



FINANCIAL MODELING INSTITUTE

LEVEL 1: ADVANCED FINANCIAL MODELER (AFM)

Henderson Manufacturing

March 28, 2018

Sample Exam Solution

This model is designed to give an indication of what a successful candidate may produce during the 4-hour AFM exam.

This model was prepared by:

[A North American Financial Modeling Training Firm](#)

Henderson Manufacturing

Summary Outputs

SUMMARY VALUES - BASE CASE

		2015A	2016A	2017A	<i>Projected</i>				
					2018	2019	2020	2021	2022
Income Statement Items									
Net Revenue	(MM)	\$214	\$237	\$205	\$252	\$234	\$281	\$281	\$268
Growth	(%)		10.8%	(13.4%)	23.3%	(7.5%)	20.4%	(0.0%)	(4.6%)
EBITDA	(MM)	\$50	\$68	\$33	\$74	\$47	\$86	\$77	\$54
Margin	(%)	23.5%	28.9%	16.2%	29.3%	20.2%	30.7%	27.3%	20.3%
Growth	(%)		36.3%	(51.6%)	123.2%	(36.2%)	83.5%	(11.3%)	(29.2%)
Net Income	(MM)	\$14	\$24	\$2	\$30	\$13	\$39	\$34	\$20
Margin	(%)	6.6%	10.0%	1.1%	12.0%	5.7%	14.0%	12.0%	7.4%
Growth	(%)		68.1%	(90.7%)	1272.4%	(55.9%)	196.4%	(14.3%)	(41.2%)

SUMMARY VALUES - BEST CASE

		2015A	2016A	2017A	<i>Projected</i>				
					2018	2019	2020	2021	2022
Income Statement Items									
Net Revenue	(MM)	\$214	\$237	\$205	\$264	\$245	\$297	\$300	\$282
Growth	(%)		10.8%	(13.4%)	29.0%	(7.4%)	21.5%	1.1%	(6.3%)
EBITDA	(MM)	\$50	\$68	\$33	\$86	\$59	\$102	\$95	\$71
Margin	(%)	23.5%	28.9%	16.2%	32.4%	23.9%	34.3%	31.7%	25.1%
Growth	(%)		36.3%	(51.6%)	158.3%	(31.6%)	74.4%	(6.7%)	(25.9%)
Net Income	(MM)	\$14	\$24	\$2	\$38	\$21	\$50	\$46	\$31
Margin	(%)	6.6%	10.0%	1.1%	14.3%	8.5%	16.8%	15.3%	10.9%
Growth	(%)		68.1%	(90.7%)	1617.2%	(44.7%)	138.6%	(7.5%)	(33.4%)

SUMMARY VALUES - WORST CASE

		2015A	2016A	2017A	<i>Projected</i>				
					2018	2019	2020	2021	2022
Income Statement Items									
Net Revenue	(MM)	\$214	\$237	\$205	\$238	\$220	\$263	\$260	\$245
Growth	(%)		10.8%	(13.4%)	16.4%	(7.7%)	19.3%	(1.0%)	(5.9%)
EBITDA	(MM)	\$50	\$68	\$33	\$61	\$34	\$68	\$57	\$34
Margin	(%)	23.5%	28.9%	16.2%	25.5%	15.4%	26.0%	21.9%	14.0%
Growth	(%)		36.3%	(51.6%)	83.8%	(44.3%)	101.5%	(16.4%)	(40.1%)
Net Income	(MM)	\$14	\$24	\$2	\$22	\$4	\$27	\$20	\$5
Margin	(%)	6.6%	10.0%	1.1%	9.1%	2.0%	10.3%	7.7%	2.2%
Growth	(%)		68.1%	(90.7%)	883.8%	(79.7%)	513.8%	(25.5%)	(73.3%)

Henderson Manufacturing Inputs and Assumptions

GENERAL

- First year of forecast in financial model: 2018
- Three scenarios have been used for Inflation, Product Pricing and sales volume growth

PRODUCT PRICING

- The product pricing cases used in the model are as follows:

Pricing Case

2018 - 2022

Base Case

Research Forecast

Best Case

+4%

Worst Case

(4%)

COSTS

<u>Cost Item</u>	<u>2018</u>	<u>Increases</u>
Raw Materials	\$226.0 per Unit	Inflation on a unit basis
Utilities	\$66.2 per Unit	Inflation on a unit basis
Rent	\$23.5 MM	Inflation on a total \$ basis
Operating Labour	\$43.5 MM	Inflation on a total \$ basis
Other	\$2.0 MM	Inflation on a total \$ basis
SG&A	\$3.9 MM	Inflation on a total \$ basis

DEPRECIATION

- | | |
|--|---------------|
| - Depreciation Methodology Used: | Straight Line |
| - Years remaining for depreciation of existing assets: | 25 years |
| - Years used for depreciation of new assets: | 30 years |

EQUITY

Stock Price - 03/27/18	\$11.50
Fully Diluted Shares O/S (MM) - Dec. 31, 2017	14.80
Common Dividend Payout Rate	20.0%

OPERATIONS

- Annual Factory Capacity (000's units):	420
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TAXES

- | | |
|---|-------|
| - Tax rate assumed in the model: | 35.0% |
| - Additional tax assumptions in "Other Assumptions" box | |

INTEREST RATES AND DEBT COVENANTS

Interest Rates

Interest rate earned on cash balances:	1.0%
Interest rate on the Bank Revolver:	6.0%
Interest rate on the Senior Secured Term Debt:	6.0%

Henderson Manufacturing

Inputs and Assumptions

OTHER ASSUMPTIONS			2018	2019	2020	2021	2022
Income Statement							
Cost Adjustments - Gain/(Loss)	MM		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Cash Flow Statement							
Investing Activities - Other	MM		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Capital Expenditures	MM		\$16.0	\$17.0	\$17.3	\$17.5	\$18.0
Income Tax							
Reduction in EBT for timing differences	MM		\$5.0	\$5.0	\$5.0	\$5.0	\$5.0
Working Capital Days							
Accounts Receivable	days		45.0	40.0	40.0	40.0	40.0
Inventories	days		70.0	65.0	60.0	60.0	55.0
Prepaid Expenses	days		30.0	30.0	30.0	30.0	30.0
Other Assets	days		3.0	3.0	3.0	3.0	3.0
Accounts Payable	days		40.0	40.0	40.0	40.0	40.0
Other Liabilities	days		10.0	10.0	10.0	10.0	10.0
Change in Debt & Equity							
Sr. Term Debt Issuance / (Repayment)	MM		(\$25.0)	(\$25.0)	(\$25.0)	(\$25.0)	(\$25.0)
Common Stock Issuance / (Buy-back)	MM		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

Henderson Manufacturing

Economic and Pricing Scenarios

SCENARIO SWITCH: Base Case ▼

2018 2019 2020 2021 2022

ECONOMIC SCENARIOS

Cost Inflation

Base Case
Best Case
Worst Case

2.0%	2.0%	2.0%	2.5%	2.5%
2.0%	2.0%	2.0%	2.5%	2.5%
1.8%	1.8%	1.8%	2.0%	2.0%
2.5%	2.5%	2.5%	2.5%	2.5%

SALES SCENARIOS

Sales Price - \$/Unit

Base Case
Best Case: +4.0%
Worst Case: -4.0%

800.0	725.0	825.0	800.0	750.0
800.0	725.0	825.0	800.0	750.0
832.0	754.0	858.0	832.0	780.0
768.0	696.0	792.0	768.0	720.0

Sales Volume Growth

Base Case
Best Case
Worst Case

5.0%	4.0%	4.0%	4.0%	4.0%
5.0%	4.0%	4.0%	4.0%	4.0%
5.0%	4.0%	5.0%	5.0%	4.0%
4.0%	4.0%	3.0%	3.0%	2.0%

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Revenue Schedule

		<u>2015A</u>	<u>2016A</u>	<u>2017A</u>	<i>Projected</i>				
					<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Pricing									
Gross Sales Price	(\$/unit)			694.4	800.0	725.0	825.0	800.0	750.0
Cost Inflation	(%)				2.0%	2.0%	2.0%	2.5%	2.5%
Freight & Warehousing	(\$/unit)			100.0	102.0	104.0	106.1	108.8	111.5
Net Sales Price	(\$/unit)			594.4	698.0	621.0	718.9	691.2	638.5
Sales Volume									
Annual Factory Capacity	(000's units)				420.0	420.0	420.0	420.0	420.0
Sales Volume Growth	(%)				5.0%	4.0%	4.0%	4.0%	4.0%
Annual Sales Volume	(000's units)			344.5	361.7	376.1	391.2	406.8	420.0
Implied Operating Rate					86.1%	89.6%	93.1%	96.9%	100.0%
Revenue									
Gross Revenue	(\$ MM)			239.2	289.3	272.7	322.7	325.5	315.0
Freight & Warehousing	(\$ MM)			34.4	36.9	39.1	41.5	44.3	46.8
Net Revenue	(\$ MM)			\$204.8	\$252.4	\$233.6	\$281.2	\$281.2	\$268.2

Henderson Manufacturing

Costs of Production

		<i>Projected</i>							
		<u>2015A</u>	<u>2016A</u>	<u>2017A</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Annual Sales Volume	(000's units)			344.5	361.7	376.1	391.2	406.8	420.0
Cost Inflation	(%)					2.0%	2.0%	2.5%	2.5%

COSTS PER UNIT

Variable Costs

Raw Materials	(\$/unit)				226.0	230.5	235.1	241.0	247.0
Utilities	(\$/unit)				66.2	67.5	68.9	70.6	72.4
Total Variable Costs	(\$/unit)				292.2	298.0	304.0	311.6	319.4

Fixed Costs

Rent	(\$/unit)				65.0	63.7	62.5	61.6	61.2
Operating Labour	(\$/unit)				120.3	118.0	115.7	114.0	113.2
Other	(\$/unit)				5.5	5.4	5.3	5.2	5.2
Total Fixed Costs	(\$/unit)				190.8	187.1	183.5	180.9	179.6

Total Costs	(\$/unit)				\$483.0	\$485.2	\$487.5	\$492.5	\$499.0
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COSTS IN MILLIONS OF CDN\$

Variable Costs

Raw Materials	(\$ MM)				81.7	86.7	92.0	98.1	103.8
Utilities	(\$ MM)				23.9	25.4	26.9	28.7	30.4
Total Variable Costs	(\$ MM)				105.7	112.1	118.9	126.8	134.1

Fixed Costs

Rent	(\$ MM)				23.5	24.0	24.4	25.1	25.7
Operating Labour	(\$ MM)				43.5	44.4	45.3	46.4	47.5
Other	(\$ MM)				2.0	2.0	2.1	2.1	2.2
Total Fixed Costs	(\$ MM)				69.0	70.4	71.8	73.6	75.4

Total Costs	(\$ MM)				\$174.7	\$182.5	\$190.7	\$200.4	\$209.6
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Henderson Manufacturing

Income Statement

(\$ Millions)

			<i>Projected</i>					
	<u>2015A</u>	<u>2016A</u>	<u>2017A</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Sales Volume (000's units)			344.5	361.7	376.1	391.2	406.8	420.0
Revenue								
Gross Revenue	244.8	269.3	239.2	289.3	272.7	322.7	325.5	315.0
Freight & Warehousing	31.3	32.7	34.4	36.9	39.1	41.5	44.3	46.8
Net Revenue	213.5	236.6	204.8	252.4	233.6	281.2	281.2	268.2
Cost of Sales	159.9	164.6	167.9	174.7	182.5	190.7	200.4	209.6
S,G & A	3.4	3.6	3.8	3.9	4.0	4.1	4.2	4.3
Total Costs	163.3	168.2	171.7	178.6	186.5	194.8	204.5	213.8
Cost Adjustments - Gain/(Loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	50.2	68.4	33.1	73.9	47.1	86.4	76.7	54.3
Depreciation	15.4	15.5	15.8	16.2	16.7	17.3	17.9	18.5
EBIT	34.8	52.9	17.3	57.7	30.4	69.2	58.8	35.9
Interest Expense	15.0	15.0	14.0	11.2	9.9	8.4	6.7	5.2
EBT	19.8	37.9	3.3	46.5	20.5	60.8	52.1	30.6
Current Income Taxes	3.0	8.0	0.0	14.5	5.4	19.5	16.5	9.0
Deferred Income Taxes	2.7	6.2	1.1	1.8	1.8	1.8	1.8	1.8
Total Income Taxes	5.7	14.2	1.1	16.3	7.2	21.3	18.2	10.7
Net Income	\$14.1	\$23.7	\$2.2	\$30.2	\$13.3	\$39.5	\$33.9	\$19.9

Margins								
EBITDA Margin	23.5%	28.9%	16.2%	29.3%	20.2%	30.7%	27.3%	20.3%
EBIT Margin	16.3%	22.4%	8.4%	22.9%	13.0%	24.6%	20.9%	13.4%
Return on Equity			0.9%	10.7%	4.5%	12.2%	9.6%	5.4%

Henderson Manufacturing

Cash Flow Statement

(\$ Millions)

	<u>2015A</u>	<u>2016A</u>	<u>2017A</u>	<i>Projected</i>				
				<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Operating Activities								
Net Income	14.1	23.7	2.2	30.2	13.3	39.5	33.9	19.9
Depreciation & Amortization	15.4	15.5	15.8	16.2	16.7	17.3	17.9	18.5
Deferred Income Taxes	2.7	6.2	1.1	1.8	1.8	1.8	1.8	1.8
Changes in working capital	0.0	0.0	0.0	0.0	6.9	(3.5)	(1.3)	3.2
Operating Cash Flow	32.2	45.4	19.1	48.1	38.7	55.0	52.2	43.3
Investing Activities								
CAPEX	(14.1)	(15.0)	(15.5)	(16.0)	(17.0)	(17.3)	(17.5)	(18.0)
Other	(5.0)	4.0	3.0	0.0	0.0	0.0	0.0	0.0
Investing Cash Flow	(19.1)	(11.0)	(12.5)	(16.0)	(17.0)	(17.3)	(17.5)	(18.0)
Financing Activities								
Revolver Issuance / (Repayment)	0.0	0.0	0.0	0.0	4.6	(4.6)	0.0	0.5
Term Debt Issuance / (Repayment)	(25.0)	(25.0)	(25.0)	(25.0)	(25.0)	(25.0)	(25.0)	(25.0)
Common Shares Issuance/ (Buy-Back)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Common Dividends	(2.8)	(4.7)	(2.4)	(6.0)	(2.7)	(7.9)	(6.8)	(4.0)
Financing Cash Flow	(27.8)	(29.7)	(27.4)	(31.0)	(23.1)	(37.5)	(31.8)	(28.5)
Change in the Cash Position	(14.7)	4.7	(20.8)	1.1	(1.4)	0.2	2.9	(3.1)
Beginning Cash	<u>31.1</u>	<u>16.4</u>	<u>21.1</u>	<u>0.3</u>	<u>1.4</u>	<u>0.0</u>	<u>0.2</u>	<u>3.1</u>
Ending Cash	16.4	21.1	0.3	1.4	0.0	0.2	3.1	0.0

Henderson Manufacturing

Balance Sheet

(\$ Millions)

	<u>2015A</u>	<u>2016A</u>	<u>2017A</u>	<i>Projected</i>				
				<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
ASSETS								
Cash	16.4	21.1	0.3	1.4	0.0	0.2	3.1	0.0
Accounts Receivable	27.0	27.8	28.3	31.1	25.6	30.7	30.8	29.4
Inventory	36.5	36.1	35.1	33.5	32.5	31.3	32.9	31.6
Prepaid Expenses	14.6	14.4	14.9	14.4	15.0	15.6	16.5	17.2
Other	1.4	1.8	1.2	1.4	1.5	1.6	1.6	1.7
Total Current Assets	95.9	101.2	79.8	81.8	74.6	79.4	85.0	79.9
Net PP&E	398.5	398.0	397.7	397.5	397.8	397.8	397.4	397.0
Other	19.0	15.0	12.0	12.0	12.0	12.0	12.0	12.0
Total Long Term Assets	417.5	413.0	409.7	409.5	409.8	409.8	409.4	409.0
Total Assets	\$513.4	\$514.2	\$489.5	\$491.3	\$484.4	\$489.2	\$494.4	\$488.9
LIABILITIES AND EQUITY								
Bank Debt - Revolver	0.0	0.0	0.0	0.0	4.6	0.0	0.0	0.5
Accounts Payable	18.3	18.7	18.2	19.1	20.0	20.8	22.0	23.0
Other	4.7	4.9	4.8	4.8	5.0	5.2	5.5	5.7
Total Current Liabilities	23.0	23.6	23.0	23.9	29.6	26.1	27.4	29.2
Deferred Income Taxes	0.7	6.9	8.0	9.8	11.5	13.3	15.0	16.8
Senior Secured Term Debt	250.0	225.0	200.0	175.0	150.0	125.0	100.0	75.0
Total Long Term Liabilities	250.7	231.9	208.0	184.8	161.5	138.3	115.0	91.8
Total Liabilities	273.7	255.5	231.0	208.7	191.1	164.3	142.4	121.0
Common Shares	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Retained Earnings	119.7	138.7	138.5	162.7	173.3	204.9	232.0	247.9
Shareholder's Equity	239.7	258.7	258.5	282.7	293.3	324.9	352.0	367.9
Total Liabilities and Equity	\$513.4	\$514.2	\$489.5	\$491.3	\$484.4	\$489.2	\$494.4	\$488.9
<i>Check</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>

Henderson Manufacturing

Depreciation Schedule

(\$ Millions)

		<u>2015A</u>	<u>2016A</u>	<u>2017A</u>	<i>Projected</i>				
					<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Years Remaining on Existing Assets:		25							
Depreciation Years on New Assets:		30							
Depreciation to Existing Assets					\$15.9	\$15.9	\$15.9	\$15.9	\$15.9
CAPEX									
2018	\$16.0				0.3	0.5	0.5	0.5	0.5
2019	\$17.0					0.3	0.6	0.6	0.6
2020	\$17.3						0.3	0.6	0.6
2021	\$17.5							0.3	0.6
2022	\$18.0								0.3
Total Depreciation					\$16.2	\$16.7	\$17.3	\$17.9	\$18.5

Henderson Manufacturing

Income Tax Schedule

(\$ Millions)

		<i>Projected</i>				
		<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Tax Rate	35.0%					
Accounting EBT (as is on I/S)	A	\$46.5	\$20.5	\$60.8	\$52.1	\$30.6
Less: Reduction in EBT for timing differences ⁽¹⁾		5.0	5.0	5.0	5.0	5.0
Government EBT	B	\$41.5	\$15.5	\$55.8	\$47.1	\$25.6
Accounting Taxes (35% of A)		16.3	7.2	21.3	18.2	10.7
Taxes as Appearing on Income Statement						
Current Tax (35% of B)		14.5	5.4	19.5	16.5	9.0
Increase (Decrease) in Deferred Income Taxes		1.8	1.8	1.8	1.8	1.8
Total Income Taxes (Same as Accounting Taxes Above)		16.3	7.2	21.3	18.2	10.7

(1) Assumes aggregate reduction in government pre-tax earnings due to timing differences between accounting and government rules.

Henderson Manufacturing

Working Capital Schedule

(\$ Millions)

		<u>2015A</u>	<u>2016A</u>	<u>2017A</u>	<i>Projected</i>				
					<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Days per Year	(days)		366	365	365	365	366	365	365
Income Statement Items									
Net Revenue	(\$ MM)		236.6	204.8	252.4	233.6	281.2	281.2	268.2
Cost of Sales	(\$ MM)		164.6	167.9	174.7	182.5	190.7	200.4	209.6
Days In									
Accounts Receivable	(days)		43.0	50.4	45.0	40.0	40.0	40.0	40.0
Inventories	(days)		80.3	76.3	70.0	65.0	60.0	60.0	55.0
Prepaid Expenses	(days)		32.0	32.4	30.0	30.0	30.0	30.0	30.0
Other Assets	(days)		4.0	2.6	3.0	3.0	3.0	3.0	3.0
Accounts Payable	(days)		41.6	39.6	40.0	40.0	40.0	40.0	40.0
Other Liabilities	(days)		10.9	10.4	10.0	10.0	10.0	10.0	10.0
Account Balances									
Accounts Receivable	(\$ MM)		27.8	28.3	31.1	25.6	30.7	30.8	29.4
Inventories	(\$ MM)		36.1	35.1	33.5	32.5	31.3	32.9	31.6
Prepaid Expenses	(\$ MM)		14.4	14.9	14.4	15.0	15.6	16.5	17.2
Other Assets	(\$ MM)		1.8	1.2	1.4	1.5	1.6	1.6	1.7
Accounts Payable	(\$ MM)		18.7	18.2	19.1	20.0	20.8	22.0	23.0
Other Liabilities	(\$ MM)		4.9	4.8	4.8	5.0	5.2	5.5	5.7
Net Working Capital	(\$ MM)		56.5	56.5	56.5	49.6	53.1	54.4	51.2
Change in Working Capital	(\$ MM)				\$0.0	\$0.0	\$6.9	(\$3.5)	(\$1.3)
									\$3.2

Henderson Manufacturing

Debt and Interest Schedule

(\$ Millions)

		<i>Projected</i>				
	<u>2017A</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
FINANCING COMPONENT						
Cash						
Amount Outstanding - Beginning		0.3	1.4	0.0	0.2	3.1
Change in Cash		1.1	(1.4)	0.2	2.9	(3.1)
Amount Outstanding - Ending	\$0.3	\$1.4	(\$0.0)	\$0.2	\$3.1	(\$0.0)
Interest Rate		1.0%	1.0%	1.0%	1.0%	1.0%
Annual Interest Income		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Revolver						
Operating Cash Flow		48.1	38.7	55.0	52.2	43.3
Investing Cash Flow		(16.0)	(17.0)	(17.3)	(17.5)	(18.0)
Mandatory Debt Repayments		(25.0)	(25.0)	(25.0)	(25.0)	(25.0)
Common Stock Issuance / (Buy-back)		0.0	0.0	0.0	0.0	0.0
Dividends		(6.0)	(2.7)	(7.9)	(6.8)	(4.0)
FCF After Mandatory Debt Repayment and Dividend		\$1.1	(\$6.0)	\$4.8	\$2.9	(\$3.6)
Revolver Outstanding - Beginning		0.0	0.0	4.6	0.0	0.0
Additions / (Repayments)		0.0	4.6	(4.6)	0.0	0.5
Revolver Outstanding - Ending	\$0.0	\$0.0	\$4.6	\$0.0	\$0.0	\$0.5
Interest Rate		6.0%	6.0%	6.0%	6.0%	6.0%
Annual Interest Expense		\$0.0	\$0.1	\$0.1	\$0.0	\$0.0
Senior Secured Term Debt						
Amount Outstanding - Beginning		200.0	175.0	150.0	125.0	100.0
Additions / (Repayments)		(25.0)	(25.0)	(25.0)	(25.0)	(25.0)
Amount Outstanding - Ending	\$200.0	\$175.0	\$150.0	\$125.0	\$100.0	\$75.0
Interest Rate		6.0%	6.0%	6.0%	6.0%	6.0%
Annual Interest Expense		\$11.3	\$9.8	\$8.3	\$6.8	\$5.3
Net Interest Expense		\$11.2	\$9.9	\$8.4	\$6.7	\$5.2

Henderson Manufacturing

Shareholders' Equity Schedule

(\$ Millions)

		<i>Projected</i>				
	<u>2017A</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Common Shares						
Amount Outstanding - Beginning		120.0	120.0	120.0	120.0	120.0
New Issuance / (Buy-Back)		0.0	0.0	0.0	0.0	0.0
Amount Outstanding - Ending	\$120.0	\$120.0	\$120.0	\$120.0	\$120.0	\$120.0
Dividend Payout Rate		20.0%	20.0%	20.0%	20.0%	20.0%
Net Income		30.2	13.3	39.5	33.9	19.9
Common Dividend		\$6.0	\$2.7	\$7.9	\$6.8	\$4.0
Retained Earnings						
Amount Outstanding - Beginning		138.5	162.7	173.3	204.9	232.0
Net Income		30.2	13.3	39.5	33.9	19.9
Common Dividend		(6.0)	(2.7)	(7.9)	(6.8)	(4.0)
Amount Outstanding - Ending	\$138.5	\$162.7	\$173.3	\$204.9	\$232.0	\$247.9