

Happy Hour Co – MODEL

Mar-20

Assumptions

Circular switch

On / off 1

Key assumptions

Last Historical FYE 30-Mar-19
Transaction date 31-Mar-20

Enterprise value calculation

Current share price (c)	165.0
NOSH (m)	199.0
Market cap (\$m)	328.4
Net debt / (cash) (\$m)	84.6
Minority interests (\$m)	0.0
Pension liability (\$m)	0.0
Investment in associates (\$m)	0.0

EV (\$m)	413.0
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Happy Hour Co - 5 Year plan

	5 Year Plan				
	FY20	FY21	FY22	FY23	FY24
Revenue	1,149	1,100	1,354	1,447	1,443
YoY growth %		-4.3%	23.1%	6.9%	-0.3%
GP \$	583	550	689	737	753
GM%	50.7%	50.0%	50.9%	50.9%	52.2%
Opex	(523)	(580)	(622)	(662)	(678)
Operating profit	60	(30)	67	75	75
Operating margin %	5.2%	-2.7%	4.9%	5.2%	5.2%
Interest and Amortisation	(5)	(6)	(6)	(6)	(6)
Group PBT (Underlying)	55	(36)	61	68	69
Exceptionals		(18)	(7)	1	(5)
Group PBT post exceptionals	55	(54)	54	70	64
Add back: Interest	3	4	4	4	4
Add back: Amortisation	2	2	2	2	2
Add back: Depreciation	34	38	45	50	53
EBITDA post exceptionals	94	(10)	105	126	123
Adjust for non-cash exceptionals	0	0	0	24	0
Capex	(36)	(51)	(50)	(50)	(50)
Acquisition	(9)	(9)	0	0	0
Tax	(18)	(9)	(11)	(12)	(12)
Interest	(3)	(4)	(4)	(4)	(4)
Working Capital	6	16	15	11	4
Dividend	(37)	(24)	(24)	(24)	(24)
Other	0		(5)	(5)	(5)
Net Cash flow	(3)	(91)	26	65	31
Free Cash Flow	43	(57)	50	89	55
Opening Net Debt	(82)	(85)	(175)	(149)	(84)
Closing Net Debt	(85)	(175)	(149)	(84)	(53)
Net debt : EBITDA	0.9x	21.4x	1.3x	0.7x	0.4x

Capital Investment																
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Depreciation	156.6	129.4	105.6	86.1	72.4	60.6	50.6	42.6	35.6	29.6	24.6	20.6	16.6	13.6	10.6	8.6
- Straight	61.4%	61.4%	61.4%	61.4%	61.4%	61.4%	61.4%	61.4%	61.4%	61.4%	61.4%	61.4%	61.4%	61.4%	61.4%	61.4%
- Sinking	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
- S-Costs	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%	51.8%
Change in Net Book Value	20.3	25.1	133.0	22.6	128.0	128.0	128.0	128.0	128.0	128.0	128.0	128.0	128.0	128.0	128.0	128.0
- Gain	0.6	(173.6)	(144.6)	45.5%	22.7%	(173.6)	(157.7)	168.5%	(3.8)	(28.8)	(64.4)	(103.0)	0.6	0.6	0.6	0.6
- Loss	2.0%	2.8%	(1.7%)	1.1%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.6	0.6	0.6	0.6
Other Credits																
- Gain	0.6	0.6	0.6	0.6	0.6	(140.2)	(100.2)	0.6	0.6	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
- Loss	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%
Expatriation Fees																
- Gain	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
- Loss	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%
Summary Totals																
Net E	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenue	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Expenses	0.0%	0.0%	1.7%	7.2%	2.7%	2.0%	0.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%
EBITDA	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
- Gain	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
- Loss	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%
Net Income	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
- Gain	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
- Loss	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%
Net Cash	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
- Gain	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
- Loss	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%
Net Income	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
- Gain	0.6	0.6														

Key assumptions	
Transaction date	31-Mar-20
Next financial YE	31-Mar-21
Perpetuity growth rate	0.6%
TV exit EBITDA multiple	8.5x
WACC used for sensitivity analysis	8.6%

[illegible]

Terminal value	Perpetuity growth portion	890.7
	Exit EBITDA multiple	1,206.7

Sensitivity analysis	
Spread rates and step-up	

Spread rates and step-up

	0.5%	0.25%	0.1%	0.05%
CDTDA mobile	0.5%	0.25%	0.1%	0.05%
CDTDA mobile step up	0.5%	0.25%	0.1%	0.05%

EBITDA multiple	8.5x	EBITDA multiple step-up	0.5x
WACC	8.5%	WACC step-up	0.5%

Enterprise value (\$m)						Enterprise value (\$m)					
WACC (%)	Perpetuity growth rate (%)					WACC (%)	EBITDA multiple (x)				
	0.00%	0.25%	0.50%	0.75%	1.00%		7.5x	8.0x	8.5x	9.0x	9.5x
7.5%	823	840	858	878	899	7.5%	920	957	994	1,031	1,068
8.0%	765	779	794	811	828	8.0%	887	922	958	993	1,029
8.5%	714	726	739	752	767	8.5%	856	890	924	958	992
9.0%	668	680	689	701	713	9.0%	826	858	891	924	956
9.5%	627	638	646	655	666	9.5%	797	828	859	891	922

Offer price (\$)						Offer price (\$)					
WACC (%)	Perpetuity growth rate (%)					WACC (%)	EBITDA multiple (x)				
	0.00%	0.25%	0.50%	0.75%	1.00%		7.5x	8.0x	8.5x	9.0x	9.5x
7.5%	371	380	389	400	409	7.5%	420	438	457	475	484
8.0%	342	349	357	365	374	8.0%	403	421	439	457	474
8.5%	316	322	329	335	343	8.5%	387	404	422	439	456
9.0%	293	304	310	316	323	9.0%	372	389	405	422	438
9.5%	273	277	283	287	292	9.5%	358	374	389	405	421

March YE (\$mm)	2017A	2018A	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
March YE (\$mm)	409.7	409.5	409.7	404.4	409.7	404.3	404.4	407.6	409.6	409.7	409.6	409.6	409.6	409.6

DNA	% margin	9.0	9.6%	8.6%	8.2%	0.7%	8.3%	8.6%	8.6%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%
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DCF output

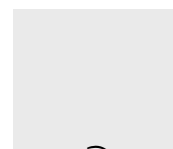
Summary financials and cashflow

DCF Forecast Year	0	1
Mar YE (\$m)	2020E	2021E
Revenue	1,149	1,100
<i>% growth</i>		(4.3%)
EBITDA	94	8
<i>% margin</i>	8.2%	0.7%
<i>% growth</i>		(91.3%)
D&A	(36)	(40)
<i>% of revenue</i>	3.1%	3.7%
<i>% of capex</i>		79.3%
EBIT	58	(32)
<i>% margin</i>	5.0%	(2.9%)
Tax on EBIT		5
<i>% tax rate</i>		17.0%
Capex		(51)
<i>% of revenue</i>		4.6%
Change in NWC		16
Other Cashflows		0
<i>% of revenue</i>		0.0%
Exceptional items		(18)
<i>% of revenue</i>		1.6%
Unlevered free cash flow		(39)
Cashflow Timing (Years to Discount)		1
Discount Factor		0.92
Discounted DCF cashflows		(36)

Net Present Value based on Perpetuity Growth Method

Value Based on 8.5% WACC & 0.5% TGR	Amount (\$m)	% of NPV
Present Value of Cashflows	345	46.7%
PV of Terminal Value	394	53.3%

Sensitising firr



Implied Firm NPV	738	100.0%
Net debt & adjustments	(85)	
Implied equity value	654	
Implied share price (\$c)	329	
% premium to current	99.1%	

WACC (%)

2	3	4	5	6	7	8
2022E	2023E	2024E	2025E	2026E	2027E	2028E
1,354	1,447	1,443	1,471	1,498	1,522	1,543
23.1%	6.9%	(0.3%)	2.0%	1.8%	1.6%	1.4%
112	124	128	131	133	136	138
8.3%	8.6%	8.8%	8.9%	8.9%	8.9%	8.9%
1263.0%	11.3%	2.6%	2.3%	2.1%	1.9%	1.7%
(47)	(52)	(55)	(54)	(52)	(51)	(50)
3.5%	3.6%	3.8%	3.6%	3.5%	3.4%	3.2%
94.4%	103.7%	109.6%	107.2%	104.7%	102.3%	99.9%
65	73	73	77	81	85	88
4.8%	5.0%	5.0%	5.2%	5.4%	5.6%	5.7%
(11)	(12)	(12)	(13)	(14)	(14)	(15)
17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%
(50)	(50)	(50)	(50)	(50)	(50)	(50)
3.7%	3.5%	3.5%	3.4%	3.3%	3.3%	3.2%
15	11	4	0	0	0	0
(5)	(5)	(5)	(5)	(5)	(5)	(5)
0.4%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
(7)	25	(5)	0	0	0	0
0.5%	(1.7%)	0.3%	0.0%	0.0%	0.0%	0.0%
54	93	59	62	64	66	68
2	3	4	5	6	7	8
0.85	0.78	0.72	0.67	0.61	0.56	0.52
46	73	43	42	40	38	35

n value (\$m) and implied offer price to WACC and TGR

	Perpetuity Growth Rate (%)				
	0.00%	0.25%	0.50%	0.75%	1.00%
7.5%	823 / 371c	840 / 380c	858 / 389c	878 / 399c	899 / 409c

8.0%	765 / 342c	779 / 349c	794 / 357c	811 / 365c	828 / 374c
8.5%	714 / 316c	726 / 322c	739 / 329c	752 / 335c	767 / 343c
9.0%	668 / 293c	678 / 298c	689 / 304c	701 / 310c	713 / 316c
9.5%	627 / 273c	636 / 277c	646 / 282c	656 / 287c	666 / 292c

9	10	TV
2029E	2030E	
1,562	1,577	
1.2%	1.0%	
140	142	
9.0%	9.0%	
1.5%	1.3%	
(49)	(48)	
3.1%	3.0%	
97.4%	95.0%	
91	94	
5.9%	6.0%	
(16)	(16)	
17.0%	17.0%	
(50)	(50)	
3.2%	3.2%	
0	0	
(5)	(5)	
0.3%	0.3%	
0	0	
0.0%	0.0%	
70	71	891
9	10	
0.48	0.44	
33	31	394
