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# **HANDERSON MANUFACTURING**

## FINANCIAL MODEL FOR 2021 TO 2025

**MODELER:** ONI, SEGUN JOHN

**VERSION:** VER. 1.01

**DATE:** 14-10-22 2:58

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# HANDERSON MANUFACTURING

## Executive Summary

### SUMMARY VALUES - BASE CASE

Summary Values - Base Case									
		Projected							
	Units	2019	2020	2021	2022	2023	2024	2025	2026
Income Statement Items									
Net Revenue	(MM)	\$213.5	\$236.6	\$204.8	\$252.5	\$233.6	\$281.3	\$281.3	\$268.2
Growth	(%)		10.8%	(13.4%)	23.3%	(7.5%)	20.4%	(0.0%)	(4.7%)
EBITDA	(MM)	\$50.2	\$68.4	\$33.1	\$73.9	\$47.1	\$86.5	\$76.7	\$54.3
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)	\$14.1	\$23.7	\$2.2	\$29.7	\$12.9	\$38.9	\$33.3	\$19.4
Margin	(%)	6.6%	10.0%	1.1%	11.8%	5.5%	13.8%	11.8%	7.2%
Growth	(%)		68.1%	(90.7%)	1250.7%	(56.5%)	200.6%	(14.3%)	(41.7%)

### SUMMARY VALUES - BEST CASE

		Projected							
	Units	2019	2020	2021	2022	2023	2024	2025	2026
Income Statement Items									
Net Revenue	(MM)	\$213.5	\$236.6	\$204.8	\$264.1	\$244.7	\$297.2	\$300.4	\$281.5
Growth	(%)		10.8%	(13.4%)	29.0%	(7.4%)	21.5%	1.1%	(6.3%)
EBIDTA Margin	(MM)	\$50.2	\$68.4	\$33.1	\$85.5	\$58.5	\$102.1	\$95.3	\$70.6
Margin	(%)	23.5%	28.9%	16.2%	32.4%	23.9%	34.3%	31.7%	25.1%
Growth	(%)		36.3%	(51.6%)	158.4%	(31.5%)	74.3%	(6.7%)	(25.9%)
Net Income	(MM)	\$14.1	\$23.7	\$2.2	\$37.3	\$20.4	\$49.3	\$45.5	\$30.2
Margin	(%)	6.6%	10.0%	1.1%	14.1%	8.3%	16.6%	15.2%	10.7%
Growth	(%)		68.1%	(90.7%)	1594.8%	(45.3%)	141.7%	(7.6%)	(33.8%)

### SUMMARY VALUES - WORST CASE

Summary Tables - Worst Case									
		Projected							
	Units	2019	2020	2021	2022	2023	2024	2025	2026
Income Statement Items									
Net Revenue	(MM)	\$213.5	\$236.6	\$204.8	\$238.4	\$220.2	\$262.6	\$260.0	\$244.7
Growth	(%)		10.8%	(13.4%)	16.4%	(7.7%)	19.3%	(1.0%)	(5.9%)
Depreciation	(MM)	\$50.2	\$68.4	\$33.1	\$60.8	\$33.9	\$68.2	\$57.1	\$34.2
Margin	(%)	23.5%	28.9%	16.2%	25.5%	15.4%	26.0%	22.0%	14.0%
Growth	(%)		36.3%	(51.6%)	83.8%	(44.3%)	101.4%	(16.4%)	(40.1%)
Net Income	(MM)	\$14.1	\$23.7	\$2.2	\$21.2	\$4.2	\$26.5	\$19.7	\$5.1
Margin	(%)	6.6%	10.0%	1.1%	8.9%	1.9%	10.1%	7.6%	2.1%
Growth	(%)		68.1%	(90.7%)	865.4%	(80.4%)	537.6%	(25.8%)	(74.1%)

# HANDERSON MANUFACTURING

## Inputs and Assumptions

### GENERAL

- First Year of Forecast in Financial Model: **2021**
- The Scenarios are used for Inflation, Product Pricing and Volume, respectively

### PRICING

- The Product pricing cases used in this model are as follows:

Product Pricing		2021 - 2025
Base case	Research Forecast	
Best Case		+4%
Worse Case		(4%)

### PRODUCTION COST

Cost Item	2022	Increase
Raw Material	\$226.0 Per Unit	Increases in unit dollar at inflation
Utilities	\$66.2 Per Unit	Increases in unit dollar at inflation
Rent	\$23.5 MM	Increases in total value at Inflation
Operating Labour	\$43.5 MM	Increases in total value at Inflation
Other Expenses	\$2.0 MM	Increases in total value at Inflation
SG&A	\$3.9 MM	Increases in total value at Inflation

### DEPRECIATION

- Depreciation Method used in this model: **Straight Line**
- Useful Life of Remaining Assets: **25 Years**
- Years of Depreciating New Assets: **30 Years**

### TAXES

Company Tax Rate	35.0%
Additional; Tax Assumptions in the "Other Assumptions" page	

### INTEREST RATES

#### Interests

Interest earned on Cash	1.0%
Interest rates on Revolver	6.0%
Interest rates on Senior Secured Debt	6.0%

### OPERATIONS

Maximum Factory Capacity ('000s Unit)	420.0
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### EQUITY

Total Common Shares Outstanding (MM)	14.8
Share Price as at 31/12/2021	11.5
Dividend Payout ration for Common Stocks	20%

# HANDERSON MANUFACTURING

## Inputs and Assumptions

	Units	2021	2022	2023	2024	2025
<b>Income Statement</b>						
Cost Adjustments - Gain/(Loss)	(MM)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Cash Flow Statement</b>						
Investing Activities - Other	(MM)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Expected Increase in Sales Volume	(%)	5.0%	4.0%	4.0%	4.0%	4.0%
<b>Capital Expenditures</b>	(MM)	\$16.0	\$17.3	\$17.5	\$17.5	\$18.0
<b>Income Tax</b>						
Reduction in Tax due to Government allowances	(MM)	\$5.0	\$5.0	\$5.0	\$5.0	\$5.0
<b>Working Capital</b>						
Accounts Receivable	(days)	45.0	40.0	40.0	40.0	40.0
Inventory	(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
<b>Change in Debt and Equity</b>						
Senior Secured Term Debt- Repayment	(MM)	(\$25.0)	(\$25.0)	(\$25.0)	(\$25.0)	(\$25.0)
Financing Activities - Common Shares Issuance/ (Buy-Back)	(MM)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

# HANDERSON MANUFACTURING

## Economic and Pricing Scenarios

SCENARIO SWITCH: Worse Case ▼

2021 2022 2023 2024 2025

### ECONOMIC SCENARIO

Cost inflation	2.5%	2.5%	2.5%	2.5%	2.5%
Base Case	2.0%	2.0%	2.0%	2.5%	2.5%
Best Case	1.8%	1.8%	1.8%	2.0%	2.0%
Worse Case	2.5%	2.5%	2.5%	2.5%	2.5%

### SALES SCENARIOS

Sales Price - (\$/Unit)	\$768.0	\$696.0	\$792.0	\$768.0	\$720.0
Base case	\$800.0	\$725.0	\$825.0	\$800.0	\$750.0
Best Case 4%	\$832.0	\$754.0	\$858.0	\$832.0	\$780.0
Worse Case (4%)	\$768.0	\$696.0	\$792.0	\$768.0	\$720.0

Sales Volume Growth	4.0%	4.0%	3.0%	3.0%	2.0%
Base Case	5.0%	4.0%	4.0%	4.0%	4.0%
Best Case	5.0%	4.0%	5.0%	5.0%	4.0%
Worse Case	4.0%	4.0%	3.0%	3.0%	2.0%

# HANDERSON MANUFACTURING

CURRENTLY RUNNING: WORSE CASE SCENARIO

## Revenue Schedule

(\$ Millions)

					Projected				
	Units	2018A	2019A	2020A	2021	2022	2023	2024	2025
Price									
Gross Sale Price	(\$/Unit)			694.4	768.0	696.0	792.0	768.0	720.0
Cost Inflation	(%)				2.5%	2.5%	2.5%	2.5%	2.5%
Freight and Warehousing	(\$/Unit)			100.0	102.5	105.1	107.7	110.4	113.1
Net sale Price	(\$/Unit)			\$594.4	\$665.5	\$590.9	\$684.3	\$657.6	\$606.9
Sales Volume									
Maximum factory Capacity	(000's Units)				420.0	420.0	420.0	420.0	420.0
Volume Growth	(%)				4.0%	4.0%	3.0%	3.0%	2.0%
Annual Saless volume	(000's Units)			344.5	358.3	372.6	383.8	395.3	403.2
Implied operating Rate	(%)				85.3%	88.7%	91.4%	94.1%	96.0%
Revenue									
Gross Revenue	(MM)			\$239.2	\$275.2	\$259.3	\$304.0	\$303.6	\$290.3
Freight \$ Warehousing	(MM)			\$34.4	\$36.7	\$39.1	\$41.3	\$43.6	\$45.6
Net Revenue	(MM)			\$204.8	\$238.4	\$220.2	\$262.6	\$260.0	\$244.7

# HANDERSON MANUFACTURING

## Cost Schedule

(\$ Millions)

	<u>Units</u>	<u>2018A</u>	<u>2019A</u>	<u>2020A</u>	<u>Projected</u>				
					<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Annual Sales volume	(000's Units)			344.5	358.28	372.6112	383.789536	395.303222	403.21
Cost Inflation	(%)					2.5%	2.5%	2.5%	2.5%
<b>COST PER UNIT</b>									
<b>Variable Cost</b>									
Raw Material	(\$/Unit)				226.0	231.7	237.4	243.4	249.5
Utilities	(\$/Unit)				66.2	67.9	69.6	71.3	73.1
<b>Total Variable Cost</b>	<b>(\$/Unit)</b>				<b>292.2</b>	<b>299.5</b>	<b>307.0</b>	<b>314.7</b>	<b>322.5</b>
<b>Fixed Cost</b>									
Rent	(\$/Unit)				65.6	64.6	64.3	64.0	64.3
Operating Labour	(\$/Unit)				121.4	119.7	119.1	118.5	119.1
Other Expenses	(\$/Unit)				5.6	5.5	5.5	5.4	5.5
<b>Total Fixed Cost</b>	<b>(\$/Unit)</b>				<b>192.6</b>	<b>189.8</b>	<b>188.9</b>	<b>188.0</b>	<b>188.9</b>
<b>Total Costs</b>					<b>\$484.8</b>	<b>\$489.3</b>	<b>\$495.9</b>	<b>\$502.6</b>	<b>\$511.4</b>
<b>COST IN MILLIONS OF \$</b>									
<b>Variable Cost</b>									
Raw Material	(MM)				81.0	86.3	91.1	96.2	100.6
Utilities	(MM)				23.7	25.3	26.7	28.2	29.5
<b>Total Variable Cost</b>	<b>(MM)</b>				<b>104.7</b>	<b>111.6</b>	<b>117.8</b>	<b>124.4</b>	<b>130.0</b>
<b>Fixed Cost</b>									
Rent	(MM)				23.5	24.1	24.7	25.3	25.9
Operating Labour	(MM)				43.5	44.6	45.7	46.8	48.0
Other Expenses	(MM)				2.0	2.1	2.1	2.2	2.2
<b>Total Fixed Cost</b>	<b>(MM)</b>				<b>69.0</b>	<b>70.7</b>	<b>72.5</b>	<b>74.3</b>	<b>76.2</b>
<b>Total Costs</b>	<b>(MM)</b>				<b>\$173.7</b>	<b>\$182.3</b>	<b>\$190.3</b>	<b>\$198.7</b>	<b>\$206.2</b>
<b>SG&amp;A</b>					<b>\$3.9</b>	<b>\$4.0</b>	<b>\$4.1</b>	<b>\$4.2</b>	<b>\$4.3</b>

# HANDERSON MANUFACTURING

## Income Statement

(\$ Millions)

	<u>Units</u>	<u>2018A</u>	<u>2019A</u>	<u>2020A</u>	<u>Projected</u>				
					<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>Sales Volume</b>	(000's Units)			344.5	358.3	372.6	383.8	395.3	403.2
<b>Revenue</b>									
Gross Revenue	(MM)	244.8	269.3	239.2	275.2	259.3	304.0	303.6	290.3
Freight & Warehousing	(MM)	31.3	32.7	34.4	36.7	39.1	41.3	43.6	45.6
<b>Net Revenue</b>	(MM)	<b>213.5</b>	<b>236.6</b>	<b>204.8</b>	<b>238.4</b>	<b>220.2</b>	<b>262.6</b>	<b>260.0</b>	<b>244.7</b>
<b>Cost of Sales</b>									
Cost of Sales	(MM)	159.9	164.6	167.9	173.7	182.3	190.3	198.7	206.2
SG&A	(MM)	3.4	3.6	3.8	3.9	4.0	4.1	4.2	4.3
<b>Total Costs</b>	(MM)	<b>163.3</b>	<b>168.2</b>	<b>171.7</b>	<b>177.6</b>	<b>186.3</b>	<b>194.4</b>	<b>202.9</b>	<b>210.5</b>
<b>Cost Adjustments - Gain/(Loss)</b>									
Cost Adjustments - Gain/(Loss)	(MM)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	(MM)	<b>50.2</b>	<b>68.4</b>	<b>33.1</b>	<b>60.8</b>	<b>33.9</b>	<b>68.2</b>	<b>57.1</b>	<b>34.2</b>
<b>Depreciation</b>									
Depreciation	(MM)	15.4	15.5	15.8	16.2	16.7	17.3	17.9	18.5
<b>EBIT</b>	(MM)	<b>34.8</b>	<b>52.9</b>	<b>17.3</b>	<b>44.7</b>	<b>17.1</b>	<b>50.9</b>	<b>39.2</b>	<b>15.7</b>
<b>Interest Expense</b>									
Interest Expense	(MM)	15.0	15.0	14.0	12.0	10.7	10.1	8.9	7.9
<b>EBT</b>	(MM)	<b>19.8</b>	<b>37.9</b>	<b>3.3</b>	<b>32.7</b>	<b>6.4</b>	<b>40.8</b>	<b>30.3</b>	<b>7.8</b>
<b>Current Taxes</b>									
Current Taxes	(MM)	3.0	8.0	0.0	9.7	0.5	12.5	8.8	1.0
<b>Deferred Income Taxes</b>									
Deferred Income Taxes	(MM)	2.7	6.2	1.1	1.8	1.8	1.8	1.8	1.8
<b>Total Income Taxes</b>	(MM)	<b>5.7</b>	<b>14.2</b>	<b>1.1</b>	<b>11.4</b>	<b>2.2</b>	<b>14.3</b>	<b>10.6</b>	<b>2.7</b>
<b>Net Income to Common</b>	(MM)	<b>\$14.1</b>	<b>\$23.7</b>	<b>\$2.2</b>	<b>\$21.2</b>	<b>\$4.2</b>	<b>\$26.5</b>	<b>\$19.7</b>	<b>\$5.1</b>
<b>Margin</b>									
EBIDTA Margin	(%)	23.5%	28.9%	16.2%	25.5%	15.4%	26.0%	22.0%	14.0%
EBIT Margin	(%)	16.3%	22.4%	8.4%	18.7%	7.8%	19.4%	15.1%	6.4%
ROE	(%)	5.9%	9.2%	0.9%	7.7%	1.5%	8.8%	6.2%	1.6%



## HANDERSON MANUFACTURING

## Cash Flow Statement

(\$ Millions)

	<u>Units</u>	<u>2018A</u>	<u>2019A</u>	<u>2020A</u>	<u>Projected</u>				
					<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>Operating Activities</b>									
Net Income	(MM)	14.1	23.7	2.2	21.2	4.2	26.5	19.7	5.1
Depreciation	(MM)	15.4	15.5	15.8	16.2	16.7	17.3	17.9	18.5
Deferred Income Taxes	(MM)	2.7	6.2	1.1	1.8	1.8	1.8	1.8	1.8
Changes in Working Capital	(MM)	0.0	0.0	0.0	1.9	6.5	(3.1)	(0.6)	3.5
<b>Operating Cash Flow</b>	<b>(MM)</b>	<b>32.2</b>	<b>45.4</b>	<b>19.1</b>	<b>41.0</b>	<b>29.2</b>	<b>42.5</b>	<b>38.8</b>	<b>28.8</b>
<b>Investing Activities</b>									
CAPEX	(MM)	(14.1)	(15.0)	(15.5)	(16.0)	(17.3)	(17.5)	(17.5)	(18.0)
Other	(MM)	(5.0)	4.0	3.0	0.0	0.0	0.0	0.0	0.0
<b>Investing Cash Flow</b>	<b>(MM)</b>	<b>(19.1)</b>	<b>(11.0)</b>	<b>(12.5)</b>	<b>(16.0)</b>	<b>(17.3)</b>	<b>(17.5)</b>	<b>(17.5)</b>	<b>(18.0)</b>
<b>Financing Activities</b>									
Revolver Issuance / (Repayment)	(MM)	0.0	0.0	0.0	3.9	14.0	5.3	7.7	15.2
Total Term Debt Issuance / (Repayment)	(MM)	(25.0)	(25.0)	(25.0)	(25.0)	(25.0)	(25.0)	(25.0)	(25.0)
Common Shares Issuance/ (Buy-Back)	(MM)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Common Dividends	(MM)	(2.8)	(4.7)	(2.4)	(4.2)	(0.8)	(5.3)	(3.9)	(1.0)
<b>Financing Cash Flow</b>	<b>(MM)</b>	<b>(27.8)</b>	<b>(29.7)</b>	<b>(27.4)</b>	<b>(25.3)</b>	<b>(11.9)</b>	<b>(25.0)</b>	<b>(21.3)</b>	<b>(10.8)</b>
Change in Cash Position	(MM)	(14.7)	4.7	(20.8)	(0.3)	0.0	0.0	0.0	0.0
Beginning Cash	(MM)	31.1	16.4	21.1	0.3	(0.0)	(0.0)	(0.0)	(0.0)
<b>Ending Cash</b>	<b>(MM)</b>	<b>16.4</b>	<b>21.1</b>	<b>0.3</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>

## HANDERSON MANUFACTURING

## Balance Sheet

(\$ Millions)

	<u>Units</u>	<u>2018A</u>	<u>2019A</u>	<u>2020A</u>	<u>Projected</u>				
					<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>ASSETS</b>									
Cash and Equivalents	(MM)	16.4	21.1	0.3	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Accounts Receivable	(MM)	27.0	27.8	28.3	29.4	24.1	28.8	28.4	26.8
Inventory	(MM)	36.5	36.1	35.1	33.3	32.5	31.3	32.6	31.1
Prepaid Expenses	(MM)	14.6	14.4	14.9	14.3	15.0	15.6	16.3	16.9
Other	(MM)	1.4	1.8	1.2	1.4	1.5	1.6	1.6	1.7
<b>Total Current Assets</b>	(MM)	<b>95.9</b>	<b>101.2</b>	<b>79.8</b>	<b>78.4</b>	<b>73.1</b>	<b>77.3</b>	<b>78.9</b>	<b>76.5</b>
Net PP&E	(MM)	398.5	398.0	397.7	397.5	398.1	398.3	397.9	397.4
Other	(MM)	19.0	15.0	12.0	12.0	12.0	12.0	12.0	12.0
<b>Total Long Term Assets</b>	(MM)	<b>417.5</b>	<b>413.0</b>	<b>409.7</b>	<b>409.5</b>	<b>410.1</b>	<b>410.3</b>	<b>409.9</b>	<b>409.4</b>
<b>Total Assets</b>	(MM)	<b>\$513.4</b>	<b>\$514.2</b>	<b>\$489.5</b>	<b>\$487.9</b>	<b>\$483.2</b>	<b>\$487.6</b>	<b>\$488.8</b>	<b>\$485.9</b>
<b>LIABILITIES AND EQUITY</b>									
Bank Debt - Revolver	(MM)	0.0	0.0	0.0	3.9	17.9	23.2	30.8	46.1
Accounts Payable	(MM)	18.3	18.7	18.2	19.0	20.0	20.9	21.7	22.6
Other	(MM)	4.7	4.9	4.8	4.8	5.0	5.2	5.4	5.6
<b>Total Current Liabilities</b>	(MM)	<b>23.0</b>	<b>23.6</b>	<b>23.0</b>	<b>27.7</b>	<b>42.9</b>	<b>49.3</b>	<b>58.0</b>	<b>74.3</b>
Deferred Income Taxes	(MM)	0.7	6.9	8.0	9.8	11.5	13.3	15.0	16.8
Senior Secured Term Debt	(MM)	250.0	225.0	200.0	175.0	150.0	125.0	100.0	75.0
<b>Total Long Term Liabilities</b>	(MM)	<b>250.7</b>	<b>231.9</b>	<b>208.0</b>	<b>184.8</b>	<b>161.5</b>	<b>138.3</b>	<b>115.0</b>	<b>91.8</b>
<b>Total Liabilities</b>	(MM)	<b>273.7</b>	<b>255.5</b>	<b>231.0</b>	<b>212.4</b>	<b>204.4</b>	<b>187.5</b>	<b>173.0</b>	<b>166.1</b>
Common Shares	(MM)	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Retained Earnings	(MM)	119.7	138.7	138.5	155.5	158.8	180.1	195.8	199.9
<b>Shareholder's Equity</b>	(MM)	<b>239.7</b>	<b>258.7</b>	<b>258.5</b>	<b>275.5</b>	<b>278.8</b>	<b>300.1</b>	<b>315.8</b>	<b>319.9</b>
<b>Total Liabilities and Equity</b>	(MM)	<b>\$513.4</b>	<b>\$514.2</b>	<b>\$489.5</b>	<b>\$487.9</b>	<b>\$483.2</b>	<b>\$487.6</b>	<b>\$488.8</b>	<b>\$485.9</b>
CHECK		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

**HANDERSON MANUFACTURING****Depreciation Schedule**

(\$ Millions)

	<u>Units</u>	<u>2018A</u>	<u>2019A</u>	<u>2020A</u>	<u>Projected</u>				
					<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Years Remaining on Existing Assets:									
Depreciation Years on New Assets:									
Depreciation on Existing Assets					\$15.9	\$15.9	\$15.9	\$15.9	\$15.9
<b>CAPEX</b>									
2021	16				0.3	0.5	0.5	0.5	0.5
2022	17					0.3	0.6	0.6	0.6
2023	18						0.3	0.6	0.6
2024	18							0.3	0.6
2025	18								0.3
<b>Total Depreciation</b>	(MM)				<b>\$16.2</b>	<b>\$16.7</b>	<b>\$17.3</b>	<b>\$17.9</b>	<b>\$18.5</b>

# HANDERSON MANUFACTURING

## Working Capital Schedule

(\$ Millions)

	<u>Units</u>	<u>2018A</u>	<u>2019A</u>	<u>2020A</u>	<u>Projected</u>				
					<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>Days in the Year</b>			<b>365</b>	<b>366</b>	<b>365</b>	<b>365</b>	<b>365</b>	<b>366</b>	<b>365</b>
<b>Net Revenue</b>	(MM)		<b>\$236.6</b>	<b>\$204.8</b>	238.4	220.2	262.6	260.0	244.7
<b>Cost of Sales</b>	(MM)		<b>\$164.6</b>	<b>\$167.9</b>	173.7	182.3	190.3	198.7	206.2
<b>Days In</b>									
Accounts Receivable	(days)		42.9	50.6	45.0	40.0	40.0	40.0	40.0
Inventory	(days)		80.1	76.5	70.0	65.0	60.0	60.0	55.0
Prepaid Expenses	(days)		31.9	32.5	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)		41.5	39.7	40.0	40.0	40.0	40.0	40.0
Other Liabilities	(days)		10.9	10.5	10.0	10.0	10.0	10.0	10.0
<b>Account Balances</b>									
Accounts Receivable	(MM)		<b>\$27.8</b>	<b>\$28.3</b>	29.4	24.1	28.8	28.4	26.8
Inventory	(MM)		<b>\$36.1</b>	<b>\$35.1</b>	33.3	32.5	31.3	32.6	31.1
Prepaid Expenses	(MM)		<b>\$14.4</b>	<b>\$14.9</b>	14.3	15.0	15.6	16.3	16.9
Other Assets	(MM)		<b>\$1.8</b>	<b>\$1.2</b>	1.4	1.5	1.6	1.6	1.7
Accounts Payable	(MM)		<b>\$18.7</b>	<b>\$18.2</b>	19.0	20.0	20.9	21.7	22.6
Other Liabilities	(MM)		<b>\$4.9</b>	<b>\$4.8</b>	4.8	5.0	5.2	5.4	5.6
<b>Net Working Capital</b>	(MM)		<b>\$56.5</b>	<b>\$56.5</b>	<b>\$54.6</b>	<b>\$48.1</b>	<b>\$51.2</b>	<b>\$51.8</b>	<b>\$48.3</b>
<b>Change in Working Capital</b>	(MM)				<b>\$0.0</b>	<b>\$1.9</b>	<b>\$6.5</b>	<b>(\$3.1)</b>	<b>(\$0.6)</b>
									<b>\$3.5</b>

**HANDERSON MANUFACTURING****Tax Schedule**

(\$ Millions)

			Projected							
	<u>Units</u>		<u>2018A</u>	<u>2019A</u>	<u>2020A</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<div><div>Tax Rate:</div><div>35%</div></div>										
Accounting EBT	A	(MM)				32.7	6.4	40.8	30.3	7.8
Less: Reduction in EBT due to Timing difference		(MM)				5.0	5.0	5.0	5.0	5.0
Government EBT	B	(MM)				27.7	1.4	35.8	25.3	2.8
Accounting Tax Rate (35% of A)		(MM)				11.4	2.2	14.3	10.6	2.7
Tax as it appears on Income Statement										
Current Taxes (35% of B)		(MM)				9.7	0.5	12.5	8.8	1.0
Deferred Income Taxes		(MM)				1.8	1.8	1.8	1.8	1.8
Total Income Taxes		(MM)				\$11.4	\$2.2	\$14.3	\$10.6	\$2.7

**HANDERSON MANUFACTURING****Debt and Interest Schedule**

(\$ Millions)

	<u>Units</u>	<u>2018A</u>	<u>2019A</u>	<u>2020A</u>	<u>Projected</u>				
					<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>Cash</b>									
Beginning Balance					0.3	(0.0)	(0.0)	(0.0)	(0.0)
Change in Cash					(0.3)	0.0	0.0	0.0	0.0
<b>Ending Balance</b>				<b>0.3</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.0)</b>
Interest Rate					1.0%	1.0%	1.0%	1.0%	1.0%
<b>Interest Income</b>					<b>0.3%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Bank Debt - Revolver</b>									
Operating Cash Flow					41.0	29.2	42.5	38.8	28.8
Investing Cash Flow					(16.0)	(17.3)	(17.5)	(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					(4.2)	(0.8)	(5.3)	(3.9)	(1.0)
<b>FCF after Mandatory Debt Repayment and Dividend</b>					<b>(\$4.2)</b>	<b>(\$14.0)</b>	<b>(\$5.3)</b>	<b>(\$7.7)</b>	<b>(\$15.2)</b>
Mandatory Cash Balance					0.0	0.0	0.0	0.0	0.0
Revolver Opening Balance					0.0	3.9	17.9	23.2	30.8
Additions / (Repayments)					3.9	14.0	5.3	7.7	15.2
<b>Revolver Ending Balance</b>				<b>0.0</b>	<b>3.9</b>	<b>17.9</b>	<b>23.2</b>	<b>30.8</b>	<b>46.1</b>
Interest Rate					6.0%	6.0%	6.0%	6.0%	6.0%
<b>Annual Interest Expense</b>					<b>0.0</b>	<b>0.2</b>	<b>1.1</b>	<b>1.4</b>	<b>1.9</b>
<b>Senior Secured Term Debt</b>									
Beginning Balance					200.0	175.0	150.0	125.0	100.0
Additions / Repayment					(25.0)	(25.0)	(25.0)	(25.0)	(25.0)
<b>Ending Balance</b>				<b>\$200.0</b>	<b>\$175.0</b>	<b>\$150.0</b>	<b>\$125.0</b>	<b>\$100.0</b>	<b>\$75.0</b>
Interest Rate					6.0%	6.0%	6.0%	6.0%	6.0%
<b>Annual Interest Rate</b>					<b>\$12.0</b>	<b>\$10.5</b>	<b>\$9.0</b>	<b>\$7.5</b>	<b>\$6.0</b>
<b>Net Interest Expense</b>					<b>\$12.0</b>	<b>\$10.7</b>	<b>\$10.1</b>	<b>\$8.9</b>	<b>\$7.9</b>

**HANDERSON MANUFACTURING****Equity Schedule**

(\$ Millions)

					Projected				
	<u>Units</u>	<u>2018A</u>	<u>2019A</u>	<u>2020A</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Common Shares									
Beginning Balance	(MM)				120.0	120.0	120.0	120.0	120.0
New issuance / Buy-back	(MM)				0.0	0.0	0.0	0.0	0.0
Ending balance	(MM)			\$120.0	\$120.0	\$120.0	\$120.0	\$120.0	\$120.0
Dividend payout Ratio					20.0%	20.0%	20.0%	20.0%	20.0%
Net Income					\$21.2	\$4.2	\$26.5	\$19.7	\$5.1
Common Dividend					\$4.2	\$0.8	\$5.3	\$3.9	\$1.0
Retained Earnings									
Beginning Balance	(MM)				138.5	155.5	158.8	180.1	195.8
Net Income	(MM)				21.2	4.2	26.5	19.7	5.1
Common Dividend	(MM)				4.2	0.8	5.3	3.9	1.0
Ending Balance	(MM)				\$138.5	\$155.5	\$158.8	\$180.1	\$199.9