

Blu Containers Company

Revenue Schedule

		2020A	2021A	2022A	<i>Projected</i>				
					2023	2024	2025	2026	2027
Pricing									
Gross Sales Price	(\$/unit)			694.4	798.7	723.8	823.7	798.7	748.8
Cost Inflation	(%)				2.5%	2.5%	2.5%	2.5%	2.5%
Less: Freight & Warehousing	(\$/unit)			100.0	102.5	105.1	107.7	110.4	113.1
Net Sales Price	(\$/unit)			594.4	696.2	618.8	716.0	688.3	635.7
Sales Volume									
Annual Factory Capacity					420.0	420.0	420.0	420.0	420.0
Sales Volume Growth					4.0%	4.0%	3.0%	3.0%	2.0%
Annual Sales Volume				344.5	358.3	372.6	383.8	395.3	403.2
Implied Operating Rate					85.3%	88.7%	91.4%	94.1%	96.0%
Revenue									
Gross Revenue				239.2	286.2	269.7	316.1	315.7	301.9
Less: Freight & Warehousing				34.5	36.7	39.1	41.3	43.6	45.6
Net Revenue				\$204.8	\$249.4	\$230.6	\$274.8	\$272.1	\$256.3

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Costs of Production Schedule

			2020A	2021A	2022A	Projected				
						2023	2024	2025	2026	2027
Annual Sales Volume	(000's units)				344.5	358.3	372.6	383.8	395.3	403.2
Cost Inflation	(%)				2.5%	2.5%	2.5%	2.5%	2.5%	0.0%
COSTS PER UNIT										
Variable Costs										
Raw Materials	(000's units)					226.0	231.7	237.4	243.4	243.4
Utilities	(000's units)					66.2	67.9	69.6	71.3	71.3
Total Variable Costs	(000's units)					292.2	299.5	307.0	314.7	314.7
Fixed Costs										
Rent	(000's units)					65.6	67.2	68.9	70.6	70.6
Operating Labour	(000's units)					121.4	121.4	121.4	121.4	121.4
Other	(000's units)					5.6	5.6	5.6	5.6	5.6
Total Fixed Costs	(000's units)					127.0	130.2	133.4	136.8	136.8
Total Costs						419.2	429.7	440.4	451.4	451.4
COSTS IN MILLIONS										
Variable Costs										
Raw Materials	(\$ MM)					81.0	86.3	91.1	96.2	98.1
Utilities	(\$ MM)					23.7	25.3	26.7	28.2	28.7
Total Variable Costs	(\$ MM)					104.7	111.6	117.8	124.4	126.9
Fixed Costs										
Rent	(\$ MM)					23.5	24.1	24.7	25.3	25.3
Operating Labour	(\$ MM)					43.5	43.5	43.5	43.5	43.5
Other	(\$ MM)					2.0	2.0	2.0	2.0	2.0
Total Fixed Costs	(\$ MM)					69.0	69.6	70.2	70.8	70.8
Total Costs						173.7	181.2	188.0	195.2	197.7

Blu Containers Company

Income Statement

(\$ Millions)

	2020A	2021A	2022A	<i>Projected</i>				
				2023	2024	2025	2026	2027
Sales Volume (000's units)			344.5					
Revenue								
Gross Revenue	244.8	269.3	239.2	286.2	269.7	316.1	315.7	301.9
Freight & Warehousing	31.3	32.7	34.4	36.7	39.1	41.3	43.6	45.6
Net Revenue	213.5	236.6	204.8	249.4	230.6	274.8	272.1	256.3
Cost of Sales	159.9	164.6	167.9	173.7	181.2	188.0	195.2	197.7
S,G & A	3.4	3.6	3.8	3.9	4.0	4.1	4.2	4.2
Total Costs	163.3	168.2	171.7	177.6	185.2	192.1	199.4	201.9
Cost Adjustments - Gain/(Loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted EBITDA	50.2	68.4	33.1	71.9	45.4	82.7	72.7	54.4
Depreciation	15.4	15.5	15.8	16.2	16.7	17.3	17.9	18.5
EBIT	34.8	52.9	17.3	55.7	28.7	65.4	54.8	36.0
Interest Expense	15.0	15.0	14.0	12.5	11.4	9.8	8.2	6.8
EBT	19.8	37.9	3.3	43.1	17.3	55.6	46.7	29.2
Current Income Taxes	3.0	8.0	0.0	13.4	4.3	17.7	14.6	8.5
Deferred Income Taxes	2.7	6.2	1.1	1.8	1.8	1.8	1.8	1.8
Total Income Taxes	5.7	14.2	1.1	15.1	6.1	19.5	16.3	10.2
Net Income	\$14.1	\$23.7	\$2.2	\$28.0	\$11.2	\$36.2	\$30.3	\$19.0

Margins								
EBITDA Margin	23.5%	28.9%	16.2%	28.8%	19.7%	30.1%	26.7%	21.2%
EBIT Margin	16.3%	22.4%	8.4%	22.3%	12.4%	23.8%	20.2%	14.0%
Return on Equity			0.9%	10.0%	3.9%	11.3%	8.8%	5.3%

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Cash Flow Statement

(\$ Millions)

	2020A	2021A	2022A	<i>Projected</i>				
				2023	2024	2025	2026	2027
Operating Activities								
Net Income	14.1	23.7	2.2	28.0	11.2	36.2	30.3	19.0
Depreciation & Amortization	15.4	15.5	15.8	16.2	16.7	17.3	17.9	18.5
Deferred Income Taxes	2.7	6.2	1.1	1.8	1.8	1.8	1.8	1.8
Changes in working capital	0.0	0.0	0.0	(8.4)	8.9	(4.2)	0.3	5.8
Operating Cash Flow	32.2	45.4	19.1	37.6	38.7	51.0	50.3	45.0
Investing Activities								
CAPEX	(14.1)	(15.0)	(15.5)	(16.0)	(17.0)	(17.3)	(17.5)	(18.0)
Other	(5.0)	4.0	3.0	0.0	0.0	0.0	0.0	0.0
Investing Cash Flow	(19.1)	(11.0)	(12.5)	(16.0)	(17.0)	(17.3)	(17.5)	(18.0)
Financing Activities								
Revolver Issuance / (Repayment)	0.0	0.0	0.0	8.9	5.5	(1.5)	(1.8)	1.8
Term Debt Issuance / (Repayment)	(25.0)	(25.0)	(25.0)	(25.0)	(25.0)	(25.0)	(25.0)	(25.0)
Common Shares Issuance/ (Buy-Back)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Common Dividends	(2.8)	(4.7)	(2.4)	(5.6)	(2.2)	(7.2)	(6.1)	(3.8)
Financing Cash Flow	(27.8)	(29.7)	(27.4)	(21.7)	(21.7)	(33.8)	(32.8)	(27.0)
Change in the Cash Position	(14.7)	4.7	(20.8)	(0.2)	(0.1)	(0.0)	(0.0)	(0.0)
Beginning Cash	<u>31.1</u>	<u>16.4</u>	<u>21.1</u>	<u>0.3</u>	<u>0.2</u>	<u>0.1</u>	<u>0.0</u>	<u>0.0</u>
Ending Cash	16.4	21.1	0.3	0.1	0.1	0.0	0.0	0.0

Blu Containers Company

Balance Sheet

(\$ Millions)

	2020A	2021A	2022A	<i>Projected</i>				
				2023	2024	2025	2026	2027
ASSETS								
Cash	16.4	21.1	0.3	0.1	0.1	0.0	0.0	0.0
Accounts Receivable	27.0	27.8	28.3	32.8	27.7	30.1	29.8	28.1
Inventory	36.5	36.1	35.1	33.3	32.2	30.9	32.1	29.8
Prepaid Expenses	14.6	14.4	14.9	20.5	18.9	22.6	22.4	21.1
Other	1.4	1.8	1.2	2.1	1.9	2.3	2.2	2.1
Total Current Assets	95.9	101.2	79.8	88.8	80.8	85.9	86.5	81.1
Net PP&E	398.5	398.0	397.7	397.5	397.8	397.8	397.4	397.0
Other	19.0	15.0	12.0	12.0	12.0	12.0	12.0	12.0
Total Long Term Assets	417.5	413.0	409.7	409.5	409.8	409.8	409.4	409.0
Total Assets	\$513.4	\$514.2	\$489.5	\$498.3	\$490.6	\$495.7	\$496.0	\$490.0
LIABILITIES AND EQUITY								
Bank Debt - Revolver	0.0	0.0	0.0	8.9	14.4	12.9	11.1	12.9
Accounts Payable	18.3	18.7	18.2	19.0	19.8	20.6	21.4	21.7
Other	4.7	4.9	4.8	4.8	5.0	5.2	5.3	5.4
Total Current Liabilities	23.0	23.6	23.0	32.7	39.1	38.6	37.8	40.0
Deferred Income Taxes	0.7	6.9	8.0	9.8	11.5	13.3	15.0	16.8
Senior Secured Term Debt	250.0	225.0	200.0	175.0	150.0	125.0	100.0	75.0
Total Long Term Liabilities	250.7	231.9	208.0	184.8	161.5	138.3	115.0	91.8
Total Liabilities	273.7	255.5	231.0	217.4	200.6	176.9	152.8	131.7
Common Shares	120.0	120.0	120.0	120.0	120.0	120.0	120.0	120.0
Retained Earnings	119.7	138.7	138.5	160.9	169.9	198.9	223.1	238.3
Shareholder's Equity	239.7	258.7	258.5	280.9	289.9	318.9	343.1	358.3
Total Liabilities and Equity	\$513.4	\$514.2	\$489.5	\$498.3	\$490.6	\$495.7	\$496.0	\$490.0
<i>Check</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>	<i>0.000</i>

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Depreciation Schedule

(\$ Millions)

		2020A	2021A	2022A	<i>Projected</i>				
					2023	2024	2025	2026	2027
Years Remaining Existing Assets:		25							
Depreciation Years on New Assets		30							
Current PP&E		397.7							
Depreciation to Existing Assets		<div> <div></div> <div>\$15.9</div> <div>\$15.9</div> <div>\$15.9</div> <div>\$15.9</div> <div>\$15.9</div> </div>							
CAPEX		<div> <div></div> <div>\$0.3</div> <div>\$0.5</div> <div>\$0.5</div> <div>\$0.5</div> <div>\$0.5</div> </div>							
2023	\$16.0	<div> <div></div> <div></div> <div>\$0.3</div> <div>\$0.6</div> <div>\$0.6</div> <div>\$0.6</div> </div>							
2024	\$17.0	<div> <div></div> <div></div> <div></div> <div>\$0.3</div> <div>\$0.6</div> <div>\$0.6</div> </div>							
2025	\$17.3	<div> <div></div> <div></div> <div></div> <div></div> <div>\$0.3</div> <div>\$0.6</div> </div>							
2026	\$17.5	<div> <div></div> <div></div> <div></div> <div></div> <div></div> <div>\$0.3</div> </div>							
2027	\$18.0	<div> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> </div>							
Total Depreciation		<div> <div></div> <div>\$16.2</div> <div>\$16.7</div> <div>\$17.3</div> <div>\$17.9</div> <div>\$18.5</div> </div>							

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Income Tax Schedule

(\$ Millions)

		2022A	2023	2024	Projected		
					2025	2026	2027
Tax Rate	35.0%						
Accounting EBT (as is on I/S)	A	\$3.3	\$43.1	\$17.3	\$55.6	\$46.7	\$29.2
Less: Reduction in EBT for timing differences ⁽¹⁾			5.0	5.0	5.0	5.0	5.0
Government EBT	B		\$38.1	\$12.3	\$50.6	\$41.7	\$24.2
Accounting Taxes (35% of A)			15.1	6.1	19.5	16.3	10.2
Taxes as Appearing on Income Statement							
Current Tax (35% of B)			13.4	4.3	17.7	14.6	8.5
Increase (Decrease) in Deferred Income Taxes			1.8	1.8	1.8	1.8	1.8
Total Income Taxes (Same as Accounting Taxes Above)			15.1	6.1	19.5	16.3	10.2

(1) Assumes aggregate reduction in government pre-tax earnings due to timing differences between accounting and government rules.

Blu Containers Company

Working Capital Schedule

(\$ Millions)

		2020A	2021A	2022A	<i>Projected</i>				
					2023	2024	2025	2026	2027
Days per Year	(days)	366	365	365	365	366	365	365	365
Income Statement Items									
Net Revenue	(\$ MM)	213.5	236.6	204.8	249.4	230.6	274.8	272.1	256.3
Cost of Sales	(\$ MM)	159.9	164.6	167.9	173.7	181.2	188.0	195.2	197.7
Days In									
		46.3	42.9	50.4	48	44	40	40	40
Accounts Receivable	(days)	83.5	80.1	76.3	70.0	65.0	60.0	60.0	55.0
Inventories	(days)	25.0	22.2	26.6	30.0	30.0	30.0	30.0	30.0
Prepaid Expenses	(days)	2.4	2.8	2.1	3.0	3.0	3.0	3.0	3.0
Other Assets	(days)	31.4	28.8	32.4	40.0	40.0	40.0	40.0	40.0
Accounts Payable	(days)	10.8	10.9	10.4	10.0	10.0	10.0	10.0	10.0
Other Liabilities	(days)	129.3	125.3	122.8	0.0	0.0	0.0	0.0	0.0
Account Balances									
Accounts Receivable	(\$ MM)	27.0	27.8	28.3	32.8	27.7	30.1	29.8	28.1
Inventories	(\$ MM)	36.5	36.1	35.1	33.3	32.2	30.9	32.1	29.8
Prepaid Expenses	(\$ MM)	14.6	14.4	14.9	20.5	18.9	22.6	22.4	21.1
Other Assets	(\$ MM)	1.4	1.8	1.2	2.1	1.9	2.3	2.2	2.1
Accounts Payable	(\$ MM)	18.3	18.7	18.2	19.0	19.8	20.6	21.4	21.7
Other Liabilities	(\$ MM)	4.7	4.9	4.8	4.8	5.0	5.2	5.3	5.4
Net Working Capital	(\$ MM)	56.5	56.5	56.5	64.9	55.9	60.1	59.8	54.0
YoY Change in Working Capital									
			0.0	0.0	(8.4)	8.9	(4.2)	0.3	5.8

Blu Containers Company

Debt and Interest Schedule

(\$ Millions)

	2022A	2023	2024	Projected 2025	2026	2027
FINANCING COMPONENT						
Cash						
Amount of Cash Outstanding - (Beginning)		0.3	0.2	0.1	0.0	0.0
Additions (Repayments)		(0.2)	(0.1)	(0.0)	(0.0)	(0.0)
Amount of Cash Outstanding - (Ending)	\$0.3	\$0.1	\$0.1	\$0.0	\$0.0	\$0.0
Interest Rate		1.0%	1.0%	1.0%	1.0%	1.0%
Annual Interest Income		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Revolver						
Operating Cash Flow		37.6	38.7	51.0	50.3	45.0
Investing Cash Flow		(16.0)	(17.0)	(17.3)	(17.5)	(18.0)
Mandatory Debt Repayments		(25.0)	(25.0)	(25.0)	(25.0)	(25.0)
Common Stock Issuance / (Buy-backs)		0.0	0.0	0.0	0.0	0.0
Dividends		(5.6)	(2.2)	(7.2)	(6.1)	(3.8)
FCF After Mandatory Debt Repayment and Dividend		(\$9.0)	(\$5.6)	\$1.5	\$1.7	(\$1.8)
Revolver Outstanding - (Beginning)		0.0	8.9	14.4	12.9	11.1
Additions (Repayments)		8.9	5.5	(1.5)	(1.8)	1.8
Revolver Outstanding - (Ending)	\$0.0	\$8.9	\$14.4	\$12.9	\$11.1	\$12.9
Interest Rate		6.0%	6.0%	6.0%	6.0%	6.0%
Annual Interest Expense		\$0.5	\$0.9	\$0.8	\$0.7	\$0.8
Senior Secured Term Debt						
Amount Outstanding - (Beginning)		200.0	175.0	150.0	125.0	100.0
Additions (Repayments)		(25.0)	(25.0)	(25.0)	(25.0)	(25.0)
Amount Outstanding - (Ending)	\$200.0	\$175.0	\$150.0	\$125.0	\$100.0	\$75.0
Interest Rate		6.0%	6.0%	6.0%	6.0%	6.0%
Annual Interest Expense		\$12.0	\$10.5	\$9.0	\$7.5	\$6.0
Net Interest Expense		\$12.5	\$11.4	\$9.8	\$8.2	\$6.8

Blu Containers Company

Shareholders' Equity Schedule

(\$ Millions)

	2022A	2023	2024	<i>Projected</i>		2027
				2025	2026	
Common Shares						
Amount Outstanding - Beginning		120.0	120.0	120.0	120.0	120.0
New Issuance / (Buy-Back)		0.0	0.0	0.0	0.0	0.0
Amount Outstanding - Ending	\$120.0	\$120.0	\$120.0	\$120.0	\$120.0	\$120.0
Dividend Payout Ratio		20.0%	20.0%	20.0%	20.0%	20.0%
Net Income		28.0	11.2	36.2	30.3	19.0
Common Dividend		\$5.6	\$2.2	\$7.2	\$6.1	\$3.8
Retained Earnings						
Amount Outstanding - Beginning		138.5	160.9	169.9	198.9	223.1
Net Income		\$28.0	\$11.2	\$36.2	\$30.3	\$19.0
Common Dividend		(\$5.61)	(\$2.25)	(\$7.23)	(\$6.07)	(\$3.79)
Amount Outstanding - Ending	\$138.5	\$160.9	\$169.9	\$198.9	\$223.1	\$238.3