%	8.39%	9.39%	10.39%	11.39%
	Terminal growth rate					
	1.0%	\$ 178.13	\$ 160.32	\$ 146.19	\$ 134.62	\$ 124.92
	1.5%	\$ 187.76	\$ 167.51	\$ 151.77	\$ 139.09	\$ 128.58
	2.0%	\$ 199.18	\$ 175.82	\$ 158.10	\$ 144.08	\$ 132.63
	2.5%	\$ 212.93	\$ 185.53	\$ 165.35	\$ 149.71	\$ 137.13
	3.0%	\$ 229.81	\$ 197.05	\$ 173.74	\$ 156.10	\$ 142.17

Sensitivity Analysis

		WACC				
		7.39%	8.39%	9.39%	10.39%	11.39%
	Exit multiple					
	18.00	\$ 166.79	\$ 152.54	\$ 139.66	\$ 128.02	\$ 117.48
	19.00	\$ 175.73	\$ 160.69	\$ 147.10	\$ 134.81	\$ 123.69
	20.00	\$ 184.67	\$ 168.84	\$ 154.53	\$ 141.60	\$ 129.89
	21.00	\$ 193.61	\$ 176.99	\$ 161.97	\$ 148.39	\$ 136.09
	22.00	\$ 202.56	\$ 185.14	\$ 169.41	\$ 155.18	\$ 142.30



Buy

Target price of \$158.10 implying a 38.69% upside.

Appendix - DCF Base case



Neurocrine Biosciences

Discounted Cash Flow analysis

In Millions of USD

Base

	Historical					Forecasted										
Years	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	Terminal value
Total Revenue	1,045.90	1,133.50	1,488.70	1,887.10	2,355.30	2,873.47	3,448.16	4,068.83	4,679.15	5,240.65	5,764.72	6,225.89	6,599.45	6,929.42	7,275.89	
% yoy growth	32.7%	8.4%	31.3%	26.8%	24.8%	22.0%	20.0%	18.0%	15.0%	12.0%	10.0%	8.0%	6.0%	5.0%	5.0%	
EBITDA	336.10	218.70	266.30	416.10	624.10	689.63	862.04	1,057.90	1,244.65	1,414.98	1,498.83	1,618.73	1,649.86	1,732.35	1,818.97	
EBITDA margin	32.1%	19.3%	17.9%	22.0%	26.5%	24.0%	25.0%	26.0%	26.6%	27.0%	26.0%	26.0%	25.0%	25.0%	25.0%	
Less: D&A	8.60	10.90	15.60	21.30	27.10	28.73	31.03	36.62	42.11	52.41	57.65	62.26	65.99	69.29	72.76	
EBIT	327.50	207.80	250.70	394.80	597.00	660.90	831.01	1,021.28	1,202.54	1,362.57	1,441.18	1,556.47	1,583.87	1,663.06	1,746.21	
Tax rate	-281.7%	11.6%	27.8%	24.8%	29.8%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	
NOPAT	1,250.07	183.70	181.01	296.89	419.09	495.67	623.25	765.96	901.91	1,021.93	1,080.88	1,167.35	1,187.90	1,247.30	1,309.66	
Add: D & A	8.60	10.90	15.60	21.30	27.10	28.73	31.03	36.62	42.11	52.41	57.65	62.26	65.99	69.29	72.76	
% of revenue	0.8%	1.0%	1.0%	1.1%	1.2%	1.0%	0.9%	0.9%	0.9%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
Less: CapEx	10.90	23.40	16.50	28.30	38.20	51.72	58.62	65.10	70.19	78.61	86.47	93.39	98.99	103.94	109.14	
% of revenue	1.0%	2.1%	1.1%	1.5%	1.6%	1.8%	1.7%	1.6%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	
Less: NWC Adjustment	(37.90)	16.70	(67.40)	28.20	(19.20)	(28.73)	(34.48)	(40.69)	(46.79)	(52.41)	(57.65)	(62.26)	(65.99)	(69.29)	(72.76)	
% of revenue	-3.6%	1.5%	-4.5%	1.5%	-0.8%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	
Unlevered Free Cash Flow	1,285.67	154.50	247.51	261.69	427.19	501.42	630.15	778.16	920.62	1,048.13	1,109.71	1,198.48	1,220.90	1,281.94	1,346.04	18,577.42
WACC	9.3905%															
Discount period						1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00	10.00	10.00
Discount factor						0.91	0.84	0.76	0.70	0.64	0.58	0.53	0.49	0.45	0.41	0.50
PV of FCF						458.38	526.61	594.47	642.93	669.14	647.64	639.40	595.45	571.55	548.61	9,288.71

Appendix - DCF Upside

Neurocrine Biosciences

Discounted Cash Flow analysis

In Millions of USD

Bull

Years	Historical					Forecasted										Terminal value
	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	
Total Revenue	1,045.90	1,133.50	1,488.70	1,887.10	2,355.30	2,920.57	3,563.10	4,275.72	5,002.59	5,702.95	6,387.31	7,026.04	7,588.12	8,119.29	8,687.64	
% yoy growth	32.7%	8.4%	31.3%	26.8%	24.8%	24.0%	22.0%	20.0%	17.0%	14.0%	12.0%	10.0%	8.0%	7.0%	7.0%	
EBITDA	336.10	218.70	266.30	416.10	624.10	759.35	962.04	1,197.20	1,450.75	1,653.86	1,788.45	1,967.29	2,048.79	2,192.21	2,345.66	
EBITDA margin	32.1%	19.3%	17.9%	22.0%	26.5%	26.0%	27.0%	28.0%	29.0%	29.0%	28.0%	28.0%	27.0%	27.0%	27.0%	
Less: D&A	8.60	10.90	15.60	21.30	27.10	29.21	32.07	38.48	40.02	45.62	44.71	49.18	45.53	40.60	43.44	
EBIT	327.50	207.80	250.70	394.80	597.00	730.14	929.97	1,158.72	1,410.73	1,608.23	1,743.73	1,918.11	2,003.26	2,151.61	2,302.22	
Tax rate	-281.7%	11.6%	27.8%	24.8%	29.8%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	24.0%	
NOPAT	1,250.07	183.70	181.01	296.89	419.09	554.91	706.78	880.63	1,072.15	1,222.26	1,325.24	1,457.76	1,522.48	1,635.22	1,749.69	
Add: D & A	8.60	10.90	15.60	21.30	27.10	29.21	32.07	38.48	40.02	45.62	44.71	49.18	45.53	40.60	43.44	
% of revenue	0.8%	1.0%	1.0%	1.1%	1.2%	1.0%	0.9%	0.9%	0.8%	0.8%	0.7%	0.7%	0.6%	0.5%	0.5%	
Less: CapEx	10.90	23.40	16.50	28.30	38.20	87.62	106.89	119.72	125.06	131.17	127.75	140.52	151.76	162.39	173.75	
% of revenue	1.0%	2.1%	1.1%	1.5%	1.6%	3.0%	3.0%	2.8%	2.5%	2.3%	2.0%	2.0%	2.0%	2.0%	2.0%	
Less: NWC Adjustment	(37.90)	16.70	(67.40)	28.20	(19.20)	(87.62)	(106.89)	(128.27)	(150.08)	(171.09)	(191.62)	(210.78)	(227.64)	(243.58)	(260.63)	
% of revenue	-3.6%	1.5%	-4.5%	1.5%	-0.8%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	
Unlevered Free Cash Flow	1,285.67	154.50	247.51	261.69	427.19	584.11	738.84	927.66	1,137.19	1,307.80	1,433.82	1,577.20	1,643.89	1,757.01	1,880.00	25,946.96
WACC	9.3905%	Gordon Growth Model														
Discount period						1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00	10.00	10.00
Discount factor						0.91	0.84	0.76	0.70	0.64	0.58	0.53	0.49	0.45	0.41	0.50
PV of FCF						533.97	617.44	708.68	794.17	834.92	836.79	841.46	801.75	783.36	766.24	12,973.48
Enterprise Value																
Equity Value																
Shares outstanding					100											
Target share price					\$ 211.35											
Current share price					\$ 114.00											
Implied Upside / Downside					85.40%											

Appendix – DCF Downside



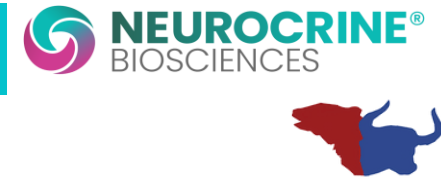
Neurocrine Biosciences

Discounted Cash Flow analysis
In Millions of USD

Bear

	Historical					Forecasted										
Years	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	Terminal value
Total Revenue	1,045.90	1,133.50	1,488.70	1,887.10	2,355.30	2,826.36	3,335.10	3,868.72	4,371.66	4,808.82	5,193.53	5,505.14	5,725.34	5,897.10	6,074.02	
% yoy growth	32.7%	8.4%	31.3%	26.8%	24.8%	20.0%	18.0%	16.0%	13.0%	10.0%	8.0%	6.0%	4.0%	3.0%	3.0%	
EBITDA	336.10	218.70	266.30	416.10	624.10	621.80	767.07	928.49	1,092.91	1,202.21	1,246.45	1,321.23	1,316.83	1,356.33	1,397.02	
EBITDA margin	32.1%	19.3%	17.9%	22.0%	26.5%	22.0%	23.0%	24.0%	25.0%	25.0%	24.0%	24.0%	23.0%	23.0%	23.0%	
Less: D&A	8.60	10.90	15.60	21.30	27.10	33.92	36.69	42.56	48.09	48.09	51.94	55.05	57.25	58.97	60.74	
EBIT	327.50	207.80	250.70	394.80	597.00	587.88	730.39	885.94	1,044.83	1,154.12	1,194.51	1,266.18	1,259.58	1,297.36	1,336.28	
Tax rate	-281.7%	11.6%	27.8%	24.8%	29.8%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	
NOPAT	1,250.07	183.70	181.01	296.89	419.09	435.03	540.49	655.59	773.17	854.05	883.94	936.97	932.09	960.05	988.85	
Add: D & A	8.60	10.90	15.60	21.30	27.10	33.92	36.69	42.56	48.09	48.09	51.94	55.05	57.25	58.97	60.74	
% of revenue	0.8%	1.0%	1.0%	1.1%	1.2%	1.2%	1.1%	1.1%	1.1%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
Less: CapEx	10.90	23.40	16.50	28.30	38.20	33.92	33.35	34.82	39.34	43.28	41.55	44.04	45.80	47.18	48.59	
% of revenue	1.0%	2.1%	1.1%	1.5%	1.6%	1.2%	1.0%	0.9%	0.9%	0.9%	0.8%	0.8%	0.8%	0.8%	0.8%	
Less: NWC Adjustment	(37.90)	16.70	(67.40)	28.20	(19.20)	28.26	33.35	38.69	43.72	48.09	51.94	55.05	57.25	58.97	60.74	
% of revenue	-3.6%	1.5%	-4.5%	1.5%	-0.8%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
Unlevered Free Cash Flow	1,285.67	154.50	247.51	261.69	427.19	406.77	510.47	624.64	738.20	810.77	842.39	892.93	886.28	912.87	940.26	12,977.01
WACC	9.3905%	Gordon Growth Model														
Discount period						1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00	10.00	10.00
Discount factor						0.91	0.84	0.76	0.70	0.64	0.58	0.53	0.49	0.45	0.41	0.50
PV of FCF						371.85	426.59	477.19	515.53	517.61	491.63	476.39	432.25	407.00	383.22	6,488.50
Enterprise Value					\$ 10,987.77											
Equity Value					\$ 11,568.17											
Shares outstanding					100											
Target share price					\$ 116.03											
Current share price					\$ 114.00											
Implied Upside / Downside					1.78%											

Appendix – Assumptions



Assumptions												
Years	Base Case	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	Terminal Year
Sales Growth		22%	20%	18%	15%	12%	10%	8%	6%	5%	5%	2%
Base Case		22%	20%	18%	15%	12%	10%	8%	6%	5%	5%	2%
Bull Case		24%	22%	20%	17%	14%	12%	10%	8%	7%	7%	3%
Bear Case		20%	18%	16%	13%	10%	8%	6%	4%	3%	3%	1%
EBITDA Margin		24%	25%	26%	27%	27%	26%	26%	25%	25%	25%	24%
Base Case		24%	25%	26%	27%	27%	26%	26%	25%	25%	25%	24%
Bull Case		26%	27%	28%	29%	29%	28%	28%	27%	27%	27%	26%
Bear Case		22%	23%	24%	25%	25%	24%	24%	23%	23%	23%	22%
Depreciation & Amortisation (%sales)		1.0%	0.9%	0.9%	0.9%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Base Case		1.0%	0.9%	0.9%	0.9%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Bull Case		1.0%	0.9%	0.9%	0.8%	0.8%	0.7%	0.7%	0.6%	0.5%	0.5%	0.5%
Bear Case		1.2%	1.1%	1.1%	1.1%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Tax rate		25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Base Case		25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Bull Case		24%	24%	24%	24%	24%	24%	24%	24%	24%	24%	24%
Bear Case		26%	26%	26%	26%	26%	26%	26%	26%	26%	26%	26%
Capex (%sales)		1.8%	1.7%	1.6%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Base Case		1.8%	1.7%	1.6%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Bull Case		3.0%	3.0%	2.8%	2.5%	2.3%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Bear Case		1.2%	1.0%	0.9%	0.9%	0.9%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
NWC Adjustment (%sales)		-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
Base Case		-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
Bull Case		-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%
Bear Case		1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

WACC

Cost of Debt	25.54%
Tax rate	25%
After Tax Cost of Debt	19%
Weight of Debt	0.00%
Market Beta (S&P)	0.62
Rf (10 year)	4.37%
Rm (S&P)	12.47%
Unlevered cost of equity	9.39%
Weight of Equity	100.00%
WACC	9.39%