

ThermoFisher
S C I E N T I F I C



PPD[®]

**THERMO FISHER SCIENTIFIC'S ACQUISITION OF PPD, INC
HEALTHCARE GROUP**

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AGENDA

1 QUALITATIVE BACKGROUND

2 ANNOTATED STOCK CHART

3 DISCOUNTED CASH FLOW ANALYSIS

4 COMPARABLE COMPANIES ANALYSIS

5 PRECEDENT TRANSACTIONS

6 FOOTBALL FIELD VALUATION

COMPANY BACKGROUND

Thermo Fisher Scientific (NYSE: TMO)



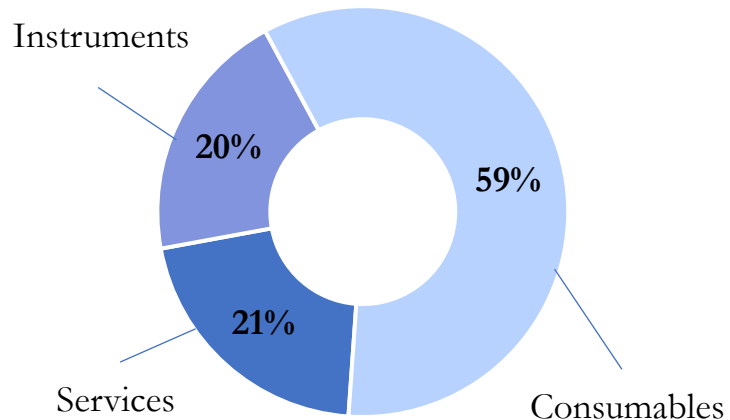
Key supplier of laboratory and analytical equipment

Majority of \$32 billion revenue from products

Operates under four major segments

M&A strategy and expansion into emerging markets

Revenue Breakdown



Key Statistics



650M+ COVID tests



\$1.4 billion in R&D

PPD, Inc (NASDAQ: PPD)



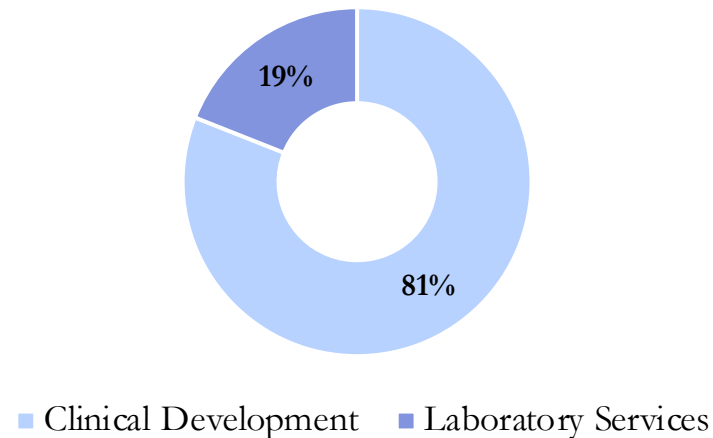
Assists emerging biotech and top pharma industry

Offers full-service clinical trials and services

Highly specialized lab capabilities to support trials

Operates 165 facilities in 50 countries

Revenue Breakdown



Key Statistics



Serves 50 Countries



13 FDA Vaccines

DEAL RATIONALE

Thermo Fisher Scientific



Gain access to PPD's emerging biotech customers

PPD would extend established value proposition

Attractive financial benefits to increase EPS ratio

Access PPD's 165 facilities located across 50 countries

PPD, Inc



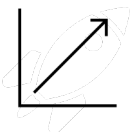
Gain market share and accelerate business growth

Shorten development time of new drugs in long term

Scale their operations with Thermo Fisher's business

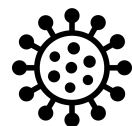
Implement vertical integration optimize handoffs

Acquisition Timing: +



Market Growth

Explosive growth in the contract research organization (CRO) sector



COVID Reprioritization

Focus on rapid research and development that CROs provide

Synergies (\$125 M 3 years after close)



Cost synergies = \$75 M, Revenue synergies = \$50 M

Reduced time and cost in drug development process

Value proposition via merged complementary services

Increased market share and scientific discovery

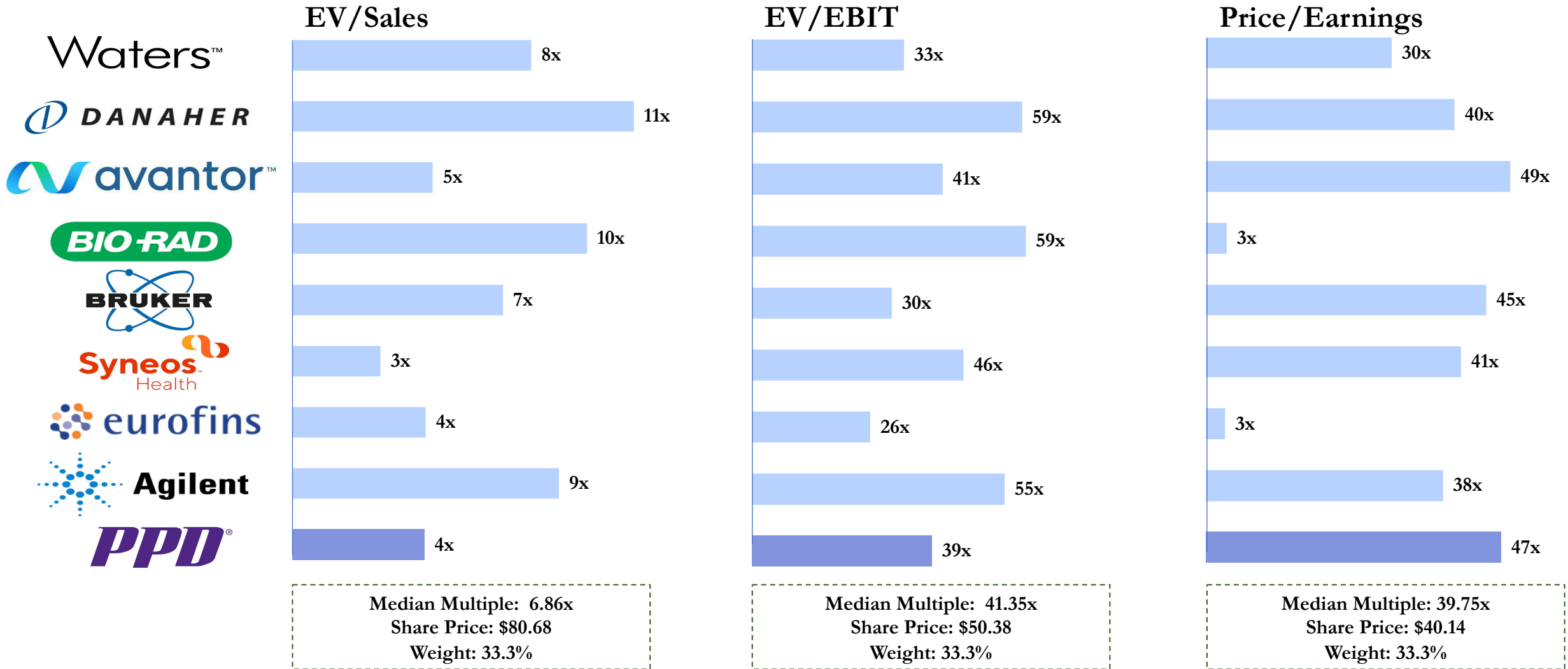
ANNOTATED STOCK CHART

PPD, Inc.

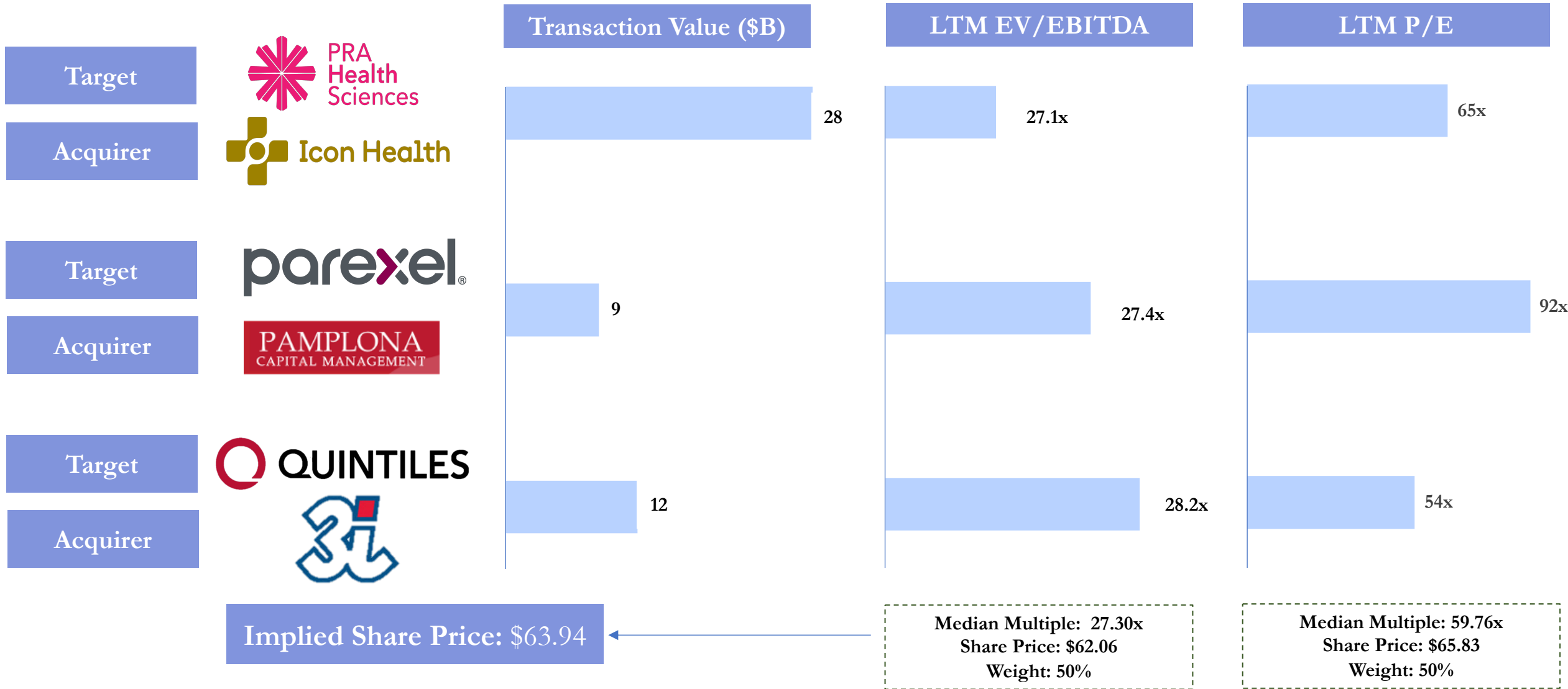


COMPARABLE COMPANIES

Implied Share Price: \$57.07



PRECEDENT TRANSACTIONS



DISCOUNTED CASH FLOW

Revenue Assumption: 20%

Net Interest Expense: 25%

Tax Expenses: 14%

Costs of Goods Sold: 35%

SG&A: 25%

Other Expenses: 24%

Perpetuity Method

Present Value FCFE	16,847.52
Shares Outstanding	351.40
Value per share, BS date	\$47.94
Mid-Year Discounting	103.82%
Valuation date adjustment	105.95%
Value Per Share, adjusted	\$52.73

Exit Multiple Method

P/E Multiple	10.50x
Terminal Value	11,211.99
NPV of Terminal Value	\$4,911.69
PV FCFE	\$16,847.52
Sum	\$21,759.20
Value Per Share	\$68.99
Value Per Share, adjusted	\$75.89

Assumptions

rf	1.52%
Equity risk premium	5.60%
Beta	1.12
re	7.79%
Terminal Growth (g)	2.50%
Capitalization Rate (re-g)	5.29%
Days Since BS Date	281

Final Share Price: \$58.52, with an upside of 23.40%

SENSITIVITY ANALYSIS

Terminal Growth

Cost of Equity	0.022	0.0235	0.025	0.0265	0.028
0.0529	103.88	108.22	113.03	118.38	124.38
0.0629	77.93	80.23	82.70	85.38	88.28
0.0779	56.28	57.38	58.54	59.78	61.08
0.0929	43.68	44.30	44.95	45.62	46.33
0.1079	35.43	35.81	36.21	36.62	37.04

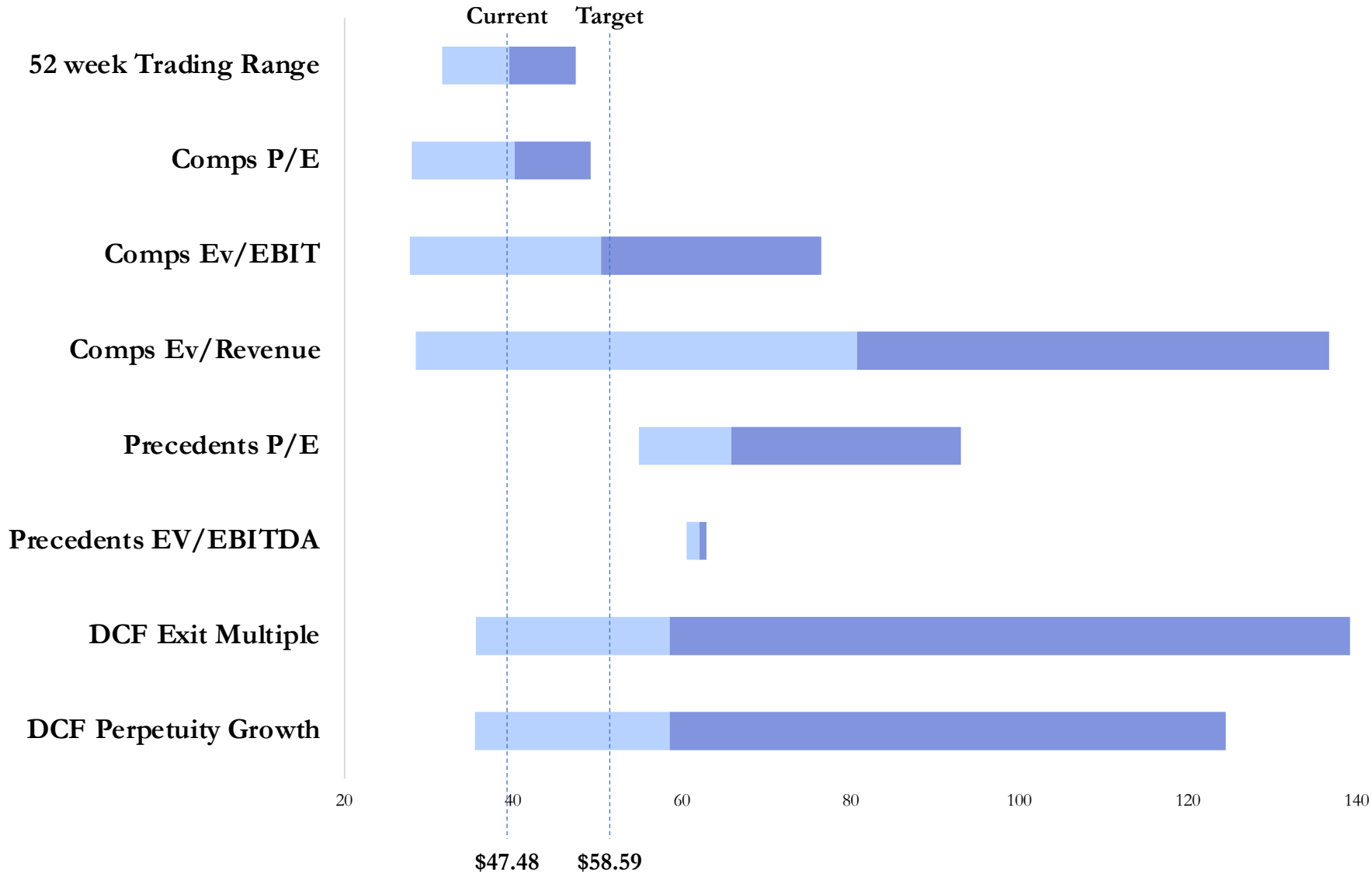
Terminal Growth

Year + 1 Sales Growth	0.022	0.0235	0.025	0.0265	0.028
0.14	42.01	42.83	43.70	44.61	45.59
0.17	48.75	49.70	50.70	51.77	52.90
0.2	56.26	57.36	58.52	59.75	61.06
0.23	64.62	65.89	67.23	68.65	70.15
0.26	73.92	75.38	76.92	78.54	80.27

Terminal Multiple

Cost of Equity	8.50x	9.50x	10.50x	11.50x	12.50x
0.0479	136.96	137.50	138.03	138.57	139.11
0.0629	81.76	82.23	82.70	83.17	83.63
0.0779	57.73	58.14	58.54	58.95	59.36
0.0929	44.24	44.59	44.95	45.30	45.66
0.1079	35.58	35.89	36.21	36.52	36.83

VALUATION FOOTBALL FIELD



Weights

Comparable Companies Analysis:
30%

Precedent Transactions:
20%

DCF (Exit Multiple Method):
10%

DCF (Perpetuity Growth Method):
40%

Current Price: \$47.48
Target Price: \$58.59
Upside: 23.40%

Thank You!
Questions?

APPENDIX #1

FINANCIAL STATEMENT MODEL FOR PPD, INC

Company Name/Ticker	PPD, Inc
Latest Fiscal Year	2020
Current Stock Price	\$47.28
Target Price	\$58.52
Upside	23.78%
Recommendation	

BLUE	Hard coded
BLACK	Calculation
BOLD	Total, subtotal, net

x INCOME STATEMENT

Fiscal year	2016A	2017A	2018A	2019A	2020A	2021P	2022P	2023P	2024P	2025P	2026P	2027P	2028P	2029P	2030P	2031T
Revenue	2,467.9	2,767.5	3,749.0	4,031.0	4,681.5	5,617.8	6,632.1	7,700.6	8,791.5	9,866.0	10,880.0	11,786.7	12,539.7	13,097.1	13,424.5	13,760.1
Total Revenue	2,467.9	2,767.5	3,749.0	4,031.0	4,681.5	5,617.8	6,632.1	7,700.6	8,791.5	9,866.0	10,880.0	11,786.7	12,539.7	13,097.1	13,424.5	13,760.1
Cost Of Goods Sold	(1,175.1)	(1,303.0)	(1,333.8)	(1,484.3)	(1,682.0)	(1,966.22)	(2,299.12)	(2,643.87)	(2,989.11)	(3,321.56)	(3,626.68)	(3,889.61)	(4,096.32)	(4,234.72)	(4,295.84)	(4,403.2)
Gross Profit	1,292.9	1,464.5	2,415.2	2,546.8	2,999.4	3,651.5	4,333.0	5,056.7	5,802.4	6,544.5	7,253.4	7,897.1	8,443.4	8,862.3	9,128.7	9,356.9
Selling General & Admin Exp.	708.9	800.8	813.0	931.5	1,010.8	1,393.76	1,624.70	1,862.42	2,098.81	2,324.53	2,529.48	2,703.47	2,837.04	2,922.24	2,953.39	3,027.2
Stock-Based Compensation	0	52.2	0	0	0	-	-	-	-	-	-	-	-	-	-	0
R & D Exp.	0	0	0	0	0	-	-	-	-	-	-	-	-	-	-	0
Depreciation & Amort.	260.5	270.9	259.0	264.8	279.1	335.67	404.58	479.40	558.32	638.90	718.18	792.78	859.12	913.70	953.34	977.2
Other Operating Expense/(Income)	0	0	940.9	924.6	1,200.8	1,348.26	1,591.70	1,848.14	2,109.96	2,367.85	2,611.21	2,828.81	3,009.54	3,143.30	3,221.88	3,302.4
Other Operating Exp., Total	969.4	1,123.9	2,012.9	2,121.0	2,490.7	3,077.7	3,621.0	4,190.0	4,767.1	5,331.3	5,858.9	6,325.1	6,705.7	6,979.2	7,128.6	7,306.8
Operating Income	323.5	340.6	402.3	425.8	508.8	573.9	712.0	866.8	1,035.3	1,213.2	1,394.5	1,572.0	1,737.7	1,883.1	2,000.1	2,050.1
Net Interest Exp.	(203.3)	(253.8)	(263.6)	(311.8)	(232.7)	(325.1)	(379.7)	(436.1)	(492.4)	(546.5)	(595.9)	(638.3)	(671.3)	(693.0)	(702.0)	(719.6)
Income/(Loss) from Affiliates	0	0	(0.2)	(3.6)	(8.2)	-	-	-	-	-	-	-	-	-	-	0
Currency Exchange Gains (Loss)	23.0	(40.1)	16.7	(24.7)	(47.1)	(28.09)	(33.16)	(38.50)	(43.96)	(49.33)	(54.40)	(58.93)	(62.70)	(65.49)	(67.12)	(68.8)
Other Non-Operating Inc. (Exp.)	(0.5)	(62.7)	5.8	(1.9)	0.8	-	-	-	-	-	-	-	-	-	-	0
EBT Excl. Unusual Items	142.7	(16.0)	160.9	83.8	221.6	220.6	299.1	392.1	498.9	617.3	744.1	874.8	1,003.7	1,124.6	1,230.9	1,261.7
Restructuring Charges	(6.3)	0	0	0	0	-	-	-	-	-	-	-	-	-	-	0
Merger & Related Restruct. Charges	(2.9)	(8.5)	(0.8)	(7.9)	0	-	-	-	-	-	-	-	-	-	-	0
Impairment of Goodwill	(26.9)	(38.4)	(29.6)	0	0	-	-	-	-	-	-	-	-	-	-	0
Gain (Loss) On Sale Of Invest.	61.6	92.8	15.9	(19.0)	52.7	-	-	-	-	-	-	-	-	-	-	0
Asset Writedown	(1.2)	(13.3)	0	(1.3)	(1.4)	-	-	-	-	-	-	-	-	-	-	0
Other Unusual Items	0	0	0	0	(93.5)	-	-	-	-	-	-	-	-	-	-	0
EBT Incl. Unusual Items	166.9	16.5	146.5	55.6	179.4	220.6	299.1	392.1	498.9	617.3	744.1	874.8	1,003.7	1,124.6	1,230.9	1,261.7
Income Tax Expense	(16.0)	(284.4)	39.6	3.0	18.8	31.50	42.70	55.98	71.21	88.12	106.22	124.87	143.27	160.53	175.70	180.1
Earnings from Cont. Ops.	182.9	300.9	106.9	52.6	160.6	189.1	256.4	336.2	427.7	529.2	637.9	749.9	860.4	964.1	1,055.2	1,081.6
Minority Int. in Earnings	0.2	(4.8)	(2.7)	(4.9)	(6.9)	(5.67)	(6.69)	(7.76)	(8.85)	(9.92)	(10.92)	(11.82)	(12.57)	(13.11)	(13.42)	(13.8)
Net Income	183.2	296.1	104.2	47.7	153.7	183.5	249.7	328.4	418.8	519.3	627.0	738.1	847.9	951.0	1,041.8	1,067.8

APPENDIX #2

BALANCE SHEET

Fiscal year	2016A	2017A	2018A	2019A	2020A	2021P	2022P	2023P	2024P	2025P	2026P	2027P	2028P	2029P	2030P	2031T
ASSETS																
Cash And Equivalents	0	419.0	553.1	345.2	768.0	1,123.55	1,252.73	1,368.99	1,465.25	1,534.72	1,571.56	1,571.56	1,532.64	1,455.23	1,342.45	1,376.0
Trading Asset Securities	0	0	0	0	1.9	-	-	-	-	-	-	-	-	-	-	0
Total Cash & ST Investments	0	419.0	553.1	345.2	769.9	1,123.6	1,252.7	1,369.0	1,465.3	1,534.7	1,571.6	1,571.6	1,532.6	1,455.2	1,342.4	1,376.0
Accounts Receivable	0	1,120.7	1,260.7	1,326.6	1,609.7	1,889.88	2,233.76	2,596.71	2,968.08	3,334.78	3,681.86	3,993.38	4,253.51	4,447.78	4,564.33	4,678.4
Other Receivables	0	32.0	16.1	27.4	22.4	30.81	39.70	49.96	61.45	73.91	86.96	100.12	112.81	124.40	134.24	137.6
Total Receivables	0	1,152.7	1,276.8	1,354.1	1,632.1	1,920.7	2,273.5	2,646.7	3,029.5	3,408.7	3,768.8	4,093.5	4,366.3	4,572.2	4,698.6	4,816.0
Prepaid Exp.	0	30.7	102.3	119.8	144.2	111.11	131.33	152.68	174.53	196.10	216.53	234.86	250.18	261.62	268.49	275.2
Other Current Assets	0	63.5	0	0	0	-	-	-	-	-	-	-	-	-	-	0
Total Current Assets	0	1,665.9	1,932.1	1,819.0	2,546.2	3,155.4	3,657.5	4,168.3	4,669.3	5,139.5	5,556.9	5,899.9	6,149.1	6,289.0	6,309.5	6,467.2
Gross Property, Plant & Equipment	0	892.4	943.8	1,226.0	1,371.6	1,316.04	1,565.26	1,830.90	2,105.65	2,380.26	2,643.92	2,884.85	3,091.09	3,251.37	3,356.12	3,440.0
Accumulated Depreciation	0	(508.2)	(544.7)	(585.5)	(703.3)	(701.55)	(824.63)	(953.31)	(1,083.59)	(1,210.68)	(1,329.21)	(1,433.58)	(1,518.37)	(1,578.75)	(1,610.94)	(1,651.2)
Net Property, Plant & Equipment	0	384.2	399.1	640.5	668.3	614.5	740.6	877.6	1,022.1	1,169.6	1,314.7	1,451.3	1,572.7	1,672.6	1,745.2	1,788.8
Long-term Investments	0	276.0	274.5	284.4	310.7	393.24	464.25	539.04	615.41	690.62	761.60	825.07	877.78	916.79	939.71	963.2
Goodwill	0	1,790.7	1,723.4	1,764.1	1,820.2	1,820.2	1,820.2	1,820.2	1,820.2	1,820.2	1,820.2	1,820.2	1,820.2	1,820.2	1,820.2	1,865.7
Other Intangibles	0	1,219.0	1,029.0	892.1	748.4	1,231.55	1,454.49	1,689.49	1,929.59	2,166.28	2,389.86	2,590.03	2,756.58	2,880.23	2,953.39	3,027.2
Deferred Charges, LT	0	0	23.1	25.8	37.3	23.04	24.18	24.57	24.04	22.48	19.83	16.11	11.43	5.97	-	0
Other Long-Term Assets	0	109.0	108.2	130.5	162.7	152.11	181.73	213.51	246.62	279.96	312.27	342.12	368.05	388.66	402.73	412.8
Total Assets	0	5,444.9	5,489.4	5,556.3	6,293.8	7,390.0	8,343.0	9,332.8	10,327.2	11,288.6	12,175.4	12,944.7	13,555.9	13,973.5	14,170.7	14,525.0
LIABILITIES																
Accounts Payable	0	96.7	89.0	130.1	176.3	144.50	170.06	196.84	224.02	250.61	275.49	297.51	315.51	328.48	335.61	344.0
Accrued Exp.	0	750.2	739.8	769.2	881.4	952.23	1,109.79	1,271.90	1,433.03	1,586.80	1,726.31	1,844.63	1,935.31	1,992.94	2,013.67	2,064.0
Curr. Port. of LT Debt	0	35.1	32.4	32.9	70.4	50.04	63.57	79.02	96.17	114.60	133.74	152.87	171.12	187.59	201.37	206.4
Curr. Port. of Leases	0	0	2.5	48.8	54.9	-	-	-	-	-	-	-	-	-	-	0
Curr. Income Taxes Payable	0	25.1	9.0	15.2	21.2	-	-	-	-	-	-	-	-	-	-	0
Unearned Revenue, Current	0	623.3	922.0	1,110.9	1,060.5	1,093.52	1,265.42	1,439.65	1,609.75	1,768.51	1,908.38	2,022.02	2,102.93	2,145.96	2,147.92	2,201.6
Other Current Liabilities	0	105.2	0	0	12.8	45.76	51.71	57.35	62.40	66.58	69.62	71.30	71.47	70.06	67.12	68.8
Total Current Liabilities	0	1,635.5	1,794.7	2,107.1	2,277.6	2,286.1	2,660.5	3,044.8	3,425.4	3,787.1	4,113.5	4,388.3	4,596.3	4,725.0	4,765.7	4,884.8
Long-Term Debt	0	4,787.1	4,739.4	5,582.3	4,289.9	5,949.39	6,943.24	7,968.59	8,990.97	9,970.34	10,863.26	11,625.74	12,216.58	12,600.88	12,753.27	13,072.1
Long-Term Leases	0	0	21.3	179.6	160.2	94.90	110.64	126.85	142.97	158.37	172.36	184.24	193.37	199.21	201.37	206.4
Pension & Other Post-Retire. Benefits	0	0	0	0	1.3	-	-	-	-	-	-	-	-	-	-	0
Def. Tax Liability, Non-Curr.	0	217.5	165.1	92.2	54.5	176.58	192.67	205.37	213.53	216.13	212.44	202.07	185.12	162.16	134.24	137.6
Other Non-Current Liabilities	0	274.7	266.3	263.2	222.0	317.97	370.52	424.56	478.26	529.48	575.92	615.27	645.38	664.46	671.22	688.0
Total Liabilities	0	6,914.8	6,986.9	8,224.4	7,005.4	8,824.9	10,277.6	11,770.1	13,251.1	14,661.4	15,937.5	17,015.6	17,836.8	18,351.7	18,525.8	18,988.9
Total Common Equity	0	(1,491.7)	(1,522.4)	(2,698.1)	(746.5)	(1,993.06)	(2,386.24)	(2,809.38)	(3,251.56)	(3,698.54)	(4,133.34)	(4,537.01)	(4,889.88)	(5,173.02)	(5,369.80)	(5,504.0)
Minority Interest	0	21.7	24.9	30.0	34.9	-	-	-	-	-	-	-	-	-	-	0
Total Equity	0	(1,470.0)	(1,497.5)	(2,668.1)	(711.6)	(1,434.9)	(1,934.6)	(2,437.4)	(2,923.9)	(3,372.8)	(3,762.1)	(4,070.9)	(4,280.9)	(4,378.2)	(4,355.1)	(4,463.9)
Total Liabilities And Equity	0	5,444.9	5,489.4	5,556.3	6,293.9	7,390.0	8,343.0	9,332.8	10,327.2	11,288.6	12,175.4	12,944.7	13,555.9	13,973.5	14,170.7	14,525.0
Check: A-(L+E)	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	0.0	0.0	0.0

APPENDIX #3

X GROWTH RATES

Fiscal year	2016A	2017A	2018A	2019A	2020A	2021P	2022P	2023P	2024P	2025P	2026P	2027P	2028P	2029P	2030P
Net Revenues		12.14%	35.47%	7.52%	16.14%	20%	18.06%	16.11%	14.17%	12.22%	10.28%	8.33%	6.39%	4.44%	2.50%
Assets			0.82%	1.22%	13.27%	17.42%	12.90%	11.86%	10.66%	9.31%	7.86%	6.32%	4.72%	3.08%	1.41%
Equity			1.87%	78.17%	-73.33%	101.65%	34.83%	25.99%	19.96%	15.35%	11.54%	8.21%	5.16%	2.27%	-0.53%

X COMMON SIZE INCOME STATEMENT

Fiscal Year	2016A	2017A	2018A	2019A	2020A	2021P	2022P	2023P	2024P	2025P	2026P	2027P	2028P	2029P	2030P
Total Revenue	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost Of Goods Sold	-47.61%	-47.08%	-35.58%	-36.82%	-35.93%	-35%	-34.67%	-34.33%	-34.00%	-33.67%	-33.33%	-33.00%	-32.67%	-32.33%	-32%
Gross Profit	147.61%	147.08%	135.58%	136.82%	135.93%	135.00%	134.67%	134.33%	134.00%	133.67%	133.33%	133.00%	132.67%	132.33%	132.00%
Selling General & Admin Exp.	28.73%	28.94%	21.69%	23.11%	21.59%	25%	24.50%	24.19%	23.87%	23.56%	23.25%	22.94%	22.62%	22.31%	22%
Stock-Based Compensation	0.00%	1.89%	0.00%	0.00%	0.00%	0%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0%
R & D Exp.	0.00%	0.00%	0.00%	0.00%	0.00%	0%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0%
Depreciation & Amort.	10.55%	9.79%	6.91%	6.57%	5.96%	5.98%	6.10%	6.23%	6.35%	6.48%	6.60%	6.73%	6.85%	6.98%	7.10%
Other Operating Expense/(Income)	0.00%	0.00%	25.10%	22.94%	25.65%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%	24.00%
Other Operating Exp., Total	39.28%	40.61%	53.69%	52.62%	53.20%	54.79%	54.60%	54.41%	54.22%	54.04%	53.85%	53.66%	53.48%	53.29%	53.10%
Operating Income	108.33%	106.47%	81.89%	84.20%	82.73%	80.21%	80.07%	79.92%	79.78%	79.63%	79.48%	79.34%	79.19%	79.04%	78.90%
Net Interest Exp.	-8.24%	-9.17%	-7.03%	-7.74%	-4.97%	-5.79%	-5.73%	-5.66%	-5.60%	-5.54%	-5.48%	-5.42%	-5.35%	-5.29%	-5.23%
Income/(Loss) from Affiliates	0.00%	0.00%	-0.01%	-0.09%	-0.18%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Currency Exchange Gains (Loss)	0.93%	-1.45%	0.44%	-0.61%	-1.01%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%	-0.50%
Other Non-Operating Inc. (Exp.)	-0.02%	-2.27%	0.15%	-0.05%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EBT Excl. Unusual Items	101.01%	93.59%	75.45%	75.72%	76.59%	73.93%	73.84%	73.76%	73.67%	73.59%	73.51%	73.42%	73.34%	73.25%	73.17%
Restructuring Charges	-0.26%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Merger & Related Restruct. Charges	-0.12%	-0.31%	-0.02%	-0.20%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Impairment of Goodwill	-1.09%	-1.39%	-0.79%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gain (Loss) On Sale Of Invest.	2.50%	3.35%	0.43%	-0.47%	1.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Asset Writedown	-0.05%	-0.48%	0.00%	-0.03%	-0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other Unusual Items	0.00%	0.00%	0.00%	0.00%	-2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EBT Incl. Unusual Items	101.99%	94.76%	75.06%	75.02%	75.69%	73.93%	73.84%	73.76%	73.67%	73.59%	73.51%	73.42%	73.34%	73.25%	73.17%
Income Tax Expense	-0.65%	-10.28%	1.06%	0.07%	0.40%	0.56%	0.64%	0.73%	0.81%	0.89%	0.98%	1.06%	1.14%	1.23%	1.31%
Earnings from Cont. Ops.	102.64%	105.04%	74.01%	74.95%	75.29%	73.37%	73.20%	73.03%	72.86%	72.70%	72.53%	72.36%	72.20%	72.03%	71.86%
Minority Int. in Earnings	0.01%	-0.17%	-0.07%	-0.12%	-0.15%	-0.10%	-0.10%	-0.10%	-0.10%	-0.10%	-0.10%	-0.10%	-0.10%	-0.10%	-0.10%
Net Income	102.65%	104.86%	73.94%	74.83%	75.14%	73.27%	73.10%	72.93%	72.76%	72.60%	72.43%	72.26%	72.09%	71.93%	71.76%

APPENDIX #4

COMMON SIZE BALANCE SHEET

Fiscal Year	2016A	2017A	2018A	2019A	2020A	2021P	2022P	2023P	2024P	2025P	2026P	2027P	2028P	2029P	2030P
Cash And Equivalents	0%	15%	15%	9%	16%	20%	18.89%	17.78%	16.67%	15.56%	14.44%	13.33%	12.22%	11.11%	10%
Trading Asset Securities	0%	0%	0%	0%	0%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Cash & ST Investments	0%	15%	15%	9%	16%	20%	19%	18%	17%	16%	14%	13%	12%	11%	10%
Accounts Receivable	0%	40%	34%	33%	34%	34%	33.68%	33.72%	33.76%	33.80%	33.84%	33.88%	33.92%	33.96%	34%
Other Receivables	0%	1%	0%	1%	0%	1%	0.60%	0.65%	0.70%	0.75%	0.80%	0.85%	0.90%	0.95%	1%
Total Receivables	0%	42%	34%	34%	35%	34%	34%	34%	34%	35%	35%	35%	35%	35%	35%
Prepaid Exp.	0%	1%	3%	3%	3%	2%	1.98%	1.98%	1.99%	1.99%	1.99%	1.99%	2.00%	2.00%	2%
Other Current Assets	0%	2%	0%	0%	0%	0%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0%
Total Current Assets	0%	60%	52%	45%	54%	56%	55%	54%	53%	52%	51%	50%	49%	48%	47%
Gross Property, Plant & Equipment	0%	32%	25%	30%	29%	23%	23.60%	23.78%	23.95%	24.13%	24.30%	24.48%	24.65%	24.83%	25%
Accumulated Depreciation	0%	-18%	-15%	-15%	-15%	-12%	-12.43%	-12.38%	-12.33%	-12.27%	-12.22%	-12.16%	-12.11%	-12.05%	-12%
Net Property, Plant & Equipment	0%	14%	11%	16%	14%	11%	11%	11%	12%	12%	12%	12%	13%	13%	13%
Long-term Investments	0%	10%	7%	7%	7%	7%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Goodwill	0%	65%	46%	44%	39%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
Other Intangibles	0%	44%	27%	22%	16%	22%	21.93%	21.94%	21.95%	21.96%	21.97%	21.97%	21.98%	21.99%	22%
Deferred Charges, LT	0%	0%	1%	1%	1%	0%	0.36%	0.32%	0.27%	0.23%	0.18%	0.14%	0.09%	0.05%	0.00%
Other Long-Term Assets	0%	4%	3%	3%	3%	3%	2.74%	2.77%	2.81%	2.84%	2.87%	2.90%	2.94%	2.97%	3.00%
Total Assets	0%	197%	146%	138%	134%	106%	105%	105%	104%	103%	102%	101%	101%	100%	99%
LIABILITIES															
Accounts Payable	0%	3%	2%	3%	4%	3%	2.56%	2.56%	2.55%	2.54%	2.53%	2.52%	2.52%	2.51%	2.50%
Accrued Exp.	0%	27%	20%	19%	19%	17%	16.73%	16.52%	16.30%	16.08%	15.87%	15.65%	15.43%	15.22%	15%
Curr. Port. of LT Debt	0%	1%	1%	1%	2%	1%	0.96%	1.03%	1.09%	1.16%	1.23%	1.30%	1.36%	1.43%	1.50%
Curr. Port. of Leases	0%	0%	0%	1%	1%	0%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0%
Curr. Income Taxes Payable	0%	1%	0%	0%	0%	0%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0%
Unearned Revenue, Current	0%	23%	25%	28%	23%	19%	19.08%	18.70%	18.31%	17.93%	17.54%	17.16%	16.77%	16.39%	16%
Other Current Liabilities	0%	4%	0%	0%	0%	1%	0.78%	0.74%	0.71%	0.67%	0.64%	0.60%	0.57%	0.53%	0.50%
Total Current Liabilities	0%	59%	48%	52%	49%	41%	40%	40%	39%	38%	38%	37%	37%	36%	36%
Long-Term Debt	0%	173%	126%	138%	92%	106%	104.69%	103.48%	102.27%	101.06%	99.85%	98.63%	97.42%	96.21%	95%
Long-Term Leases	0%	0%	1%	4%	3%	2%	1.67%	1.65%	1.63%	1.61%	1.58%	1.56%	1.54%	1.52%	1.50%
Pension & Other Post-Retire. Benefits	0%	0%	0%	0%	0%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Def. Tax Liability, Non-Curr.	0%	8%	4%	2%	1%	3%	2.91%	2.67%	2.43%	2.19%	1.95%	1.71%	1.48%	1.24%	1%
Other Non-Current Liabilities	0%	10%	7%	7%	5%	6%	5.59%	5.51%	5.44%	5.37%	5.29%	5.22%	5.15%	5.07%	5%
Total Liabilities	0%	250%	186%	204%	150%	157%	155%	153%	151%	149%	146%	144%	142%	140%	138%
Total Common Equity	0%	-54%	-41%	-67%	-16%	-35%	-35.98%	-36.48%	-36.99%	-37.49%	-37.99%	-38.49%	-39.00%	-39.50%	-40%
Minority Interest	0%	1%	1%	1%	1%	1%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1%
Total Equity	0%	-53%	-40%	-66%	-15%	-34%	-35%	-35%	-36%	-36%	-37%	-37%	-38%	-38%	-39%
Total Liabilities And Equity	0%	197%	146%	138%	134%	123%	120%	117%	115%	112%	109%	107%	104%	102%	99%

APPENDIX #5

STATEMENT OF CASH FLOWS

Fiscal Year	2016A	2017A	2018A	2019A	2020A	2021P	2022P	2023P	2024P	2025P	2026P	2027P	2028P	2029P	2030P
Net Income	296.1	296.1	104.2	47.7	153.7	183.5	249.7	328.4	418.8	519.3	627.0	738.1	847.9	951.0	1,041.8
Depreciation and Amortization	270.9	270.9	259.0	264.8	279.1	335.7	404.6	479.4	558.3	638.9	718.2	792.8	859.1	913.7	953.3
Operating Activities															
Change in Trading Asset Securities	-	-	-	-	(1.9)	1.9	-	-	-	-	-	-	-	-	-
Change in Accounts Receivable	(1,120.7)	(1,120.7)	(140.0)	(65.9)	(283.1)	(280.2)	(343.9)	(363.0)	(371.4)	(366.7)	(347.1)	(311.5)	(260.1)	(194.3)	(116.5)
Change in Other Receivables	(32.0)	(32.0)	15.9	(11.4)	5.1	(8.4)	(8.9)	(10.3)	(11.5)	(12.5)	(13.1)	(13.2)	(12.7)	(11.6)	(9.8)
Change in Prepaid Exp.	(30.7)	(30.7)	(71.6)	(17.5)	(24.4)	33.1	(20.2)	(21.3)	(21.8)	(21.6)	(20.4)	(18.3)	(15.3)	(11.4)	(6.9)
Change in Other Current Assets	(63.5)	(63.5)	63.5	-	-	-	-	-	-	-	-	-	-	-	-
Change in Deferred Charges, LT	-	-	(23.1)	(2.7)	(11.5)	14.2	(1.1)	(0.4)	0.5	1.6	2.6	3.7	4.7	5.5	6.0
Change in Other Long-Term Assets	(109.0)	(109.0)	0.8	(22.2)	(32.2)	10.6	(29.6)	(31.8)	(33.1)	(33.3)	(32.3)	(29.8)	(25.9)	(20.6)	(14.1)
Change in Accounts Payable	96.7	96.7	(7.7)	41.1	46.3	(31.8)	25.6	26.8	27.2	26.6	24.9	22.0	18.0	13.0	7.1
Change in Accrued Exp.	750.2	750.2	(10.3)	29.4	112.2	70.8	157.6	162.1	161.1	153.8	139.5	118.3	90.7	57.6	20.7
Change in Curr. Port. of LT Debt	35.1	35.1	(2.7)	0.5	37.5	(20.4)	13.5	15.5	17.1	18.4	19.1	19.1	18.3	16.5	13.8
Change in Curr. Port. of Leases	-	-	2.5	46.3	6.0	(54.9)	-	-	-	-	-	-	-	-	-
Change in Curr. Income Taxes Payable	25.1	25.1	(16.1)	6.2	6.0	(21.2)	-	-	-	-	-	-	-	-	-
Change in Unearned Revenue, Current	623.3	623.3	298.7	188.9	(50.3)	33.0	171.9	174.2	170.1	158.8	139.9	113.6	80.9	43.0	2.0
Change in Other Current Liabilities	105.2	105.2	(105.2)	-	12.8	33.0	5.9	5.6	5.1	4.2	3.0	1.7	0.2	(1.4)	(2.9)
Change in Pension & Other Post-Retire. Benefits	-	-	-	-	1.3	(1.3)	-	-	-	-	-	-	-	-	-
Change in Def. Tax Liability, Non-Curr.	217.5	217.5	(52.4)	(72.9)	(37.7)	122.0	16.1	12.7	8.2	2.6	(3.7)	(10.4)	(17.0)	(23.0)	(27.9)
Change in Other Non-Current Liabilities	274.7	274.7	(8.4)	(3.2)	(41.2)	96.0	52.5	54.0	53.7	51.2	46.4	39.3	30.1	19.1	6.8
Cash from Operations	1,338.8	1,338.8	307.2	429.2	177.6	515.6	693.7	832.0	982.3	1,141.2	1,304.1	1,465.5	1,618.8	1,757.0	1,873.2
Investing Activities															
Change in Other Intangibles	(1,219.0)	(1,219.0)	190.1	136.9	143.7	(483.1)	(222.9)	(235.0)	(240.1)	(236.7)	(223.6)	(200.2)	(166.6)	(123.6)	(73.2)
Capital Expenditures	(384.2)	(384.2)	(15.0)	(241.3)	(27.8)	53.8	(126.1)	(137.0)	(144.5)	(147.5)	(145.1)	(136.6)	(121.4)	(99.9)	(72.6)
Change in Long-term Investments	(546.9)	(546.9)	(257.4)	(274.7)	(305.5)	(418.2)	(404.6)	(479.4)	(558.3)	(638.9)	(718.2)	(792.8)	(859.1)	(913.7)	(953.3)
Change in Goodwill	(1,790.7)	(1,790.7)	67.3	(40.7)	(56.1)	-	(71.0)	(74.8)	(76.4)	(75.2)	(71.0)	(63.5)	(52.7)	(39.0)	(22.9)
Cash from Investing	(3,940.8)	(3,940.8)	(15.0)	(419.9)	(245.7)	(847.5)	(824.7)	(926.2)	(1,019.2)	(1,098.3)	(1,157.9)	(1,193.0)	(1,199.8)	(1,176.3)	(1,122.0)
Financing Activities															
Change in Long-Term Leases	-	-	21.3	158.3	(19.5)	(65.3)	15.7	16.2	16.1	15.4	14.0	11.9	9.1	5.8	2.2
Change in Long-Term Debt	4,787.1	4,787.1	(47.7)	842.8	(1,292.4)	1,659.5	993.9	1,025.3	1,022.4	979.4	892.9	762.5	590.8	384.3	152.4
Net Payout to Shareholders	(1,766.1)	(1,766.1)	(131.7)	(1,218.3)	1,802.8	(906.8)	(749.4)	(831.2)	(905.3)	(968.2)	(1,016.3)	(1,046.9)	(1,057.8)	(1,048.3)	(1,018.6)
Cash from Financing	3,021.0	3,021.0	(158.1)	(217.2)	490.9	687.5	260.1	210.4	133.2	26.6	(109.4)	(272.5)	(457.9)	(658.2)	(864.0)
Change in cash	419.0	419.0	134.1	(207.8)	422.8	355.5	129.2	116.3	96.3	69.5	36.8	0.0	(38.9)	(77.4)	(112.8)
Cash BOP per B/S	-	-	419.0	553.1	345.2	769.9	1,123.6	1,252.7	1,369.0	1,465.3	1,534.7	1,571.6	1,571.6	1,532.6	1,455.2
Cash EOP Per SCF	419.0	419.0	553.1	345.2	768.0	1,125.4	1,252.7	1,369.0	1,465.3	1,534.7	1,571.6	1,571.6	1,532.6	1,455.2	1,342.4
Cash EOP per B/S	419.0	419.0	553.1	345.2	769.9	1,123.6	1,252.7	1,369.0	1,465.3	1,534.7	1,571.6	1,571.6	1,532.6	1,455.2	1,342.4

APPENDIX #6

x TAX EXPENSE

Fiscal Year	2016A	2017A	2018A	2019A	2020A	2021P	2022P	2023P	2024P	2025P	2026P	2027P	2028P	2029P	2030P	2031T
Pre Tax Income	166.94	16.54	146.47	55.58	179.40	220.64	299.11	392.14	498.89	617.33	744.14	874.79	1,003.71	1,124.60	1,230.89	1,261.66
Tax Rate	-10%	-1719%	27%	5%	10%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%	14%
Tax Expense	(16.00)	(284.40)	39.58	2.96	18.81	31.50	42.70	55.98	71.21	88.12	106.22	124.87	143.27	160.53	175.70	180.09

x DEPRECIATION SCHEDULE

Fiscal Year	2016A	2017A	2018A	2019A	2020A	2021P	2022P	2023P	2024P	2025P	2026P	2027P	2028P	2029P	2030P	2031T
Property and Equipment, net		384.17	399.13	640.45	668.30	614.49	740.63	877.59	1,022.06	1,169.58	1,314.71	1,451.27	1,572.71	1,672.62	1,745.18	1,788.81
Depreciation and Amortization		270.87	258.97	264.83	279.12	335.67	404.58	479.40	558.32	638.90	718.18	792.78	859.12	913.70	953.34	977.17
% of net PPE		71%	65%	41%	42%	55%	55%	55%	55%	55%	55%	55%	55%	55%	55%	55%

x DEBT SCHEDULE

Fiscal Year	2016A	2017A	2018A	2019A	2020A	2021P	2022P	2023P	2024P	2025P	2026P	2027P	2028P	2029P	2030P	2031T
Total Debt	-	4,822.2	4,771.9	5,615.2	4,360.2	5,999.4	7,006.8	8,047.6	9,087.1	10,084.9	10,997.0	11,778.6	12,387.7	12,788.5	12,954.6	13,278.5
Net interest expense		(253.8)	(263.6)	(311.8)	(232.7)	(325.1)	(379.71)	(436.12)	(492.45)	(546.52)	(595.95)	(638.31)	(671.31)	(693.03)	(702.04)	(719.59)
% of Total Debt		-5%	-6%	-6%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%

x VALUATION

Fiscal Year	2016A	2017A	2018A	2019A	2020A	2021P	2022P	2023P	2024P	2025P	2026P	2027P	2028P	2029P	2030P	2031T
Valuation Assumptions																
rf		1.52%														
Equity risk premium		5.60%														
Beta		1.12														
re		7.79%														
Terminal Growth (g)		2.50%														
Capitalization Rate (re-g)		5.29%														
Shares Outstanding		351														
Balance Sheet Date		12/31/2020														
Today's Date		10/8/2021														
Days Since BS Date		281														

APPENDIX #7

272						1	2	3	4	5	6	7	8	9	10	11	
273	x Free Cash Flows to Equity (Perpetuity)																
274	Fiscal Year	2016A	2017A	2018A	2019A	2020A	2021P	2022P	2023P	2024P	2025P	2026P	2027P	2028P	2029P	2030P	2031T
275	Net Income						183.5	249.7	328.4	418.8	519.3	627.0	738.1	847.9	951.0	1,041.8	1,067.8
276	Less: Increase in Equity						723.3	499.7	502.8	486.5	448.9	389.3	308.8	210.0	97.4	(23.2)	108.9
277	Free Cash Flows to Equity						906.8	749.4	831.2	905.3	968.2	1,016.3	1,046.9	1,057.8	1,048.3	1,018.6	1,176.7
278	Terminal Value																22,235.17
279	Net Payoffs						906.8	749.4	831.2	905.3	968.2	1,016.3	1,046.9	1,057.8	1,048.3		23,253.7
280	PV Factor						0.927712632	0.860650727	0.798436551	0.740719674	0.687174998	0.637500926	0.591417662	0.548665635	0.509004041	0.472209478	
281							841.25	645.01	663.63	670.59	665.32	647.92	619.15	580.40	533.60	10,980.64	
282	PV FCFE	\$16,847.52															
283	Shares Outstanding	351.4															
284	Value Per Share, BS date	\$47.94															
285	Mid-Year Discounting	103.82%															
286	Valuation Date Adjustment	105.95%															
287	Value Per Share, adjusted	\$52.74															
288																	
289	x Residual Income Valuation																
290	Fiscal Year	2016A	2017A	2018A	2019A	2020A	2021P	2022P	2023P	2024P	2025P	2026P	2027P	2028P	2029P	2030P	2031T
291	Book Value of Equity, BOP						(711.6)	(1,434.9)	(1,934.6)	(2,437.4)	(2,923.9)	(3,372.8)	(3,762.1)	(4,070.9)	(4,280.9)	(4,378.2)	(4,355.1)
292	Cost of Equity						7.79%	7.79%	7.79%	7.79%	7.79%	7.79%	7.79%	7.79%	7.79%	7.79%	7.79%
293	Normal Earnings						(55.43)	(111.78)	(150.71)	(189.87)	(227.77)	(262.74)	(293.07)	(317.12)	(333.48)	(341.06)	(339.26)
294																	
295	Net Income						183.5	249.7	328.4	418.8	519.3	627.0	738.1	847.9	951.0	1,041.8	1,067.8
296	Less: Normal Earnings						55.43	111.78	150.71	189.87	227.77	262.74	293.07	317.12	333.48	341.06	339.26
297	Residual Income						238.9	361.5	479.1	608.7	747.1	889.7	1,031.2	1,165.0	1,284.4	1,382.8	1,407.1
298	Terminal Value																26,588.58
299	Net Payoffs						238.9	361.5	479.1	608.7	747.1	889.7	1,031.2	1,165.0	1,284.4		27,971.4
300																	
301	Book Value, BOP	(711.6)															
302	PV Residual Income	\$17,557.95															
303	Equity Value	16,846.4															
304	Shares Outstanding	351.40															
305	Value per share, BS date	\$47.94															
306	Mid-Year Discounting	103.82%															
307	Valuation date adjustment	105.95%															
308	Value Per Share, adjusted	\$52.73															

x Exit Multiple Method	
P/E	10.50x
P/e* net income	11,211.99
NPV	\$4,911.69
PV FCFE	\$16,847.52
Sum	\$21,759.20
Value Per Share	\$68.99
Mid-Year Discounting	103.82%
Valuation date adjustment	105.95%
Value Per Share, adjusted	\$75.89