

## DICK'S Sporting Goods (NYSE: DKS)

Consumer Discretionary – Sporting Goods

### Tricky Dick's

April 17, 2023

*DICK'S Sporting Goods, Inc. (or "Dick's") is a sporting goods retailer that sells sports equipment, footwear, apparel, and accessories. Founded in 1948, it currently operates out of 853 locations across the United States.*

#### Thesis

As the largest sporting goods retailer in the United States, Dick's is capitalizing on the country's complete return to normalcy following the Covid pandemic. In the years following the initial outbreak, Dick's experienced not just full recovery, but stratospheric growth, as did much of the market in general. However, it currently finds itself struggling against the recession and inflation seen worldwide in 2022. Dick's has experienced a net loss of stores for the first time in since 2018 and costs are up, leading us to issue a sell rating.

#### Drivers

As all revenue is driven through Dick's stores (its e-commerce is built around the physical stores as well), the continued development of brick-and-mortar locations is an essential driver to Dick's revenue, and if stores continue to open at this rate, it will ensure the company's growth. If not, this can lead to Dick's facing stagnation, as it has in this fiscal year, or even decline.

#### Valuation

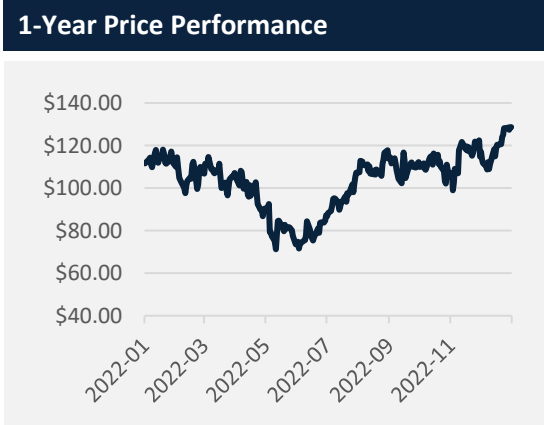
By weighting the EV/EBITDA exit multiple at 70% and the perpetuity growth rate at 30%, we reach a target share price of \$128.97, which is 8.7% less than the current share price of \$140.20. This leads us to indicate a sell rating for Dick's.

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| Equity Research             |             | US |
|-----------------------------|-------------|----|
| Price Target                | US\$ 128.97 |    |
| Rating                      | Sell        |    |
| Share Price (Apr. 17 Close) | US\$ 140.20 |    |
| Total Return                | -8.7%       |    |

| Key Statistics               |                  |
|------------------------------|------------------|
| 52 Week H/L                  | \$128.60/\$63.45 |
| Market Capitalization        | \$10.73B         |
| Average Daily Trading Volume | 1.63M            |
| Net Debt                     | \$1.87B          |
| Enterprise Value             | \$13.39B         |
| Net Debt/EBITDA              | 0.95x            |
| Diluted Shares Outstanding   | 59.84M           |
| Free Float                   | 87.2%            |
| Dividend Yield               | 1.52%            |

| WestPeak's Forecast |         |         |         |
|---------------------|---------|---------|---------|
|                     | 2023E   | 2024E   | 2025E   |
| Revenue             | \$12.2B | \$12.7B | \$13.0B |
| EBITDA              | \$1.72B | \$1.75B | \$1.78B |
| Net Income          | \$980M  | \$1.05B | \$1.05B |
| EPS                 | \$9.85  | \$10.62 | \$10.61 |
| P/E                 | 14.2x   | 13.2x   | 13.2x   |
| EV/EBITDA           | 5.9x    | 5.5x    | 4.9x    |



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## Business Overview/Fundamentals

### Company Overview

Started almost 75 years ago as a single bait and tackle store in New York by Richard "Dick" Stack, DICK'S Sporting Goods has become the largest American retailer of sporting goods and is now worth more than \$9 billion. The main products they sell are sports-related equipment, apparel, footwear, and accessories. They carry a wide range of nationally recognized brands such as Nike, and in-house vertical brands such as Alpine Design. Dick's also owns multiple subsidiaries, such as Golf Galaxy, Field & Stream, and Public Lands. In 2021, 44% of sales were hardlines (equipment for sporting, hunting, fitness, etc.), 34% from apparel, and 21% from footwear; one percent came from non-merchandise sales.

### Business Strategies

#### Reimagining the Customer Experience

Dick's has created a database of customers through its ScoreCard Rewards loyalty program. Since launch in 2019, the company has accumulated data on over 140 million customers. The 20 million active users make more than 70% of total purchases. In just the past two years ScoreCard added more than 16 million new members. Given the high share of revenue this group of customers generates, Dick's has put much effort into engaging them through targeted advertisements and personalized deals. The company has also moved to put in high-tech and premium experiences, such as baseball simulators. To test out new store concepts, Dick's has created several experimental locations, such as the DICK'S House of Sport.

#### Expanding the Selection of Products

Within each category of merchandise, Dick's carries multiple brands to provide the broadest possible range of items. Firstly, they partner with brands such as Nike and Patagonia that are known nationwide. They also offer vertical brands that are exclusive to Dick's, such as Alpine Design. These brands now represent almost 15% of net sales (or \$1.7 billion) and have higher gross margins than comparable products from nationwide brands. Dick's considers them to be a key opportunity for further growth and the company has invested extra money accordingly. Although the company already carries more than a dozen of these vertical brands, in 2021 Dick's released the VRST line of products, showing how much potential they see in their vertical brands.

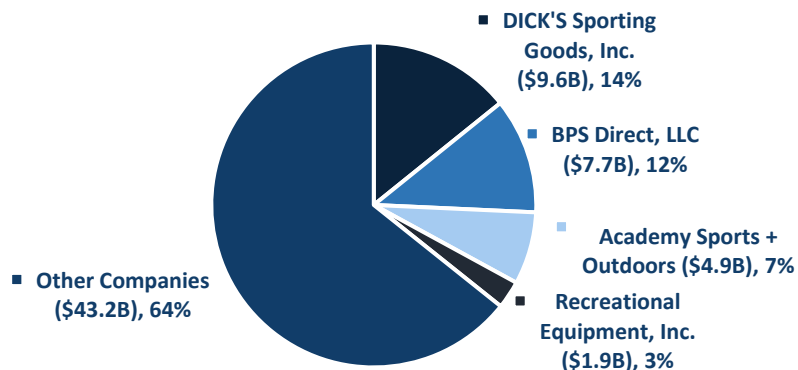
#### Improving Omni-Channel Capabilities

Dick's utilizes its physical base of stores to drive its omni-channel system. They enable 70% of online sales by serving as points of distribution; altogether, the company's stores fulfill around 90% of all sales. This gives them an advantage over competitors who only operate online as Dick's can maximize the advantages of both in-person and online shopping. As e-commerce increased to more than 20% of net sales in 2021, Dick's has capitalized on the growth opportunity and worked to improve the quality of its websites and mobile apps through strategies like improving the delivery experience for customers. A partnership with FedEx will also increase Dick's e-commerce capabilities.

## Industry Analysis

Dick's is the largest player in the American sporting goods industry. The companies in this industry mainly sell athletic apparel, footwear, and gear for various activities like hunting, fishing, skiing, and others. Revenue is spread evenly among these categories, with the largest being sporting equipment at 31.5%. Although the industry is currently undergoing consolidation, it still only has a moderate amount of concentration.

### US Sporting Goods Market Share (2021)



Source: IBISWorld

## Five-Year Outlook

Disposable income, consumer spending, and easing of Covid-related supply chain disruptions are projected to allow the industry to continue growing until 2027. However, growth will be constrained by increased competition, reduced leisure time, and a slight drop in the 10 to 19-year-old population. Based on these factors, the sporting goods industry is projected to have an annualized growth rate of 0.9% over the next five years.

## Competitive Landscape

Internally, the price remains the most important basis of competition. Additionally, there is strong incentive for industry players to offer products of the widest possible range. Also important is customer service, as many of these companies offer repair services and have customers that demand their staff be highly knowledgeable about the products. Externally, mass merchandisers, online retailers, and department stores create fierce competition. Companies like Walmart are using economies of scale to drive down prices and put pressure on the industry by flooding the market with massive amounts of inventory. However, these competitors are limited by only having low to moderate quality products and are unable to cater to specific niches like sporting goods retailers can.

## Consumer Trends

The industry's performance is directly tied to the number of sports and fitness activities that Americans partake in. Although consumer tech products and social media detract from physical activity, the American population is still becoming increasingly health conscious. Industry sales are also tied with disposable income, which determines the quality and frequency of purchases. The United States' geography also adds a few special considerations. Different outdoor activities are more popular depending on the region of the country (for example, hockey is played most heavily in the North, and skiing/snowboarding are most common in the Rockies). The climate also has an effect: California and Florida, with ideal year-round weather, have the most stores in the nation. As firearms/hunting equipment are 24% of industry sales, the American political climate around guns can increase revenue, as do crime spikes and perceived threats to safety.

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## Catalysts

### Return To Normalcy

In the United States, the last of Covid-related restrictions were lifted this year; only a few specific places and circumstances still require things such as face masks. This means that people who were forced to cease their sports activities have now been able to fully return to their athletic pursuits, driving business for Dick's. Additionally, although the economy is far from fully recovered, it is certainly doing better than during the height of inflation and supply chain issues earlier in 2022, and Dick's will most definitely benefit from an improved general economy.

### SG&A Expense Increases

In the past few recent years, Dick's has had an excellent record of opening stores, and has ended every single fiscal year since 2018 with more stores than it started with. This changed in the most recent fiscal year, mostly because Dick's made the choice to close their Field & Stream brand and consolidate it with other Dick's stores. This cost the company almost \$30 million and forced it to close 12 stores, a reversal from the trend of the past 4 years. Other factors such as wage increases and investments into technology added nearly an extra \$130 million to SG&A expenses, increasing its percent of net sales by 1.01%.

### Economic Stagnation

For the past year the economy has been struggling against inflation, driven by supply chain issues and pandemic-era economic policy. In response, the Federal Reserve has hiked the prime interest rate ever higher to try and calm down the rates of inflation, unseen anywhere in North America for decades. The corresponding price surges for essential items like groceries has thrown a wrench into growth plans for most consumer cyclicals, with the sporting goods industry being no exception.

## Investment Thesis

Due to its stable, long-established position as the undisputed industry leader, the market has quite a positive view of Dick's. It has plenty reason to: the company made an exceptional recovery from the Covid pandemic and recorded astronomical growth in fiscal year 2021. Its revenue grew by nearly 30 percent that year, allowing its share price to surge to \$145.19 a share, recording a new high for the company. This performance gives good reason to believe that Dick's will perform well. However, as the annual report for fiscal 2022 shows, revenue growth has been much weaker this year, at just 0.6%. This statistic underlies the reality that Dick's is now facing increasing costs and decreasing margins. For example, COGS has increased to 67.6% of revenue by the final quarter of 2022, up from 62.4% in 2021 Q4, income tax has increased by several percent, and the gross profit margin is down almost 4 percent between fiscal 2021 and 2022. This, along with the company's decision to consolidate a brand, has resulted in Dick's ending this year with less stores than it started with, the first time it has had a net loss of locations since 2019. For these reasons, we predict a target price of \$128.97 and recommend **selling** while the company still maintains its market capitalization from the 2021 surge.

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## Management Team

Dick's meteoric ascension over the past half-century has fundamentally been the success story of Edward Stack, son of the company's founder and the only CEO Dick's has had for decades until just recently. The other key members of the management team have each spent decades in senior-level corporate positions at some of the world's largest organizations, proving their competence and skill.

### Edward Stack – Executive Chairman



In 1984, Edward Stack became the chairman and CEO of Dick's, taking over from his father and company founder Richard Stack. He oversaw the IPO for Dick's in 2002 and grew the company from a two-store chain into the largest sporting goods store in the United States. After serving almost 40 years in this position, in January 2021 he became the executive chairman, leaving the position of CEO for Lauren Hobart. In fiscal 2021, Stack was compensated \$10.6 million. \$1.1 million was a base salary, \$4.4 million was earned in bonuses, just over \$5 million as stocks, and \$69,253 were other sources of compensation.

### Lauren Hobart – President and Chief Executive Officer



Lauren Hobart first joined Dick's in 2011 as a senior VP and Chief Marketing Officer. In 2015 she was promoted to an executive VP and two years later was made president of Dick's before becoming the CEO in February 2021. Prior to her positions as Dick's, Hobart served on the board of directors for Sonic Coporation. She also spent 14 years in various leadership positions at PepsiCo and served two years on YUM! Brands' board of directors. In fiscal 2021, Hobart was compensated \$9.4 million. She received \$1.1 million as base salary, \$3.3 million in bonuses, \$5.0 million in stocks, and received \$8470 in other forms of compensation.

### Navdeep Gupta – Executive Vice President, Chief Financial Officer



Navdeep Gupta has served as executive VP, CFO since October of 2021. Gupta first joined Dick's in 2017 as Senior VP, Finance, and Chief Accounting Officer. Prior to joining the company, he spent eleven years working with Advance Auto Parts, serving in his last position as Senior VP, Finance. He was also an officer in the Indian Navy. In fiscal 2021 Gupta was compensated \$1.8 million. Of this, \$496,711 was base salary, \$634,057 was bonus pay, \$700,100 was in stocks and he received \$5850 in other forms of compensation.

## Shareholder Base, Liquidity, Market Depth

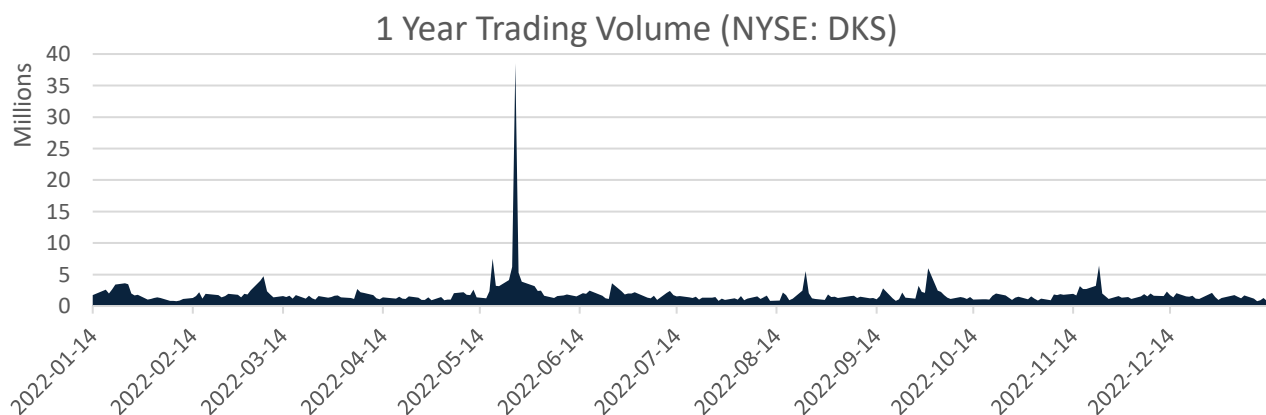
### Shareholder Base

Dick's has 59.84 million shares outstanding and a float of 52.21 million shares. This is equal to around 87.2% free float. 4.40% of shares are held by insiders and it has 1001 total institutional owners.

| Shareholder                  | Shares Owned    | % Of Shares Outstanding | Insider (Y/N) |
|------------------------------|-----------------|-------------------------|---------------|
| Fidelity Investments         | 7279829         | 12.17%                  | N             |
| Lone Pine Capital LLC        | 5015154         | 8.38%                   | N             |
| The Vanguard Group, Inc.     | 4949061         | 8.27%                   | N             |
| BlackRock Fund Advisors      | 4508023         | 7.53%                   | N             |
| Atreides Management LP       | 2173469         | 3.63%                   | N             |
| LSV Asset Management         | 2127193         | 3.55%                   | N             |
| SSgA Funds Management, Inc.  | 1591086         | 2.66%                   | N             |
| Dimensional Fund Advisors LP | 1351101         | 2.26%                   | N             |
| HS Management Partners LLC   | 1330210         | 2.22%                   | N             |
| Balyasny Asset Management LP | 1244493         | 2.08%                   | N             |
| <b>Top 10 Shareholders</b>   | <b>31569619</b> | <b>52.76%</b>           |               |

### Liquidity

Dick's has had an average daily trading volume of 1,634,222 as of April 17, 2023. Spikes generally correlate with quarterly reports. The extraordinary surge in volume of more than 38 million shares occurred on May 25, 2022, due to the 2022 Q1 earnings call, which also resulted in a major rally for the company. Shown below is the daily trading volume of Dick's of the past year to date.



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## Valuation

### Assumptions

#### Revenue

We believe that the inflation and recession in 2022 will cause revenue to fall by a bit for that fiscal year. However, we have assumed that the United States will be able to make a strong economic recovery over the following two years. Additionally, as time moves on, the impacts of Covid lockdowns will decrease and participation in outdoor activity should begin increasing as people embrace normalcy again. From this, we believe that fiscal 2023 and 2024 will show increases of three to four percent in revenue, before slowing down a bit in later years to between 1.5-2.5% revenue growth.

#### Cost

The assumption has been made that COGS will constantly remain at 66% of revenue over the next five years, as this is around the middle of past years and in recent quarters, COGS has been increasing. We believe this trend will stabilize in the first quarter of fiscal 2023.

#### Capital Expenditure

Like COGS, Capex has also been increasing over the last year and so we have assumed that it will stabilize around 26-30% of beginning P&E from 2023 onwards.

#### Weighted Average Cost of Capital

Dick's WACC was calculated to be 7.1%, based on data from Bloomberg. The cost of equity was found using a risk-free rate of 4.0%, expected market return of 6.7%, and a beta of 1.26, suggesting the cost of equity to be 7.4%. Based on a pre-tax debt of 8.5% and an effective tax rate of 24.3%, the cost of debt was determined to be 6.4%.

#### Price Target Weighting

The price target was calculated based on the DCF's EV/EBITDA exit multiple, assumed to be 9.5x, and the perpetuity growth rate, which we assumed was 2.0%. The exit multiple was weighted at 70% and the growth rate at 30% to imply a share price of \$128.97 per share.



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## Comparable Company Analysis

All the companies listed are major corporations who have a large focus on retailing apparel and footwear, which are two of the largest sections that Dick's sells. Most of the corporations are also focused on sports like Dick's, although The Gap is an exception.

### **VF Corporation (NYSE: VFC)**

VF Corporation is an American apparel and footwear corporation. It has acquired and currently holds many notable brands, such as The North Face, Timberland, Vans, and Supreme. It sells products to more than 125 countries and controls 55% of the American backpack market through its acquired brands.

### **The Gap, Inc. (NYSE: GPS)**

The Gap is an American clothing retailer that operates almost 4000 stores across the world and has around 135,000 employees. Under its primary divisions of Gap, Banana Republic, Old Navy, and Athleta, the corporation is currently the largest specialty retailer in the US and has the third most worldwide locations.

### **Foot Locker, Inc. (NYSE: FL)**

Foot Locker is a New York-based company that sells footwear but also general sportswear. Almost 70% of its products sold are from Nike and it does business in 28 different countries. It continues to make major investments and acquisitions in recent years, such as retailers WSS and Atmos.

### **JD Sports Fashion plc (LSE: JD)**

JD Sports is a British sports clothing retailer that operates over 3400 stores and is part of the FTSE 100 Index. It has many acquired subsidiaries and continues to expand into countries such as Indonesia.

### **Academy Sports and Outdoors, Inc. (NasdaqGS: AS)**

Academy Sports and Outdoors is a Texas-based sporting goods chain that was only public listed three years ago. It is one of the direct rivals to Dick's and has aggressive expansion plans. Although it currently has less than 300 stores, within the next 5 years Academy intends to open 100 more.



## Recommendation

### Sell

Dick's has made an extraordinary recovery from the days of the Covid pandemic and its associated lockdowns. From fiscal 2020 to 2021 it made an extra three billion dollars, equating to a 28.3% increase in revenue. However, those days are over, and Dick's has been less successful at weathering the inflation and supply chain issues that 2022 has brought. Although sports has all but returned to normal, the economy is yet to roar back to life. The fiscal 2022 report shows that this year's revenue increase is only 60 basis points. This sudden slowdown in revenue growth is extinguishing much of last year's optimism prompting our target price of \$128.97, leading us to recommending **selling**.

## Risks

### Lack of Interest Rate Risk

Dick's notes that they did not draw on their Credit Facility in fiscal 2022/2021, meaning that interest rate hikes did not adversely affect their financial condition, operations, or cash flows. Additionally, the cash coupons on their Senior and Convertible Senior Notes are fixed. If the US Federal Reserve continues to sharply increase interest rates, this means that Dick's will be less affected than other companies that may be dependent on the current interest rate.

### Reduced Seasonality

While Dick's has historically been subject to seasonality, for example the holiday selling season and poor weather conditions, they have recently found that they have been increasingly less affected by such fluctuations in more recent years. This means that their revenue stream is becoming more and more stable between quarters, allowing for more predictable business conditions, and making planning for the company much easier.

Exhibit 1: Model Summary

| Summary Page                         |          |          |          |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |  |
|--------------------------------------|----------|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--|
| (Figures in mm USD)                  | Jan-18   | Jan-19   | Jan-20   | Jan-21   | Jan-22    | Apr-22    | Jul-22    | Oct-22    | Jan-23    | Jan-23    | Apr-23    | Jul-23    | Oct-23    | Jan-24    | Jan-24    | Jan-25    | Jan-26    | Jan-27    | Jan-28    |  |
|                                      | FY2017   | FY2018   | FY2019   | FY2020   | FY2021    | Q1-2022   | Q2-2022   | Q3-2022   | Q4-2022   | FY2022    | Q1-2023   | Q2-2023   | Q3-2023   | Q4-2023   | FY2023    | FY2024    | FY2025    | FY2026    | FY2027    |  |
| <b>Income Statement</b>              |          |          |          |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |  |
| Revenue                              | 8,590.5  | 8,436.6  | 8,750.7  | 9,584.0  | 12,293.4  | 2,700.2   | 3,112.4   | 2,958.9   | 3,596.7   | 12,368.2  | 2,732.8   | 3,167.2   | 3,011.8   | 3,266.1   | 12,177.9  | 12,705.8  | 13,008.7  | 13,242.2  | 13,579.8  |  |
| EBITDA                               | 715.2    | 689.5    | 679.8    | 1,067.5  | 2,357.1   | 446.2     | 544.8     | 411.7     | 425.8     | 1,828.5   | 377.1     | 471.9     | 412.6     | 460.5     | 1,722.2   | 1,753.4   | 1,782.2   | 1,787.7   | 1,779.0   |  |
| Net Income                           | 323.4    | 319.9    | 297.5    | 530.3    | 1,519.9   | 260.6     | 318.5     | 228.5     | 235.6     | 1,043.1   | 213.1     | 273.1     | 226.0     | 265.7     | 977.9     | 1,054.2   | 1,053.6   | 1,037.9   | 1,022.3   |  |
| Earnings Per Share                   | \$ 3.01  | \$ 3.24  | \$ 3.34  | \$ 5.72  | \$ 13.87  | \$ 2.40   | \$ 3.17   | \$ 2.36   | \$ 2.37   | \$ 10.51  | \$ 2.15   | \$ 2.75   | \$ 2.28   | \$ 2.68   | \$ 9.85   | \$ 10.62  | \$ 10.61  | \$ 10.46  | \$ 10.30  |  |
| <b>Cash Flow Statement</b>           |          |          |          |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |  |
| Capital Expenditures                 | (474.3)  | (198.2)  | (217.5)  | (224.0)  | (308.3)   | (73.8)    | (93.9)    | (106.6)   | (89.8)    | (364.1)   | (75.5)    | (89.5)    | (85.3)    | (102.0)   | (352.3)   | (359.9)   | (379.7)   | (397.5)   | (405.5)   |  |
| Acquisitions                         | (9.0)    | -        | -        | -        | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |  |
| Divestitures                         | -        | -        | 40.4     | -        | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |  |
| Dividend Payment                     | (73.1)   | (89.3)   | (88.3)   | (107.4)  | (603.0)   | (46.1)    | (36.9)    | (40.9)    | (39.3)    | (163.1)   | (35.7)    | (31.1)    | (31.8)    | (36.5)    | (135.1)   | (139.0)   | (140.6)   | (141.4)   | (142.9)   |  |
| Dividend Per Share                   | \$ 0.68  | \$ 0.90  | \$ 1.10  | \$ 1.16  | \$ 5.50   | \$ 0.42   | \$ 0.37   | \$ 0.42   | \$ 0.44   | \$ 1.65   | \$ 0.46   | \$ 0.40   | \$ 0.41   | \$ 0.47   | \$ 1.74   | \$ 1.79   | \$ 1.81   | \$ 1.82   | \$ 1.84   |  |
| Dividend Payout to Earnings          | 22.6%    | 27.9%    | 33.1%    | 20.3%    | 39.7%     | 17.7%     | 11.6%     | 17.9%     | 16.7%     | 15.6%     | 16.8%     | 11.4%     | 14.1%     | 13.7%     | 13.8%     | 13.2%     | 13.3%     | 13.6%     | 14.0%     |  |
| Dividend Payout to Core FCF          | 6.5%     | 11.2%    | 12.0%    | 9.7%     | 26.8%     | 10.7%     | 7.0%      | 9.3%      | 8.3%      | 8.7%      | 9.5%      | 7.0%      | 8.1%      | 8.1%      | 8.1%      | 8.0%      | 7.9%      | 7.9%      | 8.0%      |  |
| Dividend Yield                       | 1.8%     | 2.6%     | 2.7%     | 2.8%     | 5.1%      | 0.4%      | 0.4%      | 0.4%      | 0.3%      | 1.6%      | 0.3%      | 0.3%      | 0.3%      | 0.3%      | 1.2%      | 1.3%      | 1.3%      | 1.3%      | 1.3%      |  |
| <b>Balance Sheet</b>                 |          |          |          |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |  |
| Current Assets                       | 2,006.1  | 2,122.4  | 2,410.0  | 3,759.7  | 5,106.7   | 5,256.7   | 5,076.7   | 4,986.5   | 4,963.2   | 4,963.2   | 5,566.2   | 5,873.0   | 5,912.4   | 6,224.1   | 6,224.1   | 7,214.2   | 8,175.9   | 9,098.9   | 10,006.6  |  |
| Non-Current Assets                   | 2,197.9  | 2,064.8  | 4,218.5  | 3,993.2  | 3,935.0   | 3,963.1   | 3,988.6   | 3,970.1   | 4,029.0   | 4,029.0   | 4,018.1   | 4,028.2   | 4,031.5   | 4,049.2   | 4,049.2   | 4,091.7   | 4,135.8   | 4,169.3   | 4,211.5   |  |
| Assets                               | 4,203.9  | 4,187.1  | 6,628.6  | 7,752.9  | 9,041.7   | 9,219.8   | 9,065.3   | 8,956.6   | 8,992.2   | 8,992.2   | 9,584.3   | 9,901.3   | 9,943.9   | 10,273.3  | 10,273.3  | 11,305.9  | 12,311.8  | 13,268.3  | 14,218.1  |  |
| Current Liabilities                  | 1,425.0  | 1,504.6  | 2,076.5  | 2,550.2  | 2,712.7   | 2,802.8   | 2,782.0   | 2,762.1   | 2,641.4   | 2,641.4   | 3,056.2   | 3,131.2   | 2,979.6   | 3,079.8   | 3,079.8   | 3,197.3   | 3,290.2   | 3,350.1   | 3,420.6   |  |
| Non-Current Liabilities              | 837.4    | 778.3    | 2,820.5  | 2,863.1  | 4,227.4   | 4,222.4   | 4,109.8   | 3,817.3   | 3,826.1   | 3,826.1   | 3,826.1   | 3,826.1   | 3,826.1   | 3,826.1   | 3,826.1   | 3,826.1   | 3,826.1   | 3,826.1   | 3,826.1   |  |
| Liabilities                          | 2,262.4  | 2,283.0  | 4,897.0  | 5,413.3  | 6,940.1   | 7,025.2   | 6,891.8   | 6,579.4   | 6,467.6   | 6,467.6   | 6,882.3   | 6,957.3   | 6,805.7   | 6,905.9   | 6,905.9   | 7,023.5   | 7,116.3   | 7,176.2   | 7,246.7   |  |
| Shareholders' Equity                 | 1,941.5  | 1,904.2  | 1,731.6  | 2,339.5  | 2,101.6   | 2,194.6   | 2,173.5   | 2,377.2   | 2,524.6   | 2,524.6   | 2,702.0   | 2,944.0   | 3,138.1   | 3,367.3   | 3,367.3   | 4,282.5   | 5,195.4   | 6,092.0   | 6,971.4   |  |
| Cash                                 | 101.3    | 113.7    | 69.3     | 1,658.1  | 2,643.2   | 2,251.3   | 1,895.5   | 1,438.0   | 1,924.4   | 1,924.4   | 2,316.3   | 2,356.9   | 2,090.3   | 3,817.6   | 3,817.6   | 4,359.9   | 5,214.8   | 6,058.3   | 6,875.1   |  |
| Debt                                 | 5,467.9  | 5,380.8  | 5,468.5  | 6,579.4  | 6,905.7   | 6,905.9   | 6,905.9   | 7,023.5   | 7,116.3   | 7,116.3   | 7,246.7   | -         | -         | -         | -         | -         | -         | -         | -         |  |
| Net Debt                             | 5,366.6  | 5,267.1  | 5,399.1  | 4,921.4  | 4,162.5   | 4,654.6   | 5,010.4   | 5,585.5   | 5,192.0   | 5,251.9   | 4,930.5   | (2,356.9) | (2,090.3) | (3,817.6) | (3,817.6) | (4,359.9) | (5,214.8) | (6,058.3) | (6,875.1) |  |
| Minority Interests                   | -        | -        | -        | -        | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |  |
| Debt/EBITDA                          | 7.5 x    | 7.6 x    | 7.9 x    | 4.6 x    | 1.8 x     | 10.4 x    | 9.2 x     | 13.6 x    | 12.2 x    | 2.9 x     | 13.1 x    | n/a       | n/a       | n/a       | n/a       | n/a       | n/a       | n/a       | n/a       |  |
| <b>Operating Metrics</b>             |          |          |          |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |  |
| Return on Equity (ROE)               | 16.8%    | 17.2%    | -8.6%    | 13.9%    | 11.9%     | 14.7%     | 9.6%      | 9.3%      | 41.3%     | 7.9%      | 9.3%      | 7.2%      | 7.9%      | 29.0%     | 24.6%     | 20.3%     | 17.0%     | 14.7%     | #DIV/0!   |  |
| Return on Assets (ROA)               | 7.6%     | 4.5%     | -1.8%    | 4.5%     | 2.8%      | 3.5%      | 2.6%      | 2.6%      | 11.6%     | 2.2%      | 2.8%      | 2.3%      | 2.6%      | 9.5%      | 9.3%      | 8.6%      | 7.6%      | 7.2%      | #DIV/0!   |  |
| Return on Invested Capital (ROIC)    | -        | -        | -        | -        | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |  |
| <b>Valuation Metrics</b>             |          |          |          |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |  |
| Stock Price (High)                   | \$ 51.73 | \$ 39.75 | \$ 48.84 | \$ 69.50 | \$ 144.74 | \$ 119.33 | \$ 102.95 | \$ 119.81 | \$ 140.20 | \$ 140.20 | \$ 140.20 | \$ 140.20 | \$ 140.20 | \$ 140.20 | \$ 140.20 | \$ 140.20 | \$ 140.20 | \$ 140.20 | \$ 140.20 |  |
| Stock Price (Low)                    | \$ 23.91 | \$ 30.25 | \$ 32.37 | \$ 13.46 | \$ 69.98  | \$ 95.29  | \$ 69.65  | \$ 93.50  | \$ 140.20 | \$ 69.65  | \$ 140.20 | \$ 140.20 | \$ 140.20 | \$ 140.20 | \$ 140.20 | \$ 140.20 | \$ 140.20 | \$ 140.20 | \$ 140.20 |  |
| Stock Price (Average)                | \$ 37.82 | \$ 35.00 | \$ 40.61 | \$ 41.48 | \$ 107.36 | \$ 107.31 | \$ 86.30  | \$ 106.66 | \$ 140.20 | \$ 104.93 | \$ 140.20 | \$ 140.20 | \$ 140.20 | \$ 140.20 | \$ 140.20 | \$ 140.20 | \$ 140.20 | \$ 140.20 | \$ 140.20 |  |
| Diluted Shares Outstanding (Average) | 107.6    | 98.8     | 89.1     | 92.6     | 109.6     | 108.6     | 100.4     | 96.7      | 99.3      | 99.3      | 99.3      | 99.3      | 99.3      | 99.3      | 99.3      | 99.3      | 99.3      | 99.3      | 99.3      |  |
| Market Capitalization (Average)      | 4,068.9  | 3,457.3  | 3,616.5  | 3,842.7  | 11,764.3  | 11,657.0  | 8,663.6   | 10,311.5  | 13,918.2  | 10,416.3  | 13,918.2  | 13,918.2  | 13,918.2  | 13,918.2  | 13,918.2  | 13,918.2  | 13,918.2  | 13,918.2  | 13,918.2  |  |
| Enterprise Value (Average)           | 9,435.5  | 8,724.5  | 9,015.7  | 8,764.0  | 15,926.8  | 16,311.6  | 13,674.0  | 15,897.0  | 19,110.2  | 15,668.2  | 18,848.7  | 11,561.3  | 11,827.9  | 10,100.6  | 10,100.6  | 9,558.3   | 8,703.4   | 7,859.9   | 7,043.1   |  |
| P/E                                  | 12.6 x   | 10.8 x   | 12.2 x   | 7.2 x    | 7.7 x     | 44.7 x    | 27.2 x    | 45.1 x    | 59.1 x    | 10.0 x    | 65.3 x    | 51.0 x    | 61.6 x    | 52.4 x    | 14.2 x    | 13.2 x    | 13.2 x    | 13.4 x    | 13.6 x    |  |
| EV/EBITDA                            | 13.2 x   | 12.7 x   | 13.3 x   | 8.2 x    | 6.8 x     | 36.6 x    | 25.1 x    | 38.6 x    | 44.9 x    | 8.6 x     | 50.0 x    | 24.5 x    | 28.7 x    | 21.9 x    | 5.9 x     | 5.5 x     | 4.9 x     | 4.4 x     | 4.0 x     |  |
| FCF Yield to Market Capitalization   | 4.0%     | 14.2%    | 4.2%     | 34.7%    | 10.6%     | -1.0%     | 0.8%      | -1.6%     | 5.5%      | 5.1%      | 3.1%      | 0.7%      | -1.5%     | 12.8%     | 15.1%     | 5.1%      | 7.5%      | 7.4%      | 7.3%      |  |
| FCF Yield to Enterprise Value        | 1.7%     | 5.6%     | 1.7%     | 15.2%    | 7.8%      | -0.7%     | 0.5%      | -1.1%     | 4.0%      | 3.4%      | 2.3%      | 0.8%      | -1.8%     | 17.7%     | 20.8%     | 7.5%      | 11.9%     | 13.0%     | 14.3%     |  |
| <b>Free Cash Flow</b>                |          |          |          |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |  |
| EBIT                                 | 477.6    | 444.7    | 409.4    | 741.5    | 2,034.5   | 366.5     | 460.2     | 325.5     | 310.9     | 1,463.0   | 290.7     | 392.5     | 330.6     | 376.2     | 1,390.1   | 1,436.0   | 1,446.7   | 1,423.6   | 1,415.6   |  |
| Tax Expense                          | (177.9)  | (112.1)  | (110.2)  | (181.5)  | (474.6)   | (71.3)    | (108.8)   | (75.7)    | (75.5)    | (355.4)   | (70.6)    | (95.3)    | (80.3)    | (91.4)    | (337.6)   | (348.8)   | (351.4)   | (345.8)   | (343.9)   |  |
| D&A                                  | 237.7    | 244.8    | 270.4    | 326.0    | 322.6     | 79.7      | 84.6      | 86.3      | 115.0     | 365.5     | 86.4      | 79.4      | 82.0      | 84.3      | 332.1     | 317.4     | 335.5     | 364.1     | 363.3     |  |
| Capital Expenditures                 | (474.3)  | (198.2)  | (217.5)  | (224.0)  | (308.3)   | (73.8)    | (93.9)    | (106.6)   | (89.8)    | (364.1)   | (75.5)    | (89.5)    | (85.3)    | (102.0)   | (352.3)   | (359.9)   | (379.7)   | (397.5)   | (405.5)   |  |
| Changes in NWC                       | 101.2    | 111.4    | (200.1)  | 671.0    | (325.6)   | (415.6)   | (270.6)   | (398.6)   | 504.8     | (580.0)   | 203.6     | (191.3)   | (457.4)   | 1,515.7   | 1,070.6   | (330.2)   | (14.0)    | (19.6)    | (20.4)    |  |
| Unlevered Free Cash Flow             | 164.2    | 490.7    | 152.0    | 1,333.0  | 1,248.6   | (114.4)   | 71.4      | (169.2)   | 765.3     | 529.1     | 434.6     | 95.8      | (210.4)   | 1,782.9   | 2,102.9   | 714.4     | 1,037.1   | 1,024.8   | 1,009.2   |  |
| <b>Valuation Summary</b>             |          |          |          |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |  |
| Current Price                        | 140.2    |          |          |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |  |
| Target Price                         | 128.97   |          |          |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |  |
| Total Return                         | 8.7%     |          |          |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |  |
| Recommendation                       | SELL     |          |          |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |  |
| <b>DCF Valuation</b>                 |          |          |          |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |  |
| Perpetuity Growth Implied Price      | 145.22   |          |          |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |  |
| Exit Multiple Implied Price          | 122.01   |          |          |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |  |
| <b>Comps Valuation</b>               |          |          |          |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |  |
| Comps - EV/EBITDA Implied Price      | 111.83   |          |          |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |  |
| Comps - P/E Implied Price            | 1259.39  |          |          |          |           |           |           |           |           |           |           |           |           |           |           |           |           |           |           |  |

Exhibit 2: Discounted Cash Flow

|   |           | Jan-18    | Jan-19    | Jan-20    | Jan-21    | Jan-22    | Apr-22  | Jul-22  | Oct-22  | Jan-23  | Jan-23   | Apr-23                      | Jul-23  | Oct-23    | Jan-24  | Jan-24  | Jan-25  | Jan-26  | Jan-27  | Jan-28  |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|-----------|---------|---------|---------|---------|--|-----------------------------|---------|-----------|---------|---------|---------|---------|---------|---------|--|--|--|------|--|--|--|--|--|--|-------|-------|-------|-------|-------|-----------------------------|-------|----------|-----------|-----------|-----------|-----------|-------|-----------|-----------|-----------|-----------|-----------|-------|-----------|-----------|-----------|-----------|-----------|--------|-----------|-----------|-----------|-----------|-----------|--------|-----------|-----------|-----------|-----------|-----------|
| (Figures in mm USD)                       |           | FY2017    | FY2018    | FY2019    | FY2020    | FY2021    | Q1-2022 | Q2-2022 | Q3-2022 | Q4-2022 | FY2022   | Q1-2023                     | Q2-2023 | Q3-2023   | Q4-2023 | FY2023  | FY2024  | FY2025  | FY2026  | FY2027  |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| <b>WACC Calculations</b>                  |           |           |           |           |           |           |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| <b>Cost of Equity</b>                     |           |           |           |           |           |           |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Risk-free rate                            |           | 4.0%      |           |           |           |           |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Expected market return                    |           | 6.7%      |           |           |           |           |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Market Risk Premium                       |           | 2.7%      |           |           |           |           |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Beta                                      |           | 1.26      |           |           |           |           |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Cost of Equity                            |           | 7.4%      |           |           |           |           |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| <b>Cost of Debt</b>                       |           |           |           |           |           |           |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Pre-tax cost of debt                      |           | 8.5%      |           |           |           |           |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Effective tax rate                        |           | 24.3%     |           |           |           |           |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Cost of Debt                              |           | 6.4%      |           |           |           |           |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| <b>WACC</b>                               |           |           |           |           |           |           |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Market value of equity                    |           | 13918.2   |           |           |           |           |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Market value of debt                      |           | 6467.6    |           |           |           |           |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Total Capitalization                      |           | 20385.8   |           |           |           |           |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Cost of equity                            |           | 7.4%      |           |           |           |           |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Cost of debt                              |           | 6.4%      |           |           |           |           |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| WACC                                      |           | 7.1%      |           |           |           |           |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| <b>Free Cash Flow</b>                     |           |           |           |           |           |           |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| EBIT                                      |           | 477.6     | 444.7     | 409.4     | 741.5     | 2,034.5   | 366.5   | 460.2   | 325.5   | 910.9   | 1,463.0  | 290.7                       | 392.5   | 330.6     | 376.2   | 1,390.1 | 1,436.0 | 1,446.7 | 1,423.6 | 1,415.6 |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Less: Tax expense                         |           | (177.9)   | (112.1)   | (110.2)   | (181.5)   | (474.6)   | (71.3)  | (108.8) | (75.7)  | (75.5)  | (355.4)  | (70.6)                      | (85.3)  | (80.3)    | (91.4)  | (337.6) | (348.8) | (351.4) | (345.9) | (343.9) |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Add: Depreciation and amortization        |           | 237.7     | 244.8     | 270.4     | 326.0     | 322.6     | 79.7    | 84.6    | 86.3    | 115.0   | 365.5  | 86.4                        | 79.4    | 82.0      | 84.3    | 332.1   | 317.4   | 335.5   | 364.1   | 363.3   |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Less: Capital expenditures                |           | (474.3)   | (198.2)   | (217.5)   | (224.0)   | (308.3)   | (73.8)  | (93.9)  | (106.6) | (89.8)  | (364.1)  | (75.5)                      | (89.5)  | (85.3)    | (102.0) | (352.3) | (359.9) | (379.7) | (397.5) | (405.5) |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Less: Change in net working capital       |           | 101.2     | 111.4     | (200.1)   | 671.0     | (325.6)   | (415.6) | (270.6) | (398.6) | 504.8   | (580.0)  | 203.6                       | (191.3) | (457.4)   | 1,515.7 | 1,070.6 | (330.2) | (14.0)  | (19.6)  | (20.4)  |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Unlevered Free Cash Flow                  |           | 164.2     | 490.7     | 152.0     | 1,333.0   | 1,248.6   | (114.4) | 71.4    | (169.2) | 765.3   | 529.1  | 434.6                       | 95.8    | (210.4)   | 1,782.9 | 2,102.9 | 714.4   | 1,037.1 | 1,024.8 | 1,009.2 |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Discount factor                           |           |           |           |           |           |           |         |         |         | 0.25    | 0.25   | 0.50                        | 0.75    | 1.00      | 1.25    | 1.25    | 2.25    | 3.25    | 4.25    | 5.25    |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Present Value of Unlevered Free Cash Flow |           |           |           |           |           |           |         |         |         | 752.3   | 752.3  | 420.0                       | 91.0    | (196.5)   | 1,636.5 | 1,951.0 | 612.3   | 830.0   | 765.8   | 704.2   |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| <b>Discounted Cash Flow Valuations</b>    |           |           |           |           |           |           |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| <b>Perpetuity Growth Method</b>           |           |           |           |           |           |           |         |         |         |         | <b>Exit Multiple Method</b>  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Perpetuity Growth Rate                    |           | 2.0%      |           |           |           |           |         |         |         |         |  | Terminal EV/EBITDA Multiple |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| PV sum of unlevered FCF                   |           | 4863.2    |           |           |           |           |         |         |         |         |  | PV sum of unlevered FCF     |         | 4,863.2   |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Terminal value                            |           | 14096.5   |           |           |           |           |         |         |         |         |  | Terminal value              |         | 11,792.2  |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Enterprise Value                          |           | 18959.8   |           |           |           |           |         |         |         |         |  | Enterprise Value            |         | 16,655.4  |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Add: Cash                                 |           | 1924.4    |           |           |           |           |         |         |         |         |  | Add: Cash                   |         | 1,924.4   |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Less: Debt                                |           | 6467.6    |           |           |           |           |         |         |         |         |  | Less: Debt                  |         | 6,467.6   |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Less: Other EV adjustments                |           |           |           |           |           |           |         |         |         |         |  | Less: Other EV adjustments  |         | -         |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Equity Value                              |           | 14416.6   |           |           |           |           |         |         |         |         |  | Equity Value                |         | 12,112.2  |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Shares outstanding                        |           | 99.3      |           |           |           |           |         |         |         |         |  | Shares outstanding          |         | 99.3      |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Implied Share Price                       |           | 145.22    |           |           |           |           |         |         |         |         |  | Implied Share Price         |         | \$ 122.01 |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Current Price                             |           | 140.2     |           |           |           |           |         |         |         |         |  | Current Price               |         | \$ 140.20 |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Implied Price                             |           | 145.22    |           |           |           |           |         |         |         |         |  | Implied Price               |         | \$ 122.01 |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Total Return                              |           | 3.6%      |           |           |           |           |         |         |         |         |  | Total Return                |         | -13.0%    |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
|   |           |           |           |           |           |           |         |         |         |         | <table border="1"> <thead> <tr> <th colspan="2"></th> <th colspan="5">WACC</th> </tr> <tr> <th colspan="2"></th> <th>8.10%</th> <th>7.60%</th> <th>7.10%</th> <th>6.60%</th> <th>6.10%</th> </tr> </thead> <tbody> <tr> <td rowspan="4">Perpetuity Growth Rate</td> <td>1.00%</td> <td>\$ 99.39</td> <td>\$ 109.23</td> <td>\$ 120.76</td> <td>\$ 134.45</td> <td>\$ 150.93</td> </tr> <tr> <td>1.50%</td> <td>\$ 107.19</td> <td>\$ 118.49</td> <td>\$ 131.90</td> <td>\$ 148.04</td> <td>\$ 167.81</td> </tr> <tr> <td>2.00%</td> <td>\$ 116.27</td> <td>\$ 129.41</td> <td>\$ 145.22</td> <td>\$ 164.59</td> <td>\$ 188.81</td> </tr> <tr> <td>2.50%</td> <td>\$ 126.98</td> <td>\$ 142.47</td> <td>\$ 161.44</td> <td>\$ 185.17</td> <td>\$ 215.66</td> </tr> <tr> <td>3.00%</td> <td>\$ 139.78</td> <td>\$ 158.37</td> <td>\$ 181.62</td> <td>\$ 211.49</td> <td>\$ 251.18</td> </tr> </tbody> </table>     |                             |         |           |         |         |         |         |         |         |  |  |  | WACC |  |  |  |  |  |  | 8.10% | 7.60% | 7.10% | 6.60% | 6.10% | Perpetuity Growth Rate      | 1.00% | \$ 99.39 | \$ 109.23 | \$ 120.76 | \$ 134.45 | \$ 150.93 | 1.50% | \$ 107.19 | \$ 118.49 | \$ 131.90 | \$ 148.04 | \$ 167.81 | 2.00% | \$ 116.27 | \$ 129.41 | \$ 145.22 | \$ 164.59 | \$ 188.81 | 2.50%  | \$ 126.98 | \$ 142.47 | \$ 161.44 | \$ 185.17 | \$ 215.66 | 3.00%  | \$ 139.78 | \$ 158.37 | \$ 181.62 | \$ 211.49 | \$ 251.18 |
|   |           | WACC      |           |           |           |           |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
|   |           | 8.10%     | 7.60%     | 7.10%     | 6.60%     | 6.10%     |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Perpetuity Growth Rate                    | 1.00%     | \$ 99.39  | \$ 109.23 | \$ 120.76 | \$ 134.45 | \$ 150.93 |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
|   | 1.50%     | \$ 107.19 | \$ 118.49 | \$ 131.90 | \$ 148.04 | \$ 167.81 |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
|   | 2.00%     | \$ 116.27 | \$ 129.41 | \$ 145.22 | \$ 164.59 | \$ 188.81 |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
|   | 2.50%     | \$ 126.98 | \$ 142.47 | \$ 161.44 | \$ 185.17 | \$ 215.66 |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| 3.00%                                     | \$ 139.78 | \$ 158.37 | \$ 181.62 | \$ 211.49 | \$ 251.18 |           |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
|   |           |           |           |           |           |           |         |         |         |         | <table border="1"> <thead> <tr> <th colspan="2"></th> <th colspan="5">WACC</th> </tr> <tr> <th colspan="2"></th> <th>8.10%</th> <th>7.60%</th> <th>7.10%</th> <th>6.60%</th> <th>6.10%</th> </tr> </thead> <tbody> <tr> <td rowspan="5">Terminal EV/EBITDA Multiple</td> <td>7.5 x</td> <td>\$ 92.53</td> <td>\$ 94.74</td> <td>\$ 97.00</td> <td>\$ 99.33</td> <td>\$ 101.74</td> </tr> <tr> <td>8.5 x</td> <td>\$ 104.44</td> <td>\$ 106.94</td> <td>\$ 109.50</td> <td>\$ 112.15</td> <td>\$ 114.87</td> </tr> <tr> <td>9.5 x</td> <td>\$ 116.35</td> <td>\$ 119.14</td> <td>\$ 122.01</td> <td>\$ 124.96</td> <td>\$ 128.00</td> </tr> <tr> <td>10.5 x</td> <td>\$ 128.26</td> <td>\$ 131.34</td> <td>\$ 134.51</td> <td>\$ 137.78</td> <td>\$ 141.14</td> </tr> <tr> <td>11.5 x</td> <td>\$ 140.17</td> <td>\$ 143.54</td> <td>\$ 147.01</td> <td>\$ 150.59</td> <td>\$ 154.27</td> </tr> </tbody> </table> |                             |         |           |         |         |         |         |         |         |  |  |  | WACC |  |  |  |  |  |  | 8.10% | 7.60% | 7.10% | 6.60% | 6.10% | Terminal EV/EBITDA Multiple | 7.5 x | \$ 92.53 | \$ 94.74  | \$ 97.00  | \$ 99.33  | \$ 101.74 | 8.5 x | \$ 104.44 | \$ 106.94 | \$ 109.50 | \$ 112.15 | \$ 114.87 | 9.5 x | \$ 116.35 | \$ 119.14 | \$ 122.01 | \$ 124.96 | \$ 128.00 | 10.5 x | \$ 128.26 | \$ 131.34 | \$ 134.51 | \$ 137.78 | \$ 141.14 | 11.5 x | \$ 140.17 | \$ 143.54 | \$ 147.01 | \$ 150.59 | \$ 154.27 |
|   |           | WACC      |           |           |           |           |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
|   |           | 8.10%     | 7.60%     | 7.10%     | 6.60%     | 6.10%     |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
| Terminal EV/EBITDA Multiple               | 7.5 x     | \$ 92.53  | \$ 94.74  | \$ 97.00  | \$ 99.33  | \$ 101.74 |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
|   | 8.5 x     | \$ 104.44 | \$ 106.94 | \$ 109.50 | \$ 112.15 | \$ 114.87 |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
|   | 9.5 x     | \$ 116.35 | \$ 119.14 | \$ 122.01 | \$ 124.96 | \$ 128.00 |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
|   | 10.5 x    | \$ 128.26 | \$ 131.34 | \$ 134.51 | \$ 137.78 | \$ 141.14 |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |
|   | 11.5 x    | \$ 140.17 | \$ 143.54 | \$ 147.01 | \$ 150.59 | \$ 154.27 |         |         |         |         |  |                             |         |           |         |         |         |         |         |         |  |  |  |      |  |  |  |  |  |  |       |       |       |       |       |                             |       |          |           |           |           |           |       |           |           |           |           |           |       |           |           |           |           |           |        |           |           |           |           |           |        |           |           |           |           |           |



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