

Table 32.2: Firm Value using DCF Valuation

	<i>0</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>Term. Year</i>
EBIT (1-t) from Assets in Place	\$0.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	
EBIT(1-t) from Investments - Yr 1		\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	
EBIT(1-t) from Investments - Yr 2			\$ 1.50	\$ 1.50	\$ 1.50	\$ 1.50	
EBIT(1-t) from Investments - Yr 3				\$ 1.50	\$ 1.50	\$ 1.50	
EBIT(1-t) from Investments - Yr 4					\$ 1.50	\$ 1.50	
EBIT(1-t) from Investments - Yr 5						\$ 1.50	
Total EBIT(1-t)		\$ 16.50	\$ 18.00	\$ 19.50	\$ 21.00	\$ 22.50	\$ 23.63
- Net Capital Expenditures	\$10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 11.25	\$ 11.81
FCFF	(\$10)	\$ 6.50	\$ 8.00	\$ 9.50	\$ 11.00	\$ 11.25	\$ 11.81
PV of FCFF	(\$10)	\$ 5.91	\$ 6.61	\$ 7.14	\$ 7.51	\$ 6.99	
Terminal Value						\$ 236.25	
PV of Terminal Value						\$ 146.69	
Value of Firm	\$170.85						
Return on Capital	15%	15%	15%	15%	15%	15%	10%
Cost of Capital	10%	10%	10%	10%	10%	10%	10%