

## Market Snapshot

Shares Outstanding (mn)	83.34
Market Cap (USD bn)	\$9.64
52-week low	\$76.96
52-week high	\$141.09
TTM P/E	17.9
Beta	1.19

FCFF	Value
PV of FCFF	\$ 9,765.68
PV of Terminal Value	\$ 15,728.72
Total PV of Cash Flows	\$ 25,494.40
+ Cash	\$ 253.00
- Net Debt	\$ 4,284.00
Firm Value	\$ 11,697.72
Number of Shares	84
Current Price	\$ 102.22
Target Price (FCFE)	\$139.26
Margin of Safety	36.23%

Cost of Equity	
Weighted Debt	37%
Weighted Equity	63%
Cost of Equity	10.26%
Cost of Debt	4.11%
<b>WACC</b>	<b>6.39%</b>

FCFF	Price	Weight
Intrinsic (FCFF)	\$139.26	90%
Relative (P/E)	\$ 20.09	10%
Target Price:	\$ 127.34	100%
Upside:	24.58%	

Cumulative TSR  
2013 - 2019



## Investment Thesis

We issue a BUY recommendation on AVY with a target price of \$147.63, presenting 33.4% upside. Our opinion is based on a 90%/10% mix of intrinsic (FCFF) and relative (P/E) valuation, respectively.

### AVY is uniquely positioned as one of the largest materials manufacturer/distributors in a fragmented industry:

The firm specializes in a wide variety of labeling and functional materials and is diversified across three main business segments: and Industrial & healthcare Materials. AVY is one of the largest firms by market share in both the Adhesive Tape Manufacturing Industry and the Coated & Laminated Paper Manufacturing Industry, and they benefit from an economy of scale and a vertically integrated manufacturing and distribution network. AVY also has a unique advantage from the integration of multiple product segments which allows them to control their input prices and hedge against volatility in commodity prices.

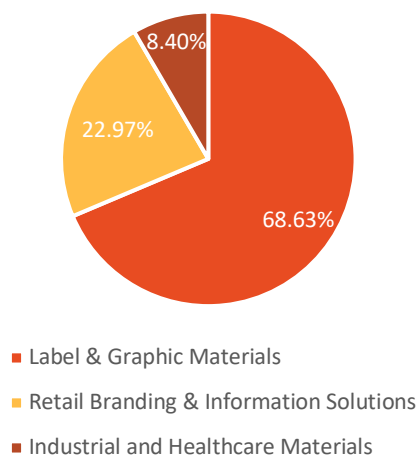
### AVY is a lower risk alternative to direct investing in other materials companies

Due to its exposure to different markets in the materials sector, geographic diversification, steady revenue growth, and favorable business prospects, AVY is an inherently diversified company that will produce returns similar to an entire portfolio of diversified material stocks. Growing economic activity in emerging markets could boost AVY's mid- to long-term returns.

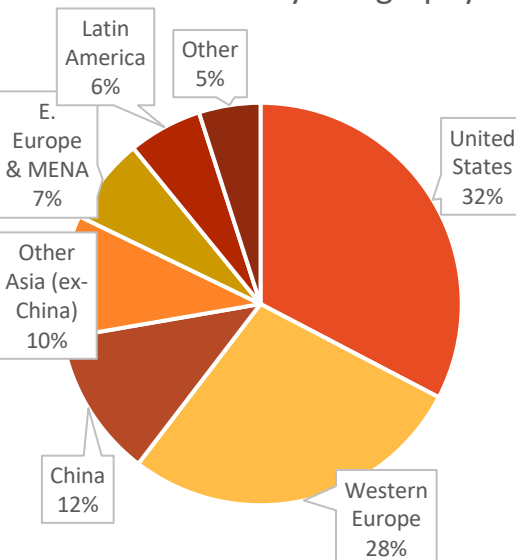
### COVID-19 and Industry Trends:

The company's Q1 earnings and revenue beat the consensus estimate by 10.67%. According to AVY's Q1 2020 report, they are experiencing higher demand during the pandemic in their label and packaging materials, as well as a surge of demand in Europe and North America driven by food, hygiene and pharmaceutical labeling. Macro themes in the industry include the importance of labels in creasing as a result of evolving customer requirements, new regulations, and the shift to e-commerce where labels are becoming digitalized to track products through supply cycle.

Revenue by Segment



Revenue by Geography



Revenue by Segment



## Business Description

Avery Dennison is a leading global materials science company specializing in the design and manufacturing of a wide variety of labeling and functional materials. The company's products are used in nearly every major industry, include pressure-sensitive materials for labels and graphic applications; tapes and other bonding solutions for industrial, medical, and retail applications; tags, labels and embellishments for apparel; and radio frequency identification (RFID) solutions serving retail apparel and other markets. Headquartered in Glendale, California, the company employs more than 30,000 employees in over 50 countries. Reported sales in 2019 were \$7.1 billion.

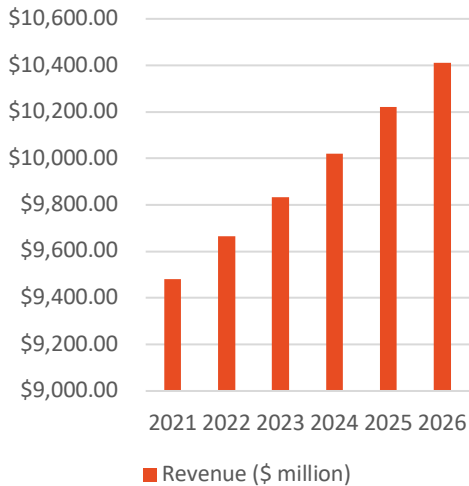
**Business Segments:** Avery Dennison Corporation operates through three distinct business segments: Label & Graphic Materials (LGM), Retail Branding & Information Solutions (RBIS), Industrial & Healthcare Materials (IHM). The firm's largest segment by revenue is from Label & Graphic Materials, making up about 68% of the firm's total revenue.

**Label & Graphic Materials (LGM):** This segment is AVY's main revenue driver, and manufactures labels, graphics, packaging, reflective materials, papers, plastic films, metal foils, and other fabrics that are used to decorate everything from food to beverages and other everyday products. This segment makes up roughly 68% of the firm's total revenue.

**Retail Branding & Information Solutions (RBIS):** This segment designs, manufactures and sells various branding and information management products and solutions. Their customers are typically apparel and other general retailers, which use their products such as tickets, graphics, barcodes, radio-frequency identification tags (RFID), labels and inserts, woven and printed labels, external embellishments, price management systems, a variety of fasteners and related supplies and equipment. This segment makes up roughly 23% of AVY's total revenue.

**Industrial & Healthcare Materials (IHM):** This segment provides products such as wearable sensors, barrier films, wound dressings, fastening & sealing systems, mechanical fasteners and other performance polymers. Their main customers include medical supply companies, hospitals, car and automotive manufacturers, as well as other general retailers.

Industry Revenue Outlook

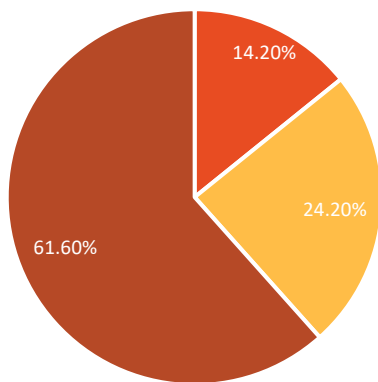


## Industry Overview

Avery Dennison operates in three main industries: Coated & Laminated Paper Manufacturing, Packaging & Labeling Services, and Adhesive Tape Manufacturing. Each of these industries are relatively smaller industries, but Avery Dennison is a leading player in both the Coated & Laminated Paper Manufacturing industry, as well as the Packaging & Labeling Services industry.

**Adhesive Tape Manufacturing:** The main drivers in this industry is consumer spending, demand from paper manufacturing, demand from store retailers and demand from drywall and insulation installers. The industry is not very concentrated, with AVY controlling about 14% of the industry's market share. The biggest competitor in this industry is Tesa Tape, who owns about one quarter, or 24% of the market. The remaining 61.6% of the market is competed for by the rest of the firm's in the industry. The industry is projected to grow roughly 1.8% a year for the five years leading to 2026, according to IBIS world industry reports.

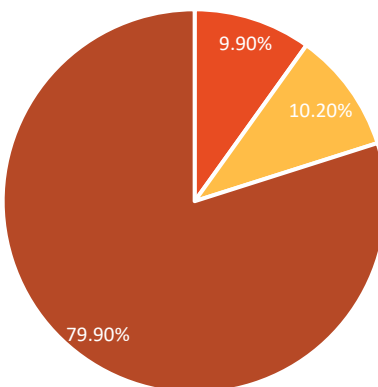
Adhesive Tape Manufacturing



■ Avery Dennison Corp ■ Tesa Tape ■ Other

**Coated & Laminated Paper Manufacturing:** The main economic drivers in this industry are consumer spending, demand from food manufacturers, print advertising expenditures, demand from paper wholesaling, and the implications of the trade-weighted index. The industry is less consolidated than the Adhesive Tape Manufacturing industry, as AVY controls just under 10% of market share, while the largest player in the industry, Verso Corp, controls just over 10% of market share. According to IBIS World the Coated & Laminated Paper Manufacturing Industry is projected to grow at an annualized rate of 2.2% for the five years leading to 2026.

Coated & Laminated Paper Manufacturing



■ Avery Dennison Corp ■ Verso Corp ■ Other

**Packaging & Labeling Services Industry:** The main economic drivers for this industry are consumer spending, e-commerce sales, corporate profits, cosmetic, beauty, pharmaceutical manufacturing, as well as demand from snack food production. The industry is the least concentrated out of the three industries AVY operates within, with no major players holding any significant market share. According to IBIS World, this industry is projected to grow the most in the five years leading to 2026, projected to grow at an annualized rate of 3.2%, mostly from the increasing demand for digitalized tags and other labeling technology. The main driver for this shift to "smart labels", is the ability to track products more efficiently throughout the supply chain and control inventories more efficiently.

## Competitive Positioning

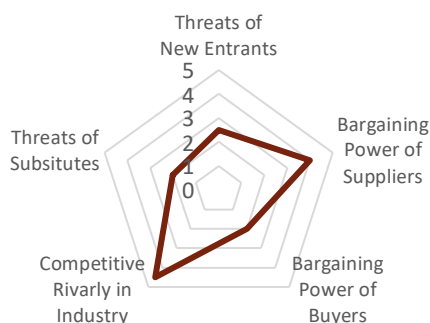
The competitive landscape in the Materials sector is wide ranging and diverse. However, in each industry they operate in, AVY benefits from their size and vertical integration, which allows them to leverage economies of scale and innovation at every step in the value chain. Furthermore, the integration of multiple product segments helps control input prices, while the high amount of M&A activity in the past decade has outpaced new entrants into the sector, giving bigger players like AVY the benefit of established market share and size.

**Threat of New Entrants:** Since the three industries AVY operates in require large capital investments in order to operate, the threat of new entrants is relatively low. However, the material sector as a whole has seen a decline in the number of established enterprises, resulting in a fragmented industry with large opportunity zones for innovation and cost leadership. Furthermore, the rise of RFID technology and the expected growth in the labeling industry presents a space for new firms to enter the industry, however it still requires a large upfront investment in order to acquire or build the operational infrastructure. For these reasons the industry has a relatively low threat of new entrants.

**Bargaining Power of Suppliers:** The bargaining power of suppliers is medium, since they supply the raw material and resources that firms like AVY use to create finished products for consumers. However, since AVY is diversified across multiple product segments, they benefit from being able to control input prices at the margins. They are able to achieve this by ordering larger quantities to be used across all three business segments, and when you buy raw materials from wholesalers, the higher the quantity the lower the price typically.

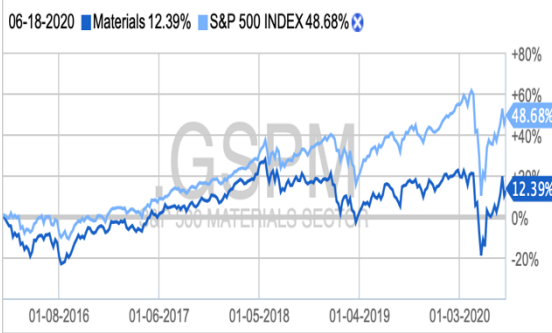
**Bargaining Power of Buyers:** The bargaining power of buyers in general is relatively low, however, there's a bifurcation between industrial and healthcare buyers and retail buyers, where the industrial buyers have more influence over the prices they pay because they buy in larger quantities. The main determinant for the power of buyers comes down to size. Smaller retail buyers will have little to no influence over negotiating prices and terms, whereas larger buyers will be able to negotiate the prices more since they are ordering in larger quantities.

**Threat of Substitute:** Due to the specialized nature of the products Avery Dennison designs and manufactures, the threat of substitutes is low. The main reason for this is because it requires heavy equipment and machinery in order to produce the products, and a specialized operational structure in order to ensure the products are designed, manufactured and distributed properly.



## Industry Structure

Life Cycle Stage	Decline
Revenue Volatility	Medium
Capital Intensity	Medium
Industry Assistance	Medium
Concentration Level	Low
Regulation Level	Medium
Technology Change	Medium
Barriers to Entry	Medium
Industry Globalization	High
Competition Level	High



FCFF	Value
PV of FCFF	15,112.42
+ Cash	253.00
-Debt	2,437.90
Equity Value	12,927.52
Number of Shares	84.00
Current Price	\$102.22
Target Price (FCFF)	\$153.90
Margin of Safety	50.56%

Valuation	Price	Weight
Intrinsic (FCFF)	\$153.90	90%
Relative (P/E)	\$91.25	10%
Target Price:	\$147.63	100%

Upside: 44.43%

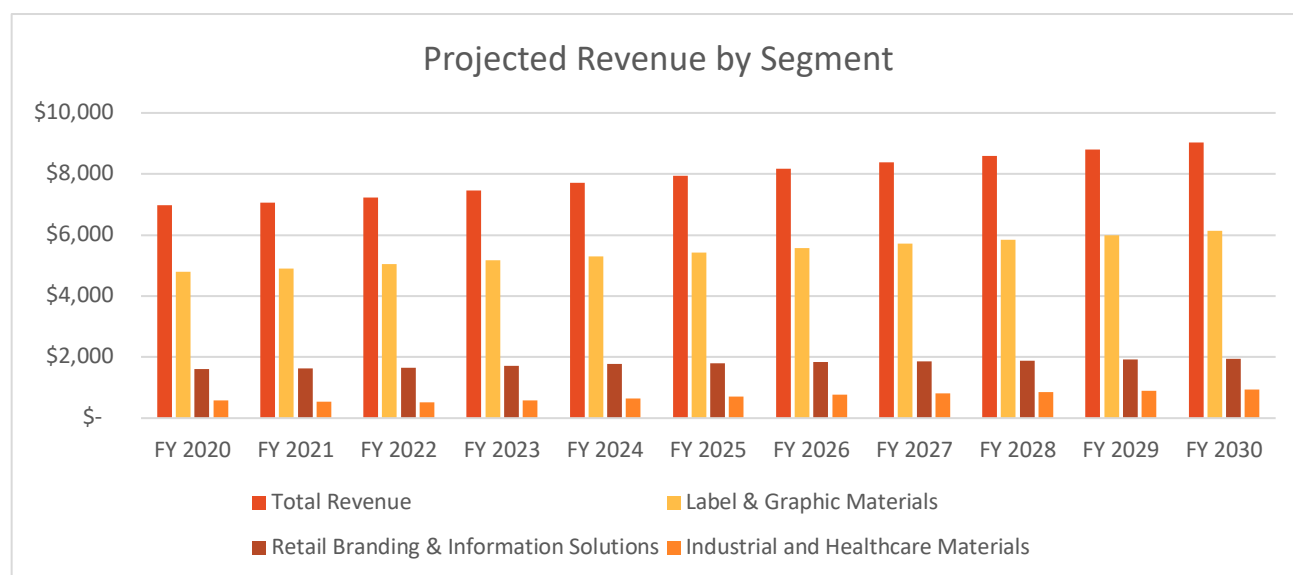
We issue a BUY recommendation on AVY with a target price of \$147.63, presenting 33.4% upside. Our opinion is based on a 90%/10% mix of intrinsic (FCFF) and relative (P/E) valuation, respectively. Our target price is driven out on the relative valuation model with a target price of \$91.25 and the intrinsic valuation model with a target price of \$53.90. We weighted the intrinsic valuation model at a weight of 90% and absolute valuation model at a weight of 10%. We decided to weight the intrinsic valuation model at a higher percentage due to the multiple business lines and economies of scale that AVY has that other companies do not have. Additionally, the intrinsic valuation model allowed us to take into account fluctuations in global demand and forecast cyclicity into each cash flow.

**Competitive Rivalry:** Competitive rivalry in the industry is very high. Since the number of large enterprises in the industry has been on the decline, the industry has become more fragmented between the large manufacturers and smaller, more specialized manufacturers. The biggest competition between players in the sector revolves around pricing power, since each company is competing for market share, they focus on lowering their prices to attract new customers and retain existing ones.

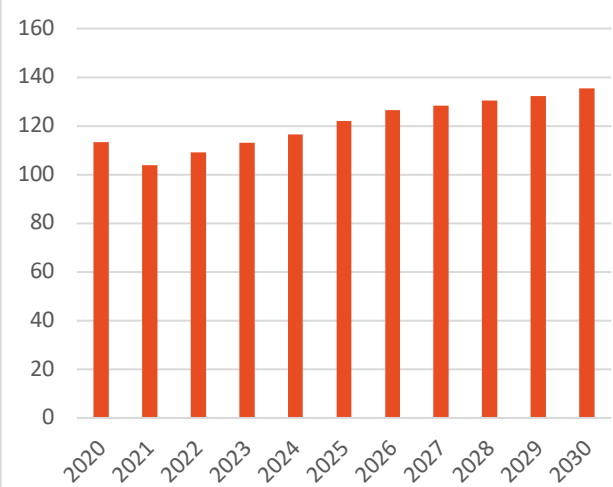
Due to its scale, AVY has negotiating leverage with commodity suppliers, reflected in both the price and the long-term duration of its contracts. Furthermore, it can also pass on cost increases to its customers, which need a reliable partner in the dynamic packaging process, creating a sustainable competitive advantage

## Valuation

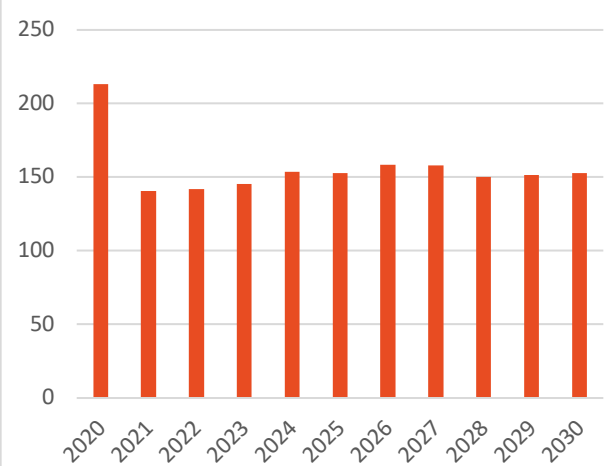
**Revenues:** We forecasted AVY's revenue for each of its segmented as reported by the company. For each of the business segments, we took into account the growth rate of the industry at large and forecasted an increase/decrease based on the historical growth rate within the context of each industry. It is crucial that we forecasted any acquisition or lost in market share as several of AVY's business line has increased its market share. In the Label & Graphic Materials segments, the assumptions surrounding the revenue growth rate would have a larger impact on overall revenues since it makes up roughly 68% of total revenues.



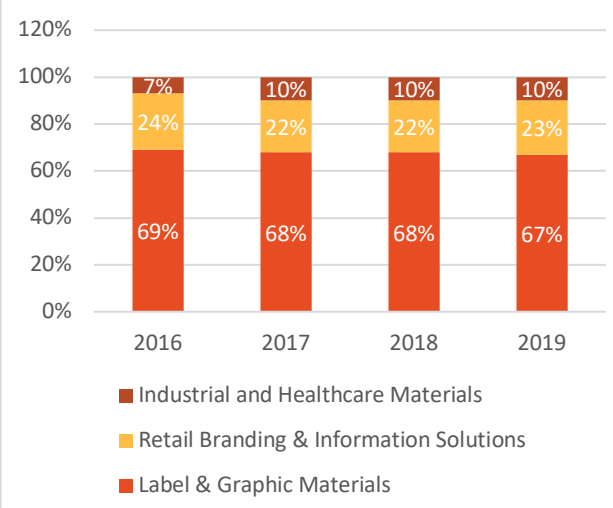
### Interest Expense



### Income Tax



### Revenue by Segment



### Margins

We estimate that AVY's future margin to stay relatively stable, since a decent amount of upkeep is required for material products. Additionally, this would be supported by the expected increase in revenue and COGS in line with historical growth rates.

### Research & Development:

We expect AVY to grow its Research & Development costs a little below 1% a year, since the company is continuously improving and innovating their products and operations. A big contributor to these costs will be the continued development of "smart tags" or RFID labels.

### Taxes:

AVY has operations globally in multiple tax jurisdictions and has effective tax rates that fluctuate over the past couple of years. Most recently, the Tax Cuts and Jobs Act of 2017 reduced AVY's tax rate to 20.89% in 2019. Due to the uncertain future for American politics, we decide to increase the effective tax rate gradually over the next 10 years, approaching a 30% effective tax rate in 2021 to maintain a more conservative approach due to the uncertainty of the 2020 US presidential election which could affect the corporation tax rates in the United States.

### Terminal Growth Rate:

Our 1.9% terminal growth rate assumption takes into account the long-term growth rate found on Bloomberg until 2040. Additionally, we found multiple other sources that forecasted between a 1.4% and 2.3% long-term growth rate, but chose to split the difference at 1.9% to be conservative.

### WACC:

We arrived at a WACC of 7.62% for AVY. A detailed breakdown of our WACC is presented below:



Inputs	Value	Notes
Valuation Date	5/13/2020	
Srock Price (5/13/20)	\$ 102.22	
Terminal Rate	1.9%	Fed LT GDP
Risk Free Rate	0.64%	Treasury
Beta	1.2	Valueline
Equity Risk Premium	8%	LT Avg
CAPM	9.66%	

Cost of Equity	
Weighted Debt	32%
Weighted Equity	68%
Cost of Equity	9.66%
Cost of Debt	4.65%
WACC	7.62%

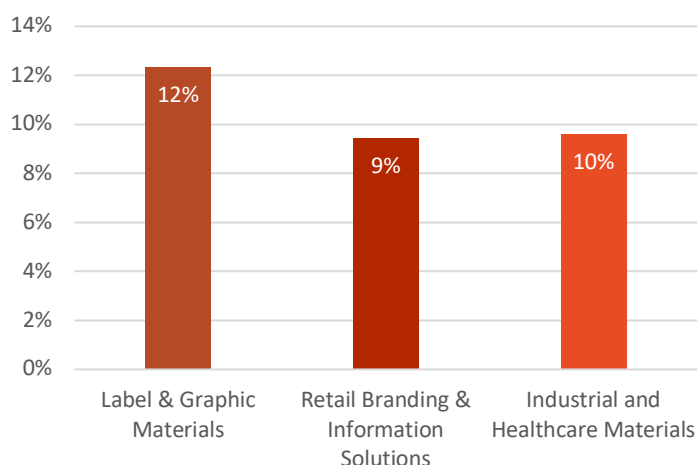
### Relative Valuation:

We identified 5 peers which have product lines operating in the material sector, specifically with businesses in the three industries AVY operates within. Due to the different sales mix that AVY has, we included businesses of different scales to capture the different revenue percentages that each segment of AVY's business represents. We use P/E due to its common use in industries to determine a price. We also calculated the Forward EPS for AVY as well.

Relative Valuation Model				
Name	2Y Corr	Mkt Cap (USD)	P/E	EV/EBITDA
Avery Dennison Corp		8519018378	11.08	13.6674
Current Premium to Comps Mean			-4.41	-1.4132
RPM International	0.6389	8607283388	20.4712	13.7008
Ashland Global Holdings	0.63	3570533663	21.1609	10.1487
HB Fuller Co	0.6287	1641042727	11.9016	8.6157
Albemarle Corp	0.6016	6348284442	15.5373	11.6319
Minerals Technologies Inc	0.5925	1401990952	10.6587	6.9393
Median	0.6287	3570533663	15.5373	10.1487
Average	0.62	5014692258.33	15.95	10.21
Target Price			\$	91.25

Relative Valuation	
Forward EPS	5.72

Operating Margin by Segment  
(2016 – 2019)



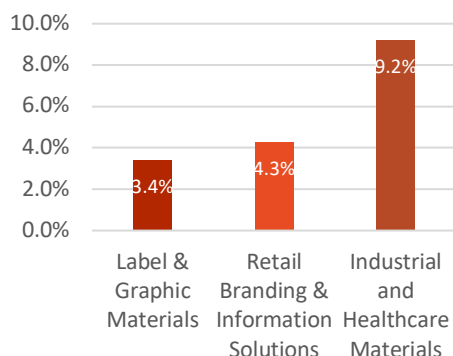
## Financial Analysis

### Operating margin by segment:

AVY's operating margin by segment shows that the Label & Graphic Materials segment has their highest margin. The next best performing segment in the context of operating margin is their Industrial and Healthcare Materials segment, followed by the Retail Branding & Information Solutions segment.

AVY's operating margin illustrates the ratio of operating income to net sales, which shows us how much profit the firm makes on a dollar of sales.

**Annual Revenue Growth by Segment (2016 - 2019)**



### **Annual Revenue Growth by Segment (2016 – 2019):**

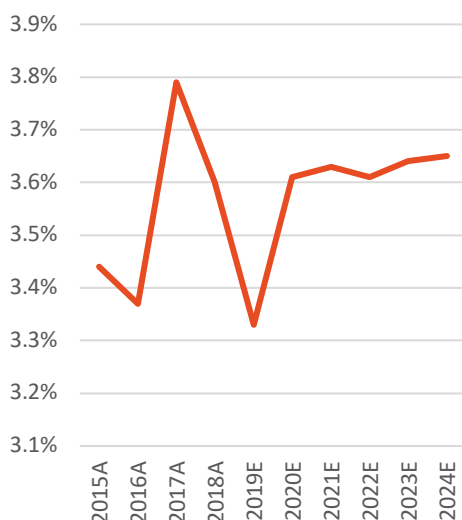
In recent years AVY has experienced a much larger increase in annual revenue growth in their Industrial and Healthcare Materials segment, growing at about 9.2% a year between 2016 and 2019. This represents an opportunity for Avery to continue expanding into the healthcare sector, which can help reduce the cyclicity of their revenue streams due to the steady nature of healthcare services.

### **Sustainable Dividends & Share Buyback**

Currently, AVY has a dividend of 0.52\$ per share, and has never halted its dividend payments since going public.

## **Investment Risk**

**GROWTH OF GLOBAL GDP**



### **COVID-19**

The company's Q1 earnings and revenue beat the consensus estimate by 10.67%. According to AVY's Q1 2020 report, they are experiencing higher demand during the pandemic in their label and packaging materials, as well as a surge of demand in Europe and North America driven by food, hygiene and pharmaceutical labeling. Macro themes in the industry include the importance of labels increasing as a result of evolving customer requirements, new regulations, and the shift to e-commerce where labels are becoming digitalized to track products through supply cycle.

### **International Operations**

In 2019, 77% of AVY's sales were from international operations, representing the majority of their overall business. This represents a unique risk to AVY, since global exogenous factors such as political, social, economic, labor conditions, tax laws, and international trade regulations can drastically disrupt their businesses overseas. Furthermore, these global factors ultimately have a profound effect on underlying demand for AVY's products.

### **Macroeconomic Risks**

Given the fact that the majority of AVY's revenue comes from international operations, the firm is subject to heightened macroeconomic risk. Namely, economic growth across the different geographic regions they operate in will have a significant impact on their overall profitability. Furthermore, the company has singled out the restructuring of European sovereign debt obligations that will be required from the UK leaving the EU (Brexit). Another macroeconomic risk is the uncertainty surrounding global credit and financial markets due to COVID-19. Things like consumer spending, volatility in financial markets, declines in asset prices, etc. will all impact AVY's bottom line due to their international footprint.



**FX Rates & Trade Risks**

AVY employs the use of hedging instruments to mitigate transactional exposure in foreign currencies. The reliability of these hedging techniques, however, rely on their ability to accurately forecast cash flows, which in the current environment is particularly difficult. Another risk is the implications of foreign trade and the U.S.'s recent crackdown on trade relations. Trade relations between the U.S. and trading partners are at historical lows, and since the majority of sales are in foreign countries and in foreign currencies, the implications of trade tensions are especially important for AVY.

# APPENDIX 1: Income Statement

## PJT Partners Inc (PJT US) - Adjusted

In Millions of USD except Per Share	2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020 Est	FY 2021 Est	FY 2022 Est	FY 2023 Est	FY 2024 Est	FY 2025 Est	FY 2026 Est	FY 2027 Est	FY 2028 Est	FY 2029 Est	FY 2030 Est
12 Months Ending	12/28/13	01/03/15	01/02/16	12/31/16	12/30/17	12/29/18	12/28/19	12/31/20	12/31/20	12/31/2022	12/31/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028	12/31/2029	12/31/2030
<b>Revenue</b>	<b>6,140.0</b>	<b>6,330.3</b>	<b>5,966.9</b>	<b>6,068.5</b>	<b>6,613.8</b>	<b>7,159.0</b>	<b>7,070.1</b>	<b>6,980.5</b>	<b>7,065.3</b>	<b>7,226.1</b>	<b>7,462.6</b>	<b>7,709.6</b>	<b>7,933.1</b>	<b>8,139.5</b>	<b>8,317.1</b>	<b>8,499.3</b>	<b>8,686.2</b>	<b>8,878.0</b>
		3.10%	-5.74%	1.70%	8.99%	8.24%	-1.24%	-1.27%	1.21%	2.28%	3.27%	3.31%	2.90%	2.60%	2.18%	2.19%	2.20%	2.21%
Sales & Services Revenue	6,140.0	6,330.3	5,966.9	6,068.5	6,613.8	7,159.0	7,070.1	6,980.5	7,065.3	7,226.1	7,462.6	7,709.6	7,933.1	8,139.5	8,317.1	8,499.3	8,686.2	8,878.0
Cost of Revenue	4,502.3	4,679.1	4,432.1	4,386.8	4,801.6	5,243.5	5,166.0											
Cost of Goods and Services	4,502.3	4,679.1	4,321.1	4,386.8	4,801.6	5,243.5	5,166.0											
<b>Gross Profit</b>	<b>1,637.70</b>	<b>1,651.20</b>	<b>1,645.80</b>	<b>1,669.70</b>	<b>1,812.20</b>	<b>1,915.50</b>	<b>1,904.10</b>	<b>1,881.25</b>	<b>1,904.10</b>	<b>1,947.43</b>	<b>2,011.18</b>	<b>2,077.74</b>	<b>2,137.97</b>	<b>2,193.60</b>	<b>2,241.47</b>	<b>2,290.56</b>	<b>2,340.93</b>	<b>2,392.62</b>
	26.67%	26.08%	27.58%	27.51%	27.40%	26.76%	26.93%	26.95%	26.95%	26.95%	26.95%	26.95%	26.95%	26.95%	26.95%	26.95%	26.95%	26.95%
Other Operating Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	2.0	3.0	4.0	5.0
Operating Expenses	1,184.2	1,159.9	1,110.5	1,097.0	1,103.0	1,033.8	635.2	1,032.1	1,043.9	1,066.4	1,129.8	1,165.3	1,199.9	1,196.5	1,221.3	1,246.8	1,272.9	1,335.8
Selling, General & Admin	1,078.2	1,158.9	1,108.1	1,097.5	1,011.8	1,029.3	987.8	975.28	987.13	1,009.59	1,072.96	1,108.47	1,140.60	1,137.21	1,162.03	1,187.48	1,213.59	1,276.45
	17.56%	18.31%	18.57%	18.09%	15.30%	14.38%	13.97%	13.97%	13.97%	13.97%	14.38%	14.38%	14.38%	13.97%	13.97%	13.97%	13.97%	14.38%
Research & Development	96.0	0.0	0.0	0.0	93.4	98.2	92.6	54.3	54.3	54.3	54.3	54.3	54.3	54.3	54.3	54.3	54.3	54.3
								0.78%	0.77%	0.75%	0.73%	0.70%	0.68%	0.67%	0.65%	0.64%	0.63%	0.61%
Other Operating Expense	10.0	1.0	2.4	-0.1	-2.2	-93.7	-445.2	2.5	2.5	2.5	2.5	2.5	5.0	5.0	5.0	5.0	5.0	5.0
<b>Operating Income (Loss)</b>	<b>453.5</b>	<b>491.3</b>	<b>535.3</b>	<b>602.7</b>	<b>709.2</b>	<b>881.7</b>	<b>1,268.9</b>	<b>849.1</b>	<b>860.2</b>	<b>881.0</b>	<b>881.4</b>	<b>912.5</b>	<b>938.1</b>	<b>997.1</b>	<b>1,020.1</b>	<b>1,043.8</b>	<b>1,068.0</b>	<b>1,056.9</b>
	7.39%	7.76%	8.97%	9.93%	10.72%	12.32%	17.95%	12.16%	12.17%	12.19%	11.81%	11.84%	11.82%	12.25%	12.27%	12.28%	12.30%	11.90%
Non-Operating (Income) Loss	60.9	63.6	60.5	59.9	81.0	163.3	521.0	113.4	103.8	109.2	113.1	116.6	122.0	127.6	130.2	133.3	136.2	140.3
Interest expense, Net	—	—	—	—	63.0	58.5	75.8	—	—	—	—	—	—	—	—	—	—	—
Interest Expense, Net	60.9	63.3	60.5	59.9	63.0	58.5	75.8	113.4	103.8	109.2	113.1	116.6	122.0	126.6	128.2	130.3	132.2	135.3
	5.93%	5.51%	5.71%	4.64%	3.98%	2.98%	3.91%	4.65%	4.65%	4.65%	4.65%	4.65%	4.65%	4.65%	4.65%	4.65%	4.65%	4.65%
Interest Income	—	—	—	—	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	2.0	3.0	4.0	5.0
Foreign Exch (Gains) Loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	2.0	3.0	4.0	5.0
Other Non-Op (Income) Loss	0.0	0.0	0.0	0.0	18.0	104.8	445.2	0.0	0.0	0.0	0.0	0.0	0.0	1.0	2.0	3.0	4.0	5.0
<b>Pretax Income (Loss), Adjusted</b>	<b>392.6</b>	<b>428.0</b>	<b>474.8</b>	<b>542.8</b>	<b>628.2</b>	<b>718.4</b>	<b>747.9</b>	<b>735.8</b>	<b>756.4</b>	<b>771.8</b>	<b>768.3</b>	<b>795.8</b>	<b>816.1</b>	<b>869.4</b>	<b>890.0</b>	<b>910.5</b>	<b>931.9</b>	<b>916.5</b>
Abnormal Losses (Gains)	26.6	67.2	65.9	65.7	38.7	163.6	498.4	36.4	40.4	38.3	39.2	42.1	42.9	40.6	40.0	40.5	40.5	40.8
Merger/Acquisition Expense	—	—	-16.8	5.5	5.2	-1.6	2.6	-1.0	-1.0	-1.0	1.2	0.6	0.0	0.2	-0.1	0.0	0.1	0.3
Disposal of Assets	-17.8	-0.3	-1.7	-1.1	-2.1	-2.7	-3.2	-4.1	-2.2	-2.4	-2.5	-2.8	-2.8	-2.9	-2.8	-2.6	-2.7	-2.7
Early Extinguishment of Debt	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Asset Write-Down	13.1	—	7.0	5.2	—	10.7	—	—	—	—	—	—	—	—	—	—	—	—
Impairment of Intangibles	—	8.9	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Gain/Loss on Sale/Acquisition of Business	3.2	3.0	10.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Legal Settlement	2.5	—	-0.1	—	—	—	3.4	—	—	—	—	—	—	—	—	—	—	—
Restructuring	27.2	56.2	50.3	14.7	33.4	63.5	45.3	41.5	43.6	41.8	40.5	44.2	45.8	43.2	42.9	43.1	43.1	43.3
Sale of Investments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other Abnormal Items	-1.6	1.6	0.3	41.4	2.2	93.7	450.3	—	—	—	—	—	—	—	—	—	—	—
<b>Pretax Income (Loss), GAAP</b>	<b>366.0</b>	<b>360.8</b>	<b>408.9</b>	<b>477.1</b>	<b>589.5</b>	<b>554.8</b>	<b>249.5</b>	<b>699.4</b>	<b>716.0</b>	<b>733.5</b>	<b>729.1</b>	<b>753.7</b>	<b>773.2</b>	<b>828.9</b>	<b>850.0</b>	<b>870.0</b>	<b>891.4</b>	<b>875.7</b>
Income Tax Expense (Benefit)	124.3	113.5	134.5	156.4	307.7	85.4	-56.7	218.7	146.1	147.7	151.1	159.5	159.0	165.5	166.4	159.7	162.2	164.7
Current Income Tax	116.2	130.3	119.0	88.0	158.2	115.4	159.6	213.3	140.5	142.0	145.3	153.5	152.8	158.2	157.9	150.0	151.4	152.7
	31.75%	36.11%	29.10%	18.44%	26.84%	20.80%	63.97%	30.50%	30.50%	30.50%	30.50%	30.50%	30.50%	30.50%	30.50%	30.50%	30.50%	30.50%
Deferred Income Tax	8.1	-16.8	15.5	68.4	149.5	-30.0	-216.3	5.4	5.6	5.7	5.9	6.0	6.2	6.3	6.5	6.6	6.8	7.0
	6.97%	-12.89%	13.03%	77.73%	94.50%	-26.00%	-135.53%	2.54%	2.54%	2.54%	2.54%	2.54%	2.54%	2.54%	2.54%	2.54%	2.54%	2.54%
(Income) Loss from Affiliates	—	—	—	—	0.0	2.0	2.6	0.0	0.0	0.0	0.0	0.0	0.0	1.0	2.0	3.0	4.0	5.0
<b>Income (Loss) from Cont Ops</b>	<b>241.7</b>	<b>247.3</b>	<b>274.4</b>	<b>320.7</b>	<b>281.8</b>	<b>467.4</b>	<b>303.6</b>	<b>480.7</b>	<b>569.9</b>	<b>585.8</b>	<b>578.0</b>	<b>594.2</b>	<b>614.2</b>	<b>663.4</b>	<b>683.6</b>	<b>710.4</b>	<b>729.2</b>	<b>711.0</b>
Net Extraordinary Losses (Gains)	28.5	2.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	2.0	3.0	4.0	5.0
Discontinued Operations	28.5	2.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	2.0	3.0	4.0	5.0
XO & Accounting Changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	2.0	3.0	4.0	5.0
<b>Income (Loss) Inc. MI</b>	<b>213.2</b>	<b>245.1</b>	<b>274.3</b>	<b>320.7</b>	<b>281.8</b>	<b>467.4</b>	<b>303.6</b>	<b>480.7</b>	<b>569.9</b>	<b>585.8</b>	<b>578.0</b>	<b>594.2</b>	<b>614.2</b>	<b>663.4</b>	<b>683.6</b>	<b>710.4</b>	<b>729.2</b>	<b>711.0</b>
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	2.0	3.0	4.0	5.0
<b>Net Income, GAAP</b>	<b>213.2</b>	<b>245.1</b>	<b>274.3</b>	<b>320.7</b>	<b>281.8</b>	<b>467.4</b>	<b>303.6</b>	<b>480.7</b>	<b>569.9</b>	<b>585.8</b>	<b>578.0</b>	<b>594.2</b>	<b>614.2</b>	<b>663.4</b>	<b>683.6</b>	<b>710.4</b>	<b>729.2</b>	<b>711.0</b>

# APPENDIX 2: Balance Sheet

Balance Sheet		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Total Assets		4,611	4,360	4,134	4,396	5,165	5,197	5,490	5,554	5,827	5,994	6,117	6,314	6,500	6,677	6,840	7,003	7,166	7,329
Total Current Assets		2,091	1,921	1,775	1,905	2,238	2,298	2,341	2,426	2,441	2,497	2,578	2,664	2,741	2,812	2,874	2,937	3,001	3,067
Cash, Cash Equivalents and Short Term Investments		352	227	159	195	224	232	253	244	247	253	261	270	278	285	291	297	304	311
Over Revenue		5.7%	3.6%	2.7%	3.2%	3.4%	3.2%	3.6%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Cash and Cash Equivalents		351	227	158	195	224	232	253											
Inventories		494	491	478	519	609	651	663	821	834	853	881	910	936	960	981	1003	1025	1048
Over COGS		11.0%	10.5%	11.1%	11.8%	12.7%	12.4%	12.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%
Raw Materials, Consumables and Supplies		196	184	180	185	215	236	232											
Work-in-Process		149	150	143	157	180	197	201											
Finished Goods and Merchandise		149	158	155	177	215	218	230											
Inventory Allowance/Adjustments																			
Trade and Other Receivables, Current		1,016	958	965	1,031	1,209	1,217	1,212	1,169	1,166	1,192	1,231	1,272	1,309	1,343	1,372	1,402	1,433	1,465
Over COGS		16.5%	15.1%	16.2%	17.0%	18.3%	17.0%	17.1%	16.8%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%
Trade/Accounts Receivable, Current		1,016,500,000	958,100,000	964,700,000	1,001,000,000	1,180,300,000	1,189,700,000	1,212,200,000											
Gross Trade/Accounts Receivable, Current		1,048,100,000	988,600,000	996,200,000	1,048,800,000	1,216,500,000	1,210,800,000	1,239,300,000											
Allowance/Adjustments for Trade/Accounts Receivable, Current		-31,600,000	-30,500,000	-31,500,000	-47,800,000	-36,200,000	-21,100,000	-27,100,000											
Taxes Receivable, Current					30,300,000	28,900,000	27,000,000												
Other Current Assets		125	136	140	152	188	194	212	192	194	199	205	212	218	224	229	234	239	244
Over Revenue		2.0%	2.1%	2.3%	2.5%	2.8%	2.7%	3.0%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
Assets Held for Sale/Discontinued Operations, Current		1,300,000	800,000	2,500,000	6,800,000	6,300,000	3,600,000												
Deferred Tax Assets, Current		103,400,000	107,500,000	30,900,000															
Deferred Costs/Assets, Current																			
Total Non-Current Assets		2,481	2,353	2,211	2,404	2,927	2,899	3,149	3,127	3,386	3,497	3,538	3,651	3,759	3,865	3,966	4,066	4,165	4,262
Net Property, Plant and Equipment		922	875	848	915	1,097	1,137	1,211	1,216	1,468	1,564	1,659	1,751	1,842	1,931	2,018	2,103	2,187	2,269
Gross Property, Plant and Equipment		2,703	2,654	2,600	2,661	3,001	3,054	3,172	3,423	3,669	3,910	4,146	4,378	4,605	4,827	5,045	5,258	5,468	5,673
Over Revenue		44.0%	41.9%	43.6%	43.8%	45.4%	42.7%	44.9%	49.0%	51.9%	54.1%	55.6%	56.8%	58.0%	59.3%	60.7%	61.9%	62.9%	63.9%
Properties		627,200,000	610,300,000	609,700,000	594,600,000	670,000,000	671,100,000	712,500,000											
Land and Improvements		47,000,000	32,100,000	30,400,000	29,300,000	31,100,000	28,000,000	25,100,000											
Buildings and Improvements		580,200,000	578,200,000	579,300,000	565,300,000	638,900,000	643,100,000	687,400,000											
Machinery, Furniture and Equipment		2,001,300,000	1,958,200,000	1,922,300,000	1,949,500,000	2,188,200,000	2,231,100,000	2,316,900,000											
Construction in Progress and Advance Payments		74,300,000	86,000,000	67,900,000	117,300,000	142,700,000	151,500,000	142,200,000											
Accumulated Depreciation and Impairment		-1,780,300,000	-1,779,200,000	-1,752,000,000	-1,746,200,000	-1,903,000,000	-1,916,300,000	-1,960,900,000											
Accumulated Depreciation		1,780	1,779	1,752	1,746	1,903	1,916	1,960	2,207	2,201	2,346	2,488	2,627	2,763	2,896	3,027	3,155	3,281	3,404
Over PPE		65.9%	67.4%	65.6%	63.4%	62.7%	61.8%	61.8%	64.5%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Net Intangible Assets		847	789	732	860	1,151	1,086	1,057	1,057	1,057	1,057	1,057	1,057	1,057	1,057	1,057	1,057	1,057	1,057
Gross Goodwill and Other Intangible Assets		1,083,600,000	1,043,700,000	1,001,100,000	1,146,100,000	1,462,100,000	1,408,000,000	1,377,300,000											
Goodwill		751,100,000	721,600,000	686,200,000	793,600,000	985,100,000	941,800,000	930,800,000											
Intangibles other than Goodwill		332,500,000	322,100,000	314,900,000	352,500,000	477,000,000	466,200,000	446,500,000											
Trademarks and Patents		86,000,000	80,900,000	78,800,000	93,700,000	135,800,000	132,100,000	126,800,000											
Customer Relationships		234,100,000	228,900,000	224,300,000	247,100,000	329,200,000	322,200,000	319,500,000											
Other Intangible Assets		12,400,000	12,300,000	11,800,000	11,700,000	12,000,000	11,900,000	200,000											
Accumulated Amortization and Impairment		-236,500,000	-254,700,000	-269,100,000	-285,800,000	-310,700,000	-322,200,000	-320,000,000											
Accumulated Amortization of Intangible Assets		-236,500,000	-254,700,000	-269,100,000	-285,800,000	-310,700,000	-322,200,000	-320,000,000											
Accumulated Amortization of Intangibles other than Goodwill		-236,500,000	-254,700,000	-269,100,000	-285,800,000	-310,700,000	-322,200,000	-320,000,000											
Accumulated Amortization of Trademarks and Patents		-60,800,000	-63,200,000	-64,000,000	-64,900,000	-72,300,000	-78,500,000	-81,100,000											
Accumulated Amortization of Customer Relationships		-164,600,000	-180,200,000	-193,900,000	-209,400,000	-226,400,000	-231,800,000	-238,700,000											
Accumulated Amortization of Other Intangible Assets		-11,100,000	-11,300,000	-11,200,000	-11,500,000	-12,000,000	-11,900,000	-200,000											
Deferred Tax Assets, Non-Current		225	225	225	225	225	225	225	225	225	225	225	225	225	225	225	225	225	225
Other Non-Current Assets		486	464	406	403	453	451	655	628	636	650	597	617	635	651	665	680	695	710
Over Revenue		7.9%	7.3%	6.8%	6.6%	6.8%	6.3%	9.3%	9.0%	9.0%	9.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Deferred Costs/Assets, Non-Current																			
Total Liabilities		3,118	3,294	3,168	3,471	4,091	4,222	4,284	3,972	3,772	3,975	4,156	4,286	4,422	4,540	4,627	4,719	4,812	4,925
Total Current Liabilities		1,554	1,597	1,459	2,004	1,971	1,994	2,253	1,819	1,823	1,916	2,023	2,086	2,116	2,142	2,203	2,258	2,317	2,370
Payables and Accrued Expenses, Current		1,428	1,062	1,095	1,425	1,706	1,799	1,490	1,534	1,540	1,627	1,725	1,778	1,798	1,816	1,871	1,918	1,970	2,015
Over Revenue		23.26%	16.78%	18.35%	23.48%	25.79%	25.13%	21.07%	21.98%	21.80%	22.52%	23.11%	23.06%	22.67%	22.31%	22.49%	22.57%	22.67%	22.70%
Trade and Other Payables, Current		889,500,000	797,800,000	814,600,000	879,800,000	1,056,400,000	1,088,600,000	1,137,500,000											
Trade/Accounts Payable, Current		889,500,000	797,800,000	814,600,000	841,900,000	1,007,200,000	1,030,500,000	1,066,100,000											
Taxes Payable, Current					37,900,000	49,200,000	58,100,000	71,400,000											
Accrued Expenses, Current		538,400,000	264,200,000	280,000,000	545,400,000	650,000,000	710,800,000	352,800,000											
Financial Liabilities, Current		76	204	95	579	265	195	440	285	283	289	299	308	317	326	333	340	347	355
Over Revenue		1.24%	3.22%	1.59%	9.54%	4.01%	2.72%	6.22%	4.08%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Current Debt and Capital Lease Obligation		76	204	95	579	265	195	440											
Current Debt																			
Other Current Liabilities			266,600,000	224,100,000				323,300,000											
Tax																			

# APPENDIX 3: Cash Flow Statement

Name	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Cash Flow from Operating Activities, Indirect	486,700,000	422,700,000	513,400,000	320,100,000	374,200,000	473,700,000	585,300,000	650,100,000	457,900,000	746,500,000											
Net Cash Flow from Continuing Operating Activities, Indirect	486,700,000	422,700,000	513,400,000	320,100,000	374,200,000	473,700,000	585,300,000	650,100,000	457,900,000	746,500,000											
Cash Generated from Operating Activities	486,700,000	422,700,000	513,400,000	320,100,000	374,200,000	473,700,000	585,300,000	650,100,000	457,900,000	746,500,000											
Income/Loss before Non-Cash Adjustment	316,900,000	190,100,000	215,400,000	215,800,000	248,900,000	274,300,000	320,700,000	281,800,000	467,400,000	303,600,000											
Total Adjustments for Non-Cash Items	351	350	339	237	311	323	351	302	382	528	343.48	353.62	369.43	384.93	400.13	415.03	429.64	443.96	458.01	471.78	485.28
Depreciation, Amortization and Depletion, Non-Cash Adjustment	247.60	246.50	220.60	204.60	201.60	188.30	180.10	178.70	181.00	170.00	228	238	254	270	285	299	314	328	342	355	369
Depreciation and Amortization, Non-Cash Adjustment	246	246	221	205	202	188	180	179	181	170	228	238	254	270	285	299	314	328	342	355	369
Depreciation, Non-Cash Adjustment	172	168	150	135	135	125	117	126	141	140	6.67%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
Amortization, Non-Cash Adjustment	74	78	70	69	66	63	63	52	39	39											
Pension and Employee Benefit Expense, Non-Cash Adjustment							41,400,000		93,700,000	444,100,000											
Stock-Based Compensation, Non-Cash Adjustment	35,200,000	39,600,000	38,900,000	34,000,000	28,300,000	26,300,000	27,200,000	30,200,000	34,300,000	34,500,000	32.85	32.85	32.85	32.85	32.85	32.85	32.85	32.85	32.85	32.85	32.85
Taxes, Non-Cash Adjustment											5.43	5.56	5.71	5.85	6.00	6.15	6.31	6.47	6.63	6.80	6.98
Other Provisions, Non-Cash Adjustment	0	16,800,000	19,500,000	16,300,000	20,700,000	46,500,000	54,400,000	37,600,000	45,600,000	58,700,000	31.61	31.61	31.61	31.61	31.61	31.61	31.61	31.61	31.61	31.61	31.61
Other Non-Cash Items	59,400,000	36,100,000	41,800,000	37,500,000	44,200,000	50,100,000	46,200,000	53,900,000	53,600,000	28,300,000	45.11	45.11	45.11	45.11	45.11	45.11	45.11	45.11	45.11	45.11	45.11
Irregular Income/Loss, Non-Cash Adjustment	5,100,000	9,900,000	18,700,000	-55,100,000	16,600,000	12,200,000	1,500,000	1,400,000	6,800,000												
Impairment/Write Off/Write Down of Other Assets, Non-Cash Adjustment			11,700,000	-55,100,000	13,600,000	12,200,000	1,500,000	1,400,000													
Gain/Loss on Disposals, Non-Cash Adjustment			11,700,000	-5,800,000				1,400,000													
Gain/Loss on Disposal/Sale of Other Assets, Non-Cash Adjustment																					
Gain/Loss on Disposal/Sale of Fixed Assets, Non-Cash Adjustment					10,200,000	12,200,000	1,500,000														
Gain/Loss on Disposal/Sale of Business, Non-Cash Adjustment				-49,300,000	3,400,000		0														
Impairment/Write Off/Write Down of Capital Assets Loss/Reversal, Non-Cash Adjustment	5,100,000	9,900,000	7,000,000	0	3,000,000		0														
Gain/Loss on Extinguishment of Debt, Non-Cash Adjustment			0	0																	
Other Operating Gain/Loss, Non-Cash Adjustment	4,000,000	700,000																			
Changes in Operating Capital	181	117	41	133	186	124	86	6	302	85											
Change in Inventories	-35,600,000	-22,200,000	-800,000	-75,900,000	-33,000,000	-34,400,000	-19,600,000	-14,900,000	-70,500,000	-18,100,000											
Change in Trade and Other Receivables	-87,600,000	-43,600,000	-106,700,000	-110,800,000	-40,900,000	-135,900,000	-88,200,000	-141,200,000	-62,500,000	-42,200,000											
Change in Trade/Accounts Receivable	-87,600,000	-43,600,000	-106,700,000	-110,800,000	-40,900,000	-135,900,000	-88,200,000	-141,200,000	-62,500,000	-42,200,000											
Change in Payables and Accrued Expenses	94,500,000	-28,000,000	141,800,000	87,000,000	-81,000,000	72,500,000	64,000,000	83,400,000	13,800,000	46,400,000											
Change in Trade and Other Payables	64,500,000	68,900,000	68,000,000	108,200,000	-62,800,000	65,500,000	31,600,000	83,400,000	43,600,000	46,400,000											
Change in Trade/Accounts Payable	76,500,000	31,300,000	68,000,000	108,200,000	-62,800,000	65,500,000	31,600,000	83,400,000	43,600,000	46,400,000											
Change in Taxes Payable	-12,000,000	37,600,000																			
Change in Accrued Expenses	30,000,000	-94,900,000																			
Change in Other Current Liabilities	-12,200,000	1,500,000	73,800,000	-21,200,000	-18,200,000	7,000,000	32,400,000	-600,000	-29,800,000	-114,700,000											
Change in Other Operating Capital	-100,800,000	-56,100,000	-66,900,000	-90,900,000	3,000,000	-43,000,000	-87,100,000	-5,300,000	-267,000,000	43,800,000											
Change in Other Current Assets	-39,800,000	29,400,000	-1,300,000	54,100,000	-18,200,000	12,900,000	52,300,000	151,600,000													
Change in Deferred Assets/Liabilities	-107	-104	100	239	170	115	253	210	232	251											
Cash Flow from Investing Activities	% change	-2.8%	-253.8%	-311.9%	-150.1%	-15.9%	204.2%	26.0%	-57.7%	8.2%											
Cash Flow from Continuing Investing Activities	-108	-104	-160	339	-170	-143	-435	-548	-232	-251											
Purchase/Sale and Disposal of Property, Plant and Equipment, Net	-83,500,000	-105,000,000	-95,000,000	-90,500,000	-143,600,000	-128,200,000	-168,400,000	-184,500,000	-217,300,000	-211,600,000											
Purchase of Property, Plant and Equipment	-83,500,000	-105,000,000	-95,000,000	-129,200,000	-147,900,000	-135,800,000	-176,900,000	-190,500,000	-226,700,000	-219,400,000											
Sale and Disposal of Property, Plant and Equipment				38,700,000	4,300,000	7,600,000	8,500,000	6,000,000	9,400,000	7,800,000											
Purchase/Sale of Intangibles, Net	-25,100,000	-26,000,000	-59,100,000	-52,200,000	-27,100,000	-15,700,000	-29,700,000	-35,600,000	-29,900,000	-37,800,000											
Purchase of Intangibles	-25,100,000	-26,000,000	-59,100,000	-52,200,000	-27,100,000	-15,700,000	-29,700,000	-35,600,000	-29,900,000	-37,800,000											
Purchase/Sale of Business, Net	0	21,500,000	800,000	481,200,000	0	0	-237,200,000	-319,300,000	-3,800,000	-6,500,000											
Purchase/Acquisition of Business	0						-237,200,000	-319,300,000	-3,800,000	-6,500,000											
Sale of Business		21,500,000	800,000	481,200,000	0	0															
Other Investing Cash Flow		5,000,000	0	800,000	0	1,500,000	0	0	4,900,000												
Purchase/Sale of Investments, Net	800,000	300,000	-6,700,000	100,000	300,000	-500,000	-100,000	-8,300,000	18,500,000												
Sale of Investments			0	100,000	300,000	0	0		18,500,000												
Purchase of Investments			-6,700,000	0				-8,300,000													
Cash Flow from Financing Activities	-391,500,000	-271,500,000	-297,600,000	-546,200,000	-323,500,000	-367,300,000	-106,200,000	-83,900,000	-208,100,000	-470,300,000											
% change	-30.7%	9.6%	83.5%	-40.8%	13.5%	71.1%	-21.0%	148.0%													
Cash Flow from Continuing Financing Activities	-391,500,000	-271,500,000	-297,600,000	-546,200,000	-323,500,000	-367,300,000	-106,200,000	-83,900,000	-208,100,000	-470,300,000											
Issuance of/Payments for Common Stock, Net	-108,700,000	-13,500,000	-235,200,000	-283,500,000	-355,500,000	-232,300,000	-262,400,000	-129,700,000	-392,900,000	-237,700,000											
Payments for Common Stock	-108,700,000	-13,500,000	-235,200,000	-283,500,000	-355,500,000	-232,300,000	-262,400,000	-129,700,000	-392,900,000	-237,700,000											
Issuance of/Repayments for Debt, Net	-189,800,000	-147,900,000	-40,500,000	-187,200,000	124,900,000	-105,800,000	232,200,000	199,900,000	409,300,000	-23,900,000											
Issuance of/Repayments for Short Term Debt, Net	-98,400,000	-146,400,000	42,300,000	-435,300,000	126,500,000	-98,400,000	234,900,000	-89,200,000	-77,600,000	-5,300,000											
Repayments for Short Term Debt			0	-435,300,000	0	-98,400,000	0	-89,200,000													
Proceeds from Issuance of Short Term Debt	-98,400,000	-146,400,000	42,300,000	0	126,500,000	0	234,900,000	0													
Issuance of/Repayments for Long Term Debt, Net	-91,400,000	-1,500,000	-1,800,000	248,100,000	-1,800,000	-7,400,000	-2,700,000	289,100,000	486,900,000	-18,800,000											
Proceeds from Issuance of Long Term Debt	249,900,000	0	0	250,000,000	0	0	0	542,900,000	493,300,000	0											
Repayments for Long Term Debt	-341,200,000	-1,500,000	-1,800,000	-1,900,000	-1,600,000	-7,400,000	-2,700,000	253,800,000	-6,400,000	-18,800,000											
Cash Dividends and Interest Paid	-88,700,000	-106,500,000	-110,400,000	-112,000,000	-125,100,000	-133,100,000	-142,500,000	-155,500,000	-175,000,000	-189,700,000											
Cash Dividends Paid	-88,700,000	-106,500,000	-110,400,000	-112,000,000	-125,100,000	-133,100,000	-142,500,000	-155,500,000	-175,000,000	-189,700,000											
Common Stock Dividends Paid			-110,400,000	-112,000,000	-125,100,000	-133,100,000	-142,500,000	-155,500,000	-175,000,000	-189,700,000											
Other Financing Cash Flow	-6,800,000	-7,500,000	-2,700,000																		

## APPENDIX 4: INTRINSIC VALUATION

Avery Dennison - FCFF																			
In Millions of USD 12 Months Ending	2013 12/28/13	FY 2014 01/03/15	FY 2015 01/02/16	FY 2016 12/31/16	FY 2017 12/30/17	FY 2018 12/29/18	FY 2019 12/28/19	FY 2020 Est 12/31/20	FY 2021 Est 12/31/21	FY 2022 Est 12/31/22	FY 2023 Est 12/31/23	FY 2024 Est 12/31/24	FY 2025 Est 12/31/25	FY 2026 Est 12/31/26	FY 2027 Est 12/31/27	FY 2028 Est 12/31/28	FY 2029 Est 12/31/29	FY 2030 Est 12/31/30	Terminal
Net Income	213	245	274	321	282	467	304	481	570	586	578	594	614	663	684	710	729	711	
Depreciation	205	202	188	180	179	181	179	228	238	254	270	285	299	314	328	342	355	369	
Deferred Income Taxes	-8	17	-16	-68	-150	30	216	-5	-6	-6	-6	-6	-6	-6	-6	-7	-7	-7	
Change in Non Cash Working Capital		-338	-76	-379	395	45	-195	51	6	-37	-24	24	49	46	1	9	6	14	
Cash Flow from Operations		126	371	53	706	723	504	653	797	871	866	849	858	925	1004	1036	1071	1059	
Capital Expenditures		339	-170	-143	-435	-548	-232	-251	-246	-241	-236	-232	-227	-222	-218	-214	-209	-205	
After Tax IE		63	61	60	63	59	76	79	72	76	79	81	85	88	89	91	92	94	
Other Non Cash Changes		311	323	351	302	382	528	120	121	121	121	122	122	122	123	123	123	124	
FCFF		839.2	523.8	261.3	573.3	557.4	799.9	601.3	743.6	827.0	829.5	820.2	838.3	912.8	997.9	1,036.0	1,077.2	1,071.2	1091.6

Discount Rate	7.62%	7.62%	7.62%	7.62%	7.62%	7.62%	7.62%	7.62%	7.62%	7.62%	7.62%	7.62%	7.62%	7.62%	7.62%	7.62%	7.62%	7.62%	7.62%
Time Amount	0.64	1.64	2.64	3.64	4.64	5.64	6.64	7.64	8.64	9.64	10.64	11.64	12.64	13.64	14.64	15.64	16.64	17.64	18.64
PV of FCFF	573.9	659.4	681.4	635.0	583.3	553.9	560.5	569.3	549.1	530.5	505.1	481.2	458.6	437.2	416.9	397.6	379.2	361.8	345.4

Inputs	Value	Notes
Valuation Date	5/13/20	
Stock Price (5/13/20)	\$ 102.22	
Terminal Rate	1.9%	Fed LT GDP
Risk Free Rate	0.64%	Treasury
Beta	1.2	Valueline
Equity Risk Premium	8%	LT Avg
CAPM	9.66%	

Cost of Equity	
Weighted Debt	32%
Weighted Equity	68%
Cost of Equity	9.66%
Cost of Debt	4.65%
WACC	7.62%

FCFF	Value
PV of FCFF	15,112.42
+ Cash	253.00
-Debt	2,437.90
Equity Value	12,927.52
Number of Shares	84.00
Current Price	\$ 102.22
Target Price (FCFF)	\$153.90
Margin of Safety	50.56%

## APPENDIX 5: RELATIVE VALUATION

Relative Valuation Model				
Name	2Y Corr	Mkt Cap (USD)	P/E	EV/EBITDA
Avery Dennison Corp		8519018378	11.08	13.6674
Current Premium to Comps Mean			-4.41	-1.4132
RPM International	0.6389	8607283388	20.4712	13.7008
Ashland Global Holdings	0.63	3570533663	21.1609	10.1487
HB Fuller Co	0.6287	1641042727	11.9016	8.6157
Albemarle Corp	0.6016	6348284442	15.5373	11.6319
Minerals Technologies Inc	0.5925	1401990952	10.6587	6.9393
<b>Median</b>	0.6287	3570533663	15.5373	10.1487
<b>Average</b>	<b>0.62</b>	<b>5014692258.33</b>	<b>15.95</b>	<b>10.21</b>
Target Price			\$	91.25

Relative Valuation	
Forward EPS	5.72



## APPENDIX 6: REVENUE DRIVERS

PJT Partners Inc (PJT US) - Segment																		
In Millions of USD except Per Share 12 Months Ending	2013 12/28/13	FY 2014 01/03/15	FY 2015 01/02/16	FY 2016 12/31/16	FY 2017 12/30/17	FY 2018 12/29/18	FY 2019 12/28/19	FY 2020 12/29/19	FY 2021 12/30/19	FY 2022 12/31/19	FY 2023 01/01/20	FY 2024 01/02/20	FY 2025 01/03/20	FY 2026 01/04/20	FY 2027 01/05/20	FY 2028 01/06/20	FY 2029 01/07/20	FY 2030 01/08/20
Total Revenue	6,140.0	6,330.3	5,966.9	6,068.5	6,613.8	7,159.0	7,070.1	6,980.5	7,065.3	7,226.1	7,462.6	7,709.6	7,933.1	8,139.5	8,317.1	8,499.3	8,686.2	8,878.0
		3.10%	-5.74%	1.70%	8.99%	8.24%	-1.24%	-1.27%	1.21%	2.28%	3.27%	3.31%	2.90%	2.60%	2.18%	2.19%	2.20%	2.21%
Label & Graphic Materials			4,250.7	4,187.3	4,511.7	4,851.1	4,745.9	4,791.0	4,910.8	5,045.8	5,172.0	5,301.3	5,433.8	5,542.5	5,653.3	5,766.4	5,881.7	5,999.3
			-1.49%	7.75%	7.52%	-2.17%	0.95%	2.50%	2.75%	2.50%	2.50%	2.50%	2.50%	2.00%	2.00%	2.00%	2.00%	2.00%
Retail Branding & Information Solutions	1,613.5	1,594.0	1,522.2	1,448.3	1,514.4	1,617.9	1,670.9	1,603.2	1,619.3	1,655.7	1,713.6	1,773.6	1,801.1	1,829.0	1,857.4	1,886.2	1,915.4	1,945.1
		-1.21%	-4.50%	-4.85%	4.56%	6.83%	3.28%	-4.05%	1.00%	2.25%	3.50%	3.50%	1.55%	1.55%	1.55%	1.55%	1.55%	1.55%
Industrial and Healthcare Materials			461.0	453.8	590.9	694.7	673.9	586.3	535.3	524.6	577.0	634.7	698.2	768.0	806.4	846.8	889.1	933.6
			-1.56%	30.21%	17.57%	-2.99%	-13.00%	-8.70%	-2.00%	10.00%	10.00%	10.00%	10.00%	10.00%	5.00%	5.00%	5.00%	5.00%