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## 3 Statement Modeling

### Assumptions & Drivers

All figures in USD thousand unless stated

	Year -2	Year -1	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Days in Period	365	365	365	365	365	365	365	365
<b>Income Statement</b>								
Sales Growth		6%	7%	7.0%	7.0%	7.0%	7.5%	7.5%
Gross Margin	53%	56%	57%	56.0%	56.0%	56.0%	56.0%	56.5%
Distribution Expense (Percent of Sales)	7%	7%	7%	7.4%	7.4%	7.4%	7.5%	7.5%
Marketing & Admin Expense (Fixed Cost)	23,507	26,569	30,830	32,065	33,456	34,600	36,500	37,900
Research Expense (Percent of Sales)	2%	2%	2%	2.3%	2.3%	2.3%	2.3%	2.3%
Depreciation (Percent of Sales)	4%	3%	3%	3.2%	3.2%	3.2%	3.2%	3.2%
Long-Term Debt Interest Rate (Average Debt)	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%	6.2%
Tax Rate (Percent of EBT)	35%	24%	15%	30.0%	30.0%	30.0%	30.0%	30.0%
<b>Balance Sheet</b>								
Capital Asset Turnover Ratio	(x)	4.23x	4.26x	4.40x	4.25x	4.25x	4.25x	4.25x
Receivable Days (Sales Basis)	(Days)	57	59	58	60	60	60	60
Inventory Days (COGS Basis)	(Days)	69	74	74	75	75	75	75
Payable Days (COGS Basis)	(Days)	96	102	102	100	100	100	100
Income Tax Payable (Percent of Taxes)		39%	37%	37%	37.0%	37.0%	37.0%	37.0%
Long Term Debt		20,000	20,000	20,000	20,000	20,000	20,000	20,000
Common Share Capital				7,627	7,627	7,627	7,627	7,627
Dividend Payout Ratio				70.0%	70.0%	70.0%	70.0%	70.0%

## Income Statement

All figures in USD thousand unless stated

	Year -2	Year -1	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues	81,422	86,698	93,086	99,602	106,574	114,034	122,587	131,781
Cost of Goods Sold	(38,121)	(37,756)	(39,639)	(43,825)	(46,893)	(50,175)	(53,938)	(57,325)
<b>Gross Profit</b>	<b>43,301</b>	<b>48,942</b>	<b>53,447</b>	<b>55,777</b>	<b>59,681</b>	<b>63,859</b>	<b>68,649</b>	<b>74,456</b>
Distribution Expenses	(5,884)	(6,421)	(6,166)	(7,371)	(7,886)	(8,439)	(9,194)	(9,884)
Marketing and Administration	(23,507)	(26,569)	(30,830)	(32,065)	(33,456)	(34,600)	(36,500)	(37,900)
Research and Development	(1,764)	(1,931)	(2,026)	(2,291)	(2,451)	(2,623)	(2,819)	(3,031)
Depreciation	(2,960)	(2,803)	(2,907)	(3,187)	(3,410)	(3,649)	(3,923)	(4,217)
<b>EBIT (Operating Profit)</b>	<b>9,186</b>	<b>11,218</b>	<b>11,518</b>	<b>10,863</b>	<b>12,477</b>	<b>14,549</b>	<b>16,212</b>	<b>19,425</b>
Interest	(1,240)	(1,240)	(1,240)	(1,240)	(1,240)	(1,240)	(1,240)	(1,240)
Earnings Before Taxes	7,946	9,978	10,278	9,623	11,237	13,309	14,972	18,185
Taxes	(2,761)	(2,429)	(1,570)	(2,887)	(3,371)	(3,993)	(4,492)	(5,455)
<b>Net Income</b>	<b>5,185</b>	<b>7,549</b>	<b>8,708</b>	<b>6,736</b>	<b>7,866</b>	<b>9,316</b>	<b>10,481</b>	<b>12,729</b>
Common Dividends	4,312	4,209	2,931	4,715	5,506	6,521	7,336	8,910



**Cashflow Statement**

All figures in USD thousand unless stated

	Year -2	Year -1	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Cash Flows from Operating Activities</b>								
Net Income	5,185	7,549	8,708	6,736	7,866	9,316	10,481	12,729
Depreciation	2,960	2,803	2,907	3,187	3,410	3,649	3,923	4,217
Changes in Operating Assets and Liabilities:								
Trade and Other Receivables	(1,280)	(1,389)	(647)	(1,652)	(1,146)	(1,226)	(1,406)	(1,511)
Inventories	(470)	(523)	(345)	(969)	(630)	(674)	(773)	(696)
Trade and Other Payables	490	503	573	930	840	899	1,031	928
Income Taxes Payable	50	(194)	(313)	487	179	230	185	357
Cash Flows from Operating Activities	6,935	8,749	10,883	8,720	10,520	12,194	13,440	16,023
<b>Investing Activities</b>								
Acquisitions of Property and Equipment	(3,005)	(3,911)	(3,711)	(5,448)	(5,051)	(5,404)	(5,935)	(6,380)
Cash Flows from Investing Activities	(3,005)	(3,911)	(3,711)	(5,448)	(5,051)	(5,404)	(5,935)	(6,380)
<b>Financing Activities</b>								
Issuance of Common Stock	–	–	–	–	–	–	–	–
Dividends (current year)	(4,312)	(4,209)	(2,931)	(4,715)	(5,506)	(6,521)	(7,336)	(8,910)
Increase/(Decrease) in Long-Term Debt	–	–	–	–	–	–	–	–
Cash Flows from Financing Activities	(4,312)	(4,209)	(2,931)	(4,715)	(5,506)	(6,521)	(7,336)	(8,910)
Cash and Equivalents, Beginning of the Year	5,671	5,289	5,918	10,159	8,715	8,678	8,946	9,114
Increase/(Decrease) in Cash and Equivalents	(382)	629	4,241	(1,443)	(37)	268	168	733
<b>Cash and Equivalents, End of the Year</b>	5,289	5,918	10,159	8,715	8,678	8,946	9,114	9,847

<b>Working Capital &amp; PP&amp;E Schedule</b>								
All figures in USD thousand unless stated	Year -2	Year -1	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Days in Period	365	365	365	365	365	365	365	365
Revenue	81,422	86,698	93,086	99,602	106,574	114,034	122,587	131,781
Cost of Goods Sold	38,121	37,756	39,639	43,825	46,893	50,175	53,938	57,325
Taxes								
Trade and Other Receivables	(Days) 57	59	58	60	60	60	60	60
Inventory	(Days) 69	74	74	75	75	75	75	75
Trade and Other Payables	(Days) 96	102	102	100	100	100	100	100
Income Tax Payable (Percent of Taxes)								
<b>Working Capital</b>								
Trade and Other Receivables	12,685	14,074	14,721	16,373	17,519	18,745	20,151	21,663
Inventory	7,168	7,691	8,036	9,005	9,635	10,310	11,083	11,779
Trade and Other Payables	10,001	10,504	11,077	12,007	12,847	13,747	14,778	15,705
Income Tax Payable	1,088	894	581	1,068	1,247	1,477	1,662	2,018
<b>Cash Changes from Working Capital</b>								
Trade and Other Receivables	(1,280)	(1,389)	(647)	(1,652)	(1,146)	(1,226)	(1,406)	(1,511)
Inventory	(470)	(523)	(345)	(969)	(630)	(674)	(773)	(696)
Trade and Other Payables	490	503	573	930	840	899	1,031	928
Income Taxes Payable	50	(194)	(313)	487	179	230	185	357
Cash from Working Capital Items	(1,210)	(1,603)	(732)	(1,204)	(757)	(772)	(963)	(923)
Revenue	81,422	86,698	93,086	99,602	106,574	114,034	122,587	131,781
Capital Asset Turnover Ratio	4.23x	4.26x	4.40x	4.25x	4.25x	4.25x	4.25x	4.25x
Depreciation (Percent of Sales)	2,960	2,803	2,907	3,187	3,410	3,649	3,923	4,217
<b>Property, Plant &amp; Equipment (PP&amp;E)</b>								
Beginning of Period	19,308	19,263	20,371	21,175	23,436	25,076	26,832	28,844
Capital Expenditures/Additions (Disposals)	3,005	3,911	3,711	5,448	5,051	5,404	5,935	6,380
Depreciation Expense	(2,960)	(2,803)	(2,907)	(3,187)	(3,410)	(3,649)	(3,923)	(4,217)
<b>Net PP&amp;E, End of Period</b>	19,263	20,371	21,175	23,436	25,076	26,832	28,844	31,007

## Capital Structure Schedule

All figures in USD thousand unless stated

	Year -2	Year -1	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Long Term Debt (LTD)</b>								
Beginning of Period	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Additions (Repayments)	-	-	-	-	-	-	-	-
<b>LTD, End of Period</b>	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Long-Term Debt Interest (Average Debt)	6%	6%	6%	6%	6%	6%	6%	6%
Long Term Debt Interest	1,240	1,240	1,240	1,240	1,240	1,240	1,240	1,240
<b>Total Interest</b>								
<b>Common Stock and Additional Paid-In Capital</b>								
Beginning of Period	7,627	7,627	7,627	7,627	7,627	7,627	7,627	7,627
Additions (Repayments)	-	-	-	-	-	-	-	-
<b>Common Stock, End of Period</b>	7,627	7,627	7,627	7,627	7,627	7,627	7,627	7,627
Net Income	5,185	7,549	8,708	6,736	7,866	9,316	10,481	12,729
Dividends	4,312	4,209	2,931	4,715	5,506	6,521	7,336	8,910
<b>Retained Earnings (RE)</b>								
Beginning of Period	4,816	5,689	9,029	14,806	16,827	19,187	21,982	25,126
Net Income	5,185	7,549	8,708	6,736	7,866	9,316	10,481	12,729
Dividends	(4,312)	(4,209)	(2,931)	(4,715)	(5,506)	(6,521)	(7,336)	(8,910)
<b>RE, End of Period</b>	5,689	9,029	14,806	16,827	19,187	21,982	25,126	28,945