

Precision Castparts Corp. (PCP, Buy, PT \$295.00)

Precision Castparts Corp. (PCP) Income Statement (\$MM)	F2013A					F2014E					F2015E	F2016E
	F1QA Jun	F2QA Sep	F3QA Dec	F4QA Mar	FY Mar	F1QA Jun	F2QA Sep	F3QA Dec	F4QE Mar	FY Mar	FY Mar	FY Mar
Sales	1,969.7	1,930.5	2,043.2	2,438.9	8,382.3	2,367.0	2,362.0	2,357.0	2,561.3	9,647.3	10,751.8	11,509.7
Cost of goods sold	<u>1,333.8</u>	<u>1,310.8</u>	<u>1,387.0</u>	<u>1,652.1</u>	<u>5,683.7</u>	<u>1,570.0</u>	<u>1,557.0</u>	<u>1,548.0</u>	<u>1,690.4</u>	<u>6,365.4</u>	<u>7,015.3</u>	<u>7,567.4</u>
Gross profit	635.9	619.7	656.2	786.8	2,698.6	797.0	805.0	809.0	870.9	3,281.9	3,736.5	3,942.4
SG&A	120.4	121.3	135.6	159.5	536.8	153.0	156.0	150.0	153.7	612.7	645.1	633.0
Operating profit	515.5	498.4	520.6	627.3	2,161.8	644.0	649.0	659.0	717.2	2,669.2	3,091.4	3,309.3
Interest expense	2.8	3.4	11.9	19.9	38.0	20.0	19.0	20.0	20.0	79.0	80.0	80.0
Interest income	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.5</u>	<u>6.3</u>	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>1.5</u>	<u>4.5</u>	<u>6.0</u>	<u>6.0</u>
Pre-tax profit	514.3	496.6	510.3	608.9	2,130.1	625.0	631.0	640.0	698.7	2,594.7	3,017.4	3,235.3
Tax	171.8	164.1	168.1	191.9	695.9	200.0	205.0	206.0	230.6	841.6	995.7	1,067.7
Equity earnings	1.9	1.2	(1.8)	(0.7)	0.6	1.0	0.0	0.0	2.8	3.8	11.0	12.0
Net income, cont. ops.	344.4	333.7	340.4	416.3	1,434.8	426.0	426.0	434.0	470.9	1,756.9	2,032.7	2,179.7
Minority interest	0.0	0.0	0.0	0.0	0.0	(2.0)	(1.0)	(2.0)	0.0	(5.0)	(5.0)	(5.0)
EPS, diluted	\$ 2.35	\$ 2.28	\$ 2.32	\$ 2.82	\$ 9.76	\$ 2.88	\$ 2.90	\$ 2.95	\$ 3.21	\$ 11.94	\$ 13.79	\$ 14.79
Shares, diluted	146.4	146.4	146.8	147.1	146.7	147.1	146.5	146.5	146.7	146.7	147.0	147.0
<u>Memo:</u>												
EBIT	515.5	498.4	520.6	627.3	2,161.8	644.0	649.0	659.0	717.2	2,669.2	3,091.4	3,309.3
D&A	<u>45.6</u>	<u>47.9</u>	<u>52.6</u>	<u>68.8</u>	<u>214.9</u>	<u>70.0</u>	<u>70.0</u>	<u>77.0</u>	<u>77.0</u>	<u>294.0</u>	<u>308.0</u>	<u>312.0</u>
EBITDA	561.1	546.3	573.2	696.1	2,376.7	714.0	719.0	736.0	794.2	2,963.2	3,399.4	3,621.3
Revenue growth	19.0%	7.9%	12.5%	25.2%	16.3%	18.8%	22.4%	15.4%	5.0%	14.8%	11.4%	7.0%
Gross margin	32.3%	32.1%	32.1%	32.3%	32.2%	33.7%	34.1%	34.3%	34.0%	34.0%	34.8%	34.3%
SG&A	6.1%	6.3%	6.6%	6.5%	6.4%	6.5%	6.6%	6.4%	6.0%	6.4%	6.0%	5.5%
Operating margin	26.2%	25.8%	25.5%	25.7%	25.8%	27.2%	27.5%	28.0%	28.0%	27.7%	28.8%	28.8%
Tax rate	33.4%	33.0%	32.9%	31.5%	32.7%	32.0%	32.5%	32.2%	33.0%	32.4%	33.0%	33.0%
Diluted EPS Growth	19.3%	12.3%	9.4%	21.7%	15.7%	22.5%	27.3%	27.2%	13.8%	22.3%	15.5%	7.3%

Source: Company reports and CRT Capital Group LLC estimates.