

## Company Overview

**GAS Manufact** is a large industrial storage tank manufacturer serving companies in the oil and gas industry.

## Key Data for Modeling

1. **Sales**
  - Net revenue per unit in 2021: \$594.44 (gross revenue of \$694.44 minus \$100 for freight & warehousing).
  - Projected average sales prices: \$800 in 2022, \$725 in 2023, \$825 in 2024, \$800 in 2025, and \$750 in 2026.
  - Freight & warehousing costs will increase with inflation.
  - The factory has an annual capacity of 420,000 units, with sales volumes expected to grow by 5.0% in 2022 and 4.0% annually thereafter.
2. **Operating Costs**
  - Detailed forecast for 2022 operating costs provided; costs are expected to grow with inflation afterward.
  - SG&A is forecasted at \$3.9 million for 2022 and will grow with inflation.
3. **Capital Expenditures (Capex) and Depreciation**
  - Planned capex: \$16 million in 2022, gradually increasing to \$18 million by 2026.
  - Assets are depreciated using the Straight-Line method: existing assets over 25 years, new assets over 30 years.
4. **Net Working Capital**
  - Reasonable assumptions for working capital days over the next five years are required based on historical data.
5. **Income Taxes**
  - The tax rate is 35%.
  - There's a \$5 million annual reduction in government pre-tax earnings due to timing differences.
6. **Debt**
  - Senior secured term debt and revolver interest rate: fixed at 6.0%.
  - Excess cash earns 1.0% interest.
  - Term debt amortization: \$25 million annually until repaid.
  - Revolver usage in case of cash shortfall, with a cash sweep feature to pay off revolver balances using excess cash flow.
7. **Equity**
  - 14.8 million common shares outstanding; recent stock price: \$11.50.
  - Dividend payout ratio for common shares: 20% of Net Income.
8. **Other Assumptions**
  - Other reasonable assumptions can be made as needed.