

The Henry Fund

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Trex Company, Inc. (TREX)

Materials – Building Materials

October 15, 2018

Stock Rating

Buy

Investment Thesis

We recommend a BUY for TREX. Positive underlying market indicators combined with Trex's impressive strides in increasing market share make Trex an attractive investment. Due to a modeled 21% upside we recommend a buy.

Drivers of Thesis

- Consumer sentiment is near 18-year highs and remodel spending growth is expected to be in the high single digits in the near term. These indicators are strongly correlated with Trex's sales growth and provide a positive outlook for Trex's near term organic growth.
- Composite decking has slowly been taking market share from wood decking. The conversion speed has increased during FY 2018.
- In 2018 and 2019 we expect Trex's residential products segment to grow at 18% and 15%, respectively. We expect its commercial products segment to grow 50% in 2018 and 25% in 2019.
- Trex's proprietary manufacturing processes allow them to use cheaper recycled materials in their products than their competitors. We expect this, coupled with other cost reduction initiatives, to continue to expand Trex's gross margins to 45% in 2018 and 46% in 2019.

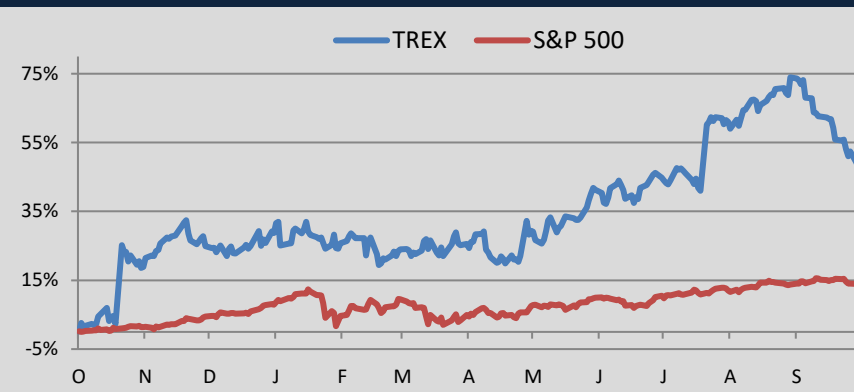
Risks to Thesis

- The largest hurdle for consumers to convert from wood decking to composite decking is price. If Trex is ineffective in marketing the life-time cost savings argument to consumers, they may see their conversion rate slow.
- Trex exists in a highly cyclical industry. If an economic downturn were to occur, it would severely decrease Trex's top line growth.

Earnings Estimates

Year	2015	2016	2017	2018E	2019E	2020E
EPS	\$0.77	\$1.16	\$1.62	\$2.54	\$3.14	\$3.46
growth	24.3%	51.0%	40.3%	56.9%	23.6%	15.8%

12 Month Performance



Target Price

\$77-81

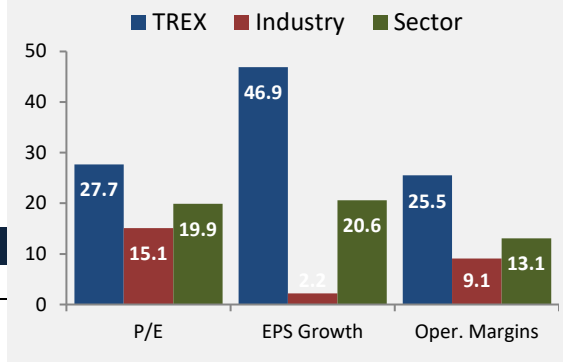
Henry Fund DCF	\$80.22
Henry Fund DDM	\$56.96
Relative Multiple	\$56.41
Price Data	
Current Price	\$64.39
52wk Range	\$42.30 - 90.74
Consensus 1yr Target	\$75.17

Key Statistics

Market Cap (B)	\$3.96
Shares Outstanding (M)	58.7
Institutional Ownership	96.4%
Beta	1.14
Dividend Yield	0%
Est. 5yr Growth	9.7%
Price/Earnings (TTM)	27.7
Price/Earnings (FY1)	25.3
Price/Sales (TTM)	5.2
Price/Book (mrq)	10.56

Profitability

Operating Margin	25.48%
Profit Margin	18.9%
Return on Assets (TTM)	33.74%
Return on Equity (TTM)	46.59%



Source: Bloomberg

Company Description

Trex (TREX) is the world's largest manufacturer of wood-alternative decking and railing products as well as a leader in the U.S. of providing custom railing systems as well as staging equipment. Trex manufactures its products in two US plants. The company then sells its products to major retailers and distributors across the United States. In 2017, Trex had total revenues of \$565.2 million with a net income of \$95.1 million representing a net profit margin of nearly 17%.

EXECUTIVE SUMMARY

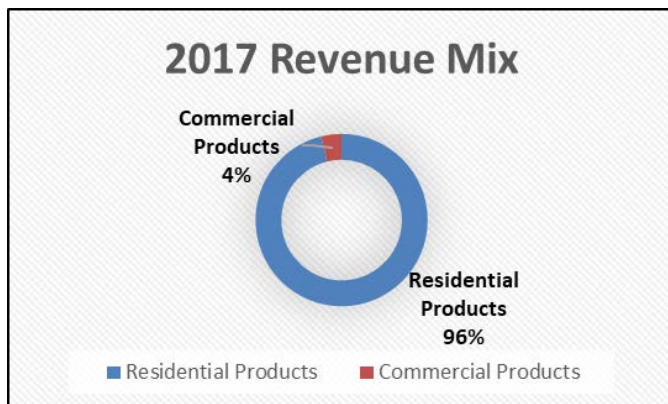
We recommend a BUY for Trex Company, Inc. Consumer sentiment is at an 18-year high and remodel spending is expected to be in the high single digits in the near term. We expect Trex to grow organically via converting consumers from wood to composite decking products. We forecast Trex's total revenue to grow at a CAGR of 8% over the next five years.

Trex competes primarily with privately held companies which makes a traditional financial comparison difficult. However, Trex does enjoy cost savings compared to its peers from proprietary manufacturing processes. These processes allow them to use much less expensive recycled materials in their products than their competitors. This cost savings contributes to Trex's bottom line strength.

We recommend a BUY due to Trex's expected strong organic growth, margin expansion, and our model suggesting an upside of 21%.

COMPANY DESCRIPTION

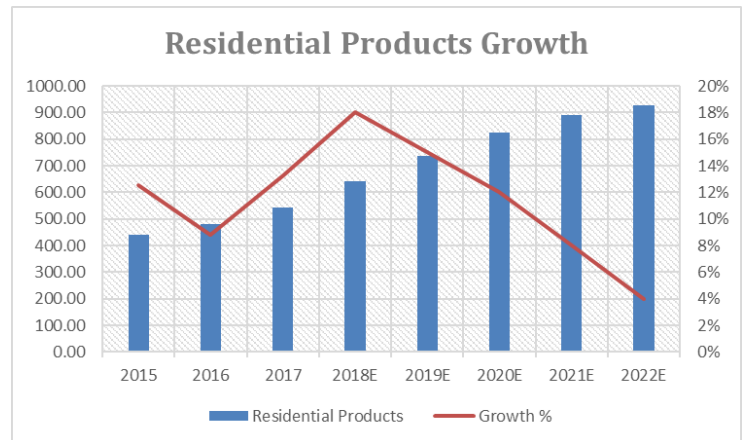
Trex is the world's largest manufacturer of wood-alternative decking and railing products. Additionally, Trex is a leader in the U.S. of providing custom railing systems as well as staging equipment. Trex reports revenue in two segments: residential products and commercial products. In 2017 96% of Trex's revenue was generated from its residential products segment while the other 4% was generated from its commercial products segment, as seen below.



Source: Trex 2017 10k

Residential Products

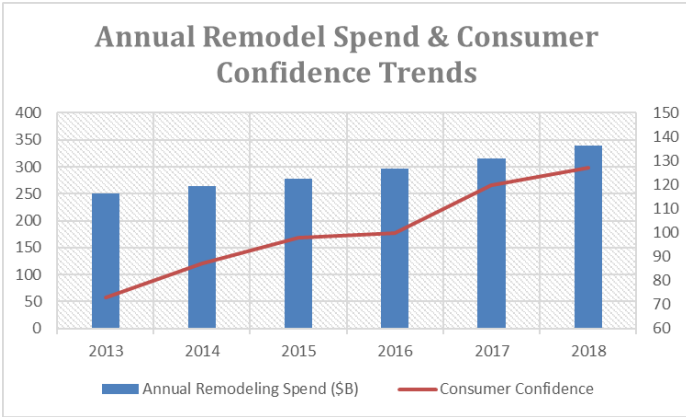
Trex's residential products segment generated 96% of the firm's revenue in 2017. The segment's offerings are comprised of decking, railing, fencing, trim, steel deck framing, and outdoor lighting categories.



Source: TREX 2017 10k, HF Model

As seen above, this segment has been growing rapidly over the past three years and we expect this growth to continue. The segment has grown at a CAGR of 9.7% over the last 5 years. We predict that this segment will grow at a CAGR of 7.7% over our forecast horizon.

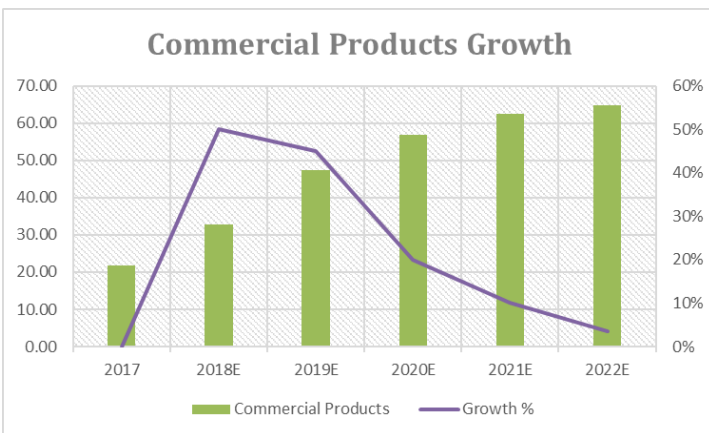
We believe that continued growth in the segment is sustainable due to strong remodeling spending and high consumer confidence – which are strongly correlated with Trex sales.¹ This correlation is due, in part, to Trex consumer mix being skewed heavily toward repair and remodeling customers. Trex consumer mix is approximately 83% residential repair and remodeling, 12% commercial, and only 5% residential new construction.² As seen below, over the last six years consumer confidence and annual spend on remodeling have grown at a CAGRs of 9.7% and 5.3%, respectively. This relationship is depicted in the graph below.



Source: Joint Center for Housing Studies, NAR U.S. Economic Outlook.

Commercial Products

Trex’s commercial products segment had its first reportable year in 2017 – following Trex’s acquisition of SC Company. SC Company was a leading manufacturer and supplier of custom architectural railings and staging solutions. Trex has now re-branded SC Company’s offerings as Trex commercial products. The offerings in this segment include custom-engineered railing systems and staging equipment which are prevalent in professional and collegiate sports facilities, standardized architectural and aluminum railing systems, which target commercial and high-rise applications, and portable staging equipment for the performing arts, sports, and event production and rental markets.³



Source: TREX 2017 10k, HF Model

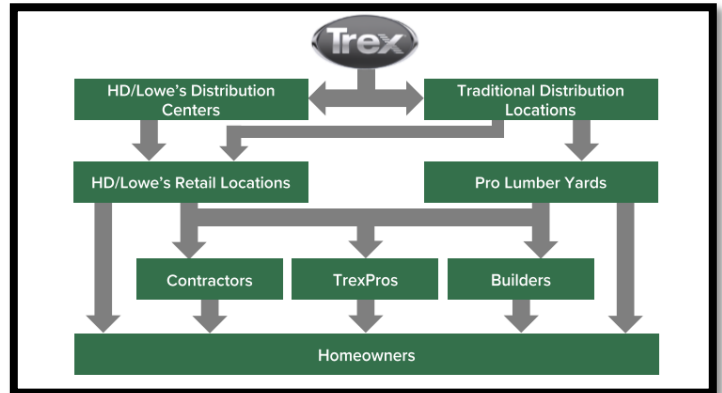
In 2017, the commercial products segment comprised approximately 4% of firm revenue. Based on Trex’s 2017

quarterly earnings in Q1 and Q2 and company guidance, we expect revenue growth in this segment in 2018 to reach 50%. Further we expect the segment revenue to grow at 45% in 2019, 20% in 2020, 10% in 2021, and 3% in 2022.

Company Analysis

Distribution

Trex has an efficient model for distributing its residential products. Trex sells its residential products to major retailers Home Depot and Lowe’s as well as distributors as seen below. Trex generates most of its revenue in its residential products segment from selling to wholesale distributors.⁴ These distributors then sell Trex products to retail lumber yards who then sell to both homeowners and contractors. Trex typically chooses two distributors to sell to specific geographic area, though on a non-exclusive basis.



Source: Trex 2018 Q2 Earnings Presentation

Trex does possess some distribution risk as a small number of its customers account for a large percentage of their sales. Sales through Trex’s 15 largest customers accounted for approximately 90.0% of gross sales during fiscal years 2017 and 2016, and 89% during fiscal year 2015.⁵ Further, two specific distributors, Boise Cascade Company and U.S. Lumber Group, LLC, each accounted for more than 10% of gross sales in 2017.⁶ This distribution risk will be an important factor to watch going forward.

Margins

Between 2012 and 2017, Trex has improved its margins by 860 basis points. In 2017 Trex saw its gross margin increase from 39% to 43.1%, up 4.1% from 2016.⁷ Margin improvements have occurred due to cost reduction efforts

and low raw material costs. Of the \$15 million of capital expenditures in 2017, Trex spent \$10.8 million (72% of total capital expenditures) for general cost reduction initiatives.⁸

Margins by Segment				
	16	17	18E	19E
Residential	39.01%	43.06%	45.0%	46.0%
Commercial	0%	-10.5%	22%	25%

Source: Henry Fund Model

We predict that margins in the residential products segment will continue to improve to 45% in 2018, 46% in 2019, 46.25% in 2020, 46.5% in 2021, and 46.75% due to investment in cost reduction initiatives and decreasing material costs. Additionally, we expect margins in the commercial products segment to dramatically improve from 2017 as Trex sells unprofitable assets and recognizes synergies. In Q2 of 2018 Trex reported margins of 24.6% for their commercial products segment. We predict that margins will continue to improve to 22% in 2018, 25% in 2019, 26% in 2020, and 27% in 2021 due to cost reduction initiatives and realized synergies.

Eco-Friendly Products

Trex manufactures all of its products in the U.S. with plants in Winchester, Virginia and Fernly, Nevada. Trex products and manufacturing processes are environmentally friendly. Trex composite decking products are made from a blend of 95% recycled wood and recycled plastic film. The reclaimed wood that Trex uses is locally sourced and would otherwise end up in a landfill. An average 500-square foot composite Trex deck contains 140,000 recycled plastic bags, which makes Trex one of the largest plastic bag recyclers in the U.S.⁹

Additionally, Trex's proprietary, environmentally friendly processing method eliminates the use of smoke stacks which allows Trex's factories to reduce fuel consumption and CO2 emissions. Nearly 100% of Trex's factory runoff and refuse are able to be recycled back into the manufacturing line. For example, any product that does not meet quality specifications is reprocessed – which eliminates the need for disposing product to landfills.

Trex also seeks to provide eco-friendly products in its commercial products segment. Trex's primary resources used in this segment include water, natural gas and electricity. Trex has developed budgets and plans that improve shareholder return by ensuring the optimal use of

each resource, which promotes resource efficiency and minimal waste of the resource.

As consumers are increasingly environmentally conscious, they are likely to reward their business to corporations who espouse environmentally sustainable practices.

RECENT DEVELOPMENTS

2018 Q2 Earnings Call

In 2018 Q2 Trex beat earnings estimates of 0.64 by .08, representing 14% surprise.¹⁰ Net sales in Q2 were \$207 million which represented a 31% YOY increase. Sales growth was primarily driven by higher volumes in Trex's residential products segment, where revenue grew 20% YOY to \$189 million. Additionally, Trex commercial products segment was responsible for \$17 million in Q2.

Trex commercial products segment enjoyed margin expansion of 690 basis points from Q1 attributed to replacing legacy contracts with more profitable contracts. The firm mentioned tailwinds of lower material costs and increase lumber costs and a headwind of freight costs.

Trex reaffirmed expectations for full year 2018. Trex expects incremental gross margin of approximately 45% to 50%. SG&A is expected at approximately 17.5% of sales for the year. Trex expects the full year tax rate for 2018 to be approximately 25%. Full year capital spending is projected to be between \$20 to \$25 million.

Our model is in line with management's 2018 guidance. We expect gross margins of 47%, SG&A expense of 17.6%, and capital expenditures of \$25 million.

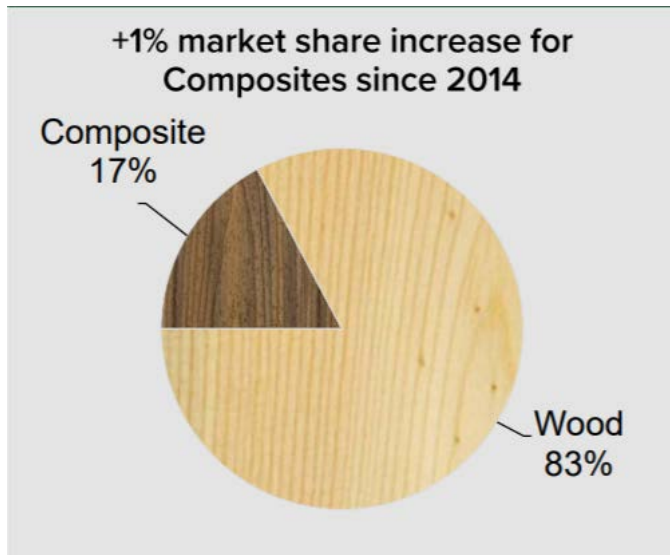
Acquisition of SC Company

On July 31, 2017, Trex purchased SC Company for \$71.8 million in cash. Trex used cash on hand and \$30.0 million from their existing revolving credit facility to acquire SC Company. The acquisition provides Trex with the ability to offer full service railing systems in the growing commercial and multi-family railing markets, access to a complementary product category with a track record of substantial revenue growth, the ability to achieve economies of scale around raw material procurement, and an increase in the range of products Trex may offer its core customers.¹¹ In 2017 the newly formed commercial products segment contributed nearly \$22 million to Trex's top line.

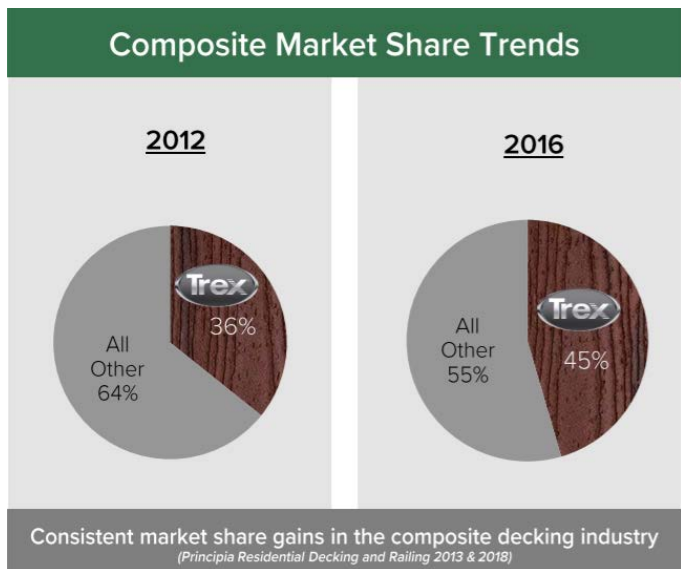
INDUSTRY TRENDS

Composite Decking

Over the last several years there has been a slow trend from wood decking to composite decking. As depicted below, between 2014 and 2016 composite decking has gained 1% of market share away from wood.



Source: Trex Q2 Investor Presentation



Source: Trex Q2 Investor Presentation

This trend is likely due to a number of reasons. First, composite decking is rot and water resistant. Second, composite decks are less prone to fading than decks made

of lumber. And third, composite decks require hardly any maintenance. We suspect that composite is not gaining market share at a more rapid rate primarily due to cost. Composite decks tend to cost significantly more than traditional lumber decks. However, due to their lower maintenance and improved durability, many consumers are choosing composite over lumber.¹²

Using internal data, Trex estimates that the data from 2018 sales will show a 1% increase in composite decking market share.¹³ One percentage point conversion from wood to composite equals approximately \$50 million in sales for Trex. As of 2016, it was estimated that Trex enjoyed 45% market share in the composite decking industry, as seen above. As such, any conversion from wood to composite disproportionately benefits Trex due to it being the largest player in the composite decking industry.

Rising Price of Sawmill Lumber

Sawmill lumber is the primary input used in manufacturing/installing traditional lumber decks. Over the past five years the price of sawmill lumber has increased at a CAGR of 3.1%.¹⁴ This growing cost has squeezed the profit margins of firms who manufacture traditional lumber decks. The price of sawmill lumber is expected to continue to increase over the next five years. This upward trend of sawmill lumber will decrease, although minimally, the price gap between lumber and composite decks.

MARKETS AND COMPETITION

Peer Comparisons

Trex primarily operates in the niche market of wood-alternative products. In the wood-alternative decking and railing market, Trex’s main competitors are Advanced Environmental Technologies, Inc., The Azek Company, and Fiberon, LLC all of which are privately held companies.

Additionally, Trex competes in the staging and railing products market and competes with C.R. Laurence Co., Inc., a CRH Group company, and Wegner Corporation.

Due to all of Trex’s competitors being private companies, it difficult to do a traditional side by side comparison. For this reason, we are forced to compare Trex against firms in the building materials industry.

The tables below compare TREX to two firms in the building materials industry – Louisiana-Pacific Corporation (LPX) and Universal Forest Products, Inc. (UFPI). LPX is a manufacturer of building products used in home construction, repair, remodeling, and outdoor structures. The majority of LPX’s products are lumber products. Similarly, UFPI offers wood and wood alternative products to retail, construction, and industrial markets. These firms were chosen for comparison as they are lumber companies in the building products industry.

The table below shows that TREX is trading at a premium to LPX and UFPI. As mentioned previously, TREX has been growing at a rapid rate over the last several years. TREX trades at multiples that reflect the market’s expectation that it will continue to grow. Conversely, LPX and UFPI are mature, low growth companies.

Valuation Multiples			
	TREX	LPX	UFPI
P/E	27.7	7.17	11.62
Forward P/E	25.3	8.24	11.75
P/S	5.2	1.1	0.4
P/B	10.56	1.84	1.59

Source: Bloomberg

The table below compares TREX to LPX and UFPI across profitability metrics. TREX compares favorably to both firms across all metrics. We believe that TREX’s historic and projected growth, combined with its strong profitability performance justify it trading at higher multiples than its industry peers.

2017 Profitability			
	TREX	LPX	UFPI
ROA	33.74%	19.46%	9.5%
ROE	46.59%	29.24%	14.6%
ROI	46.69%	23.57%	13.03%
EBITA Margin	28.17%	26.93%	5.71%
Oper. Margin	25.48%	22.7%	4.40%
Profit Margin	18.9%	16.24%	3.36%

Source: Bloomberg

One point of differentiation between Trex and its competitors is its proprietary manufacturing process allowing it to use lower cost materials. As mentioned previously, Trex's composite decking is made up of 95% recycled materials which includes plastic bags, stretch wrap and post-industrial waste blended with material from flooring manufacturers and sawdust.¹⁵ The proportion of each input is not disclosed by the company.

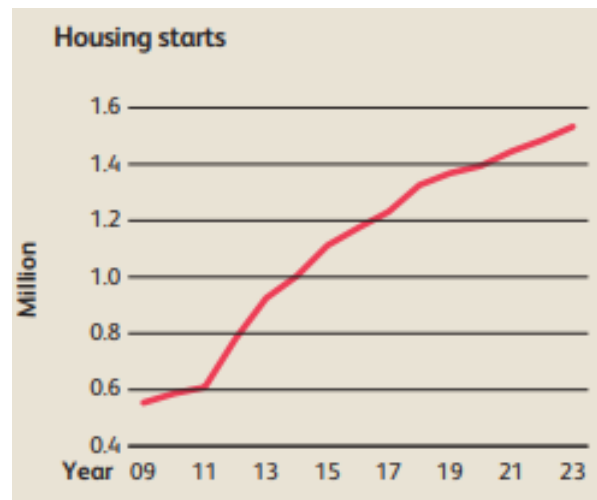
Trex’s manufacturing process allows it to use a type of polyurethane that is considered undesirable due to it containing certain colors. Trex pays between 10 to 20 cents per pound depending on the coloring of the polyurethane. Bright reds and bold blues are undesirable by other buyers, but Trex is able to mute the colors in the final product due to its manufacturing processes.¹⁶ Rivals often use polyurethane that costs between 55 to 60 cents. This is a cost advantage that contributes to Trex’s impressive gross margins.

ECONOMIC OUTLOOK

Housing Starts

The decking industry growth fluctuates with changes in the homeownership rate because the majority of demand is generated from homeowners. Naturally, as the rate of homeownership increases, so does the potential customer pool. Growth in home ownership increases demand for industry products and spurs revenue growth.¹⁷

Housing starts measure the number of new privately-owned housing units started in a given calendar year. The chart below shows that housing starts is expected to increase over our forecast horizon. This will benefit Trex as its potential customer base will expand.



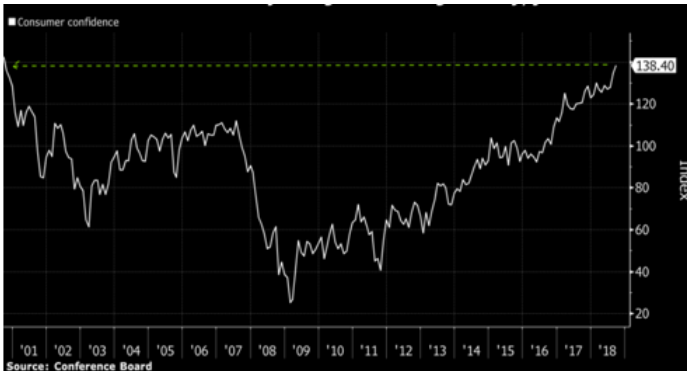
Soure: IBIS World

Consumer Confidence

Consumer confidence jumped to an 18 year high in September as seen in the graph below. The consumer confidence index provides an indication of consumers expected spending and savings. A score of over 100 signals

a boost in the consumer’s confidence toward the future of the economy. This type of economic sentiment typically leads to consumers saving less and being more inclined to spend money on major purchases in the next twelve months.¹⁸ A deck is a major purchase for the average consumer. Thus, high consumer sentiment is correlated with an increase in deck sales for Trex. Trex will likely continue to experience organic sales growth as consumer confidence remains high.

Historical Consumer Confidence Index



Source: Bloomberg

Annual Remodel Spending

Consumers are expected to greatly increase spending on home improvements over the coming year.¹⁹ Projected growth in homeowner expenditures is expected to taper a bit during the first half of 2019, but still hover around 7%.²⁰ This increase in spending can be attributed to a strong overall economy, strong job market, rising home values and home equity.

Leading Indicator of Remodeling Activity – Second Quarter 2018



Source: Joint Center for Housing Studies

While growth in remodel spending is robust, it is held back by the low inventory of existing homes for sale as the largest home improvements/remodels occur at the time of sale.²¹ Despite this headwind, annual spending on residential improvements and repairs is expected to reach nearly \$350 billion by the middle of 2019.²² Trex benefits from consumers increasing spending on home remodels. As remodel spending in the U.S. continues to increase, so will Trex’s organic sales growth.

CATALYSTS FOR GROWTH

- Currently, the economic environment for remodel and repair is very favorable. If general economic trends reverse, it will likely materially slow Trex’s strong revenue growth.
- Only 5% of Trex’s sales come from new construction. If the new housing market begins to improve, it may provide a growth opportunity for Trex.
- If lumber prices were to increase, more consumers may convert to longer lasting and lower maintenance composite decking as opposed to traditional wood decking.

INVESTMENT POSITIVES

- High consumer confidence and positive remodel spending trends make the home improvement/remodel industry attractive.
- Trex has done extremely well over the last two years with ROE of 53% and 52% in 2016 and 2017, respectively. We expect that underlying market conditions will remain positive leading to continued high ROE in the short term.
- Due to Trex’s proprietary manufacturing processes, they are able to use cheaper materials in their products. This contributes to Trex’s high gross margins (39% in 2016, 41% in 2017).

INVESTMENT NEGATIVES

- The largest hurdle for consumers to convert from wood decking to composite decking is price. If composite decking is unsuccessful in marketing the life-time cost savings, they will likely continue to see slow conversion from wood decking products.
- Trex’s success is tied strongly to general economic strength. If economic growth were to slow, it would negatively affect Trex.

VALUATION

Revenue:

Our model forecasts revenue based on the individual revenue drivers unique to each business segment. The company description section of this report gives a detailed account of the individual drivers of each business segment. Overall revenue growth is forecasted to be 19.2% in 2018, 16.5% in 2019, 12.5% in 2020, 8.1% in 2021, and 3.9% in 2022.

COGS:

We forecasted COGS to continue to improve over our forecast horizon. Management's guidance for 2018 was between 45%-50%. We forecasted COGS based on management expectations for gross margin as well as expected future cost savings programs and realized synergies from the SC Company acquisition. We expect COGS (as a percentage of sales) to be 52.6% in 2018, 50.8% in 2019, 49.9% in 2020, 49% in 2021, and 48.1% in 2022. See the gross margin expectation in the company description above for greater detail into how COGS was calculated

SG&A Expense:

Our model projects SG&A expense as a percentage of sales based on a three-year average from 2015 to 2017. Management projects SG&A expense to be 17% of sales in 2018. Our model estimate is in line with that projection with SG&A expense at 17.6%.

Cap Ex:

Trex had capital expenditures of \$15 million in 2017 consisting primarily of \$10.8 million for general plant cost reduction initiatives and \$3.0 million for equipment and new product development.²³ Management expects cap ex spending to be between \$20 – 25 million in 2018. Cap ex is primarily related to general plant cost reduction initiatives, new product launches in current and adjacent categories and general business support. We expect cap ex in line with management expectations of \$25 million in 2018. Further we expect capital ex to be \$25 million in 2019, \$30 million in 2019, \$50 million in 2020, and \$65 million in 2021.

Cost of Debt:

TREX does not currently have any long-term debt on its balance sheet. TREX does have a \$250 million credit revolver which carries an interest rate of the federal funds rate plus 50 basis points. The current fed funds target is 2%, so we modeled a cost of debt of 2.5%.

Cost of Equity:

We used the CAPM formula to derive the cost of equity. The inputs used were a 30-year treasury bond as the risk-free rate at 3.34%, beta of 1.14, multiplied by an equity risk premium of 4.8%. These inputs generated a cost of equity of 8.81%.

Model Outputs:

Based on the above assumptions our DCF model produced a target price of \$79.64, which is slightly higher than the one-year consensus estimates of \$75.17 but lower than its 52-week high of \$90.74.

The DDM model produced a value of \$56.96. We do not rely on this model as TREX has never paid a dividend and has no plans to begin issuing one. Additionally, TREX's credit agreement limits their ability to pay cash dividends. Finally, our relative valuation produced a value of \$56.41. As TREX only competes with two privately held firms, we find this valuation metric to be skewed and not as reliable as our DCF valuation.

KEYS TO MONITOR

Going forward it will be important to monitor consumer sentiment and remodel spending. Consumer sentiment and remodel spending give a window into the larger economic trends that directly impact Trex. If the positive trends in either category begin to slow or turn, it will stymie Trex's top line growth.

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 22. *Id.*
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Trex Company, Inc*Revenue Decomposition*

<i>Fiscal Years Ending Dec. 31</i>	2015	2016	2017	2018E	2019E	2020E	2021E	2022E
Residential Products	440.80	479.62	543.35	641.15	737.32	825.80	891.86	927.54
<i>Growth %</i>	12.5%	8.8%	13.3%	18.0%	15.0%	12.0%	8.0%	4.0%
Commercial Products	0.00	0.10	21.81	32.71	47.43	56.92	62.61	64.80
<i>Growth %</i>	0.0%	0.0%	-	50.0%	45.0%	20.0%	10.0%	3.5%
Total	440.80	479.72	565.15	673.86	784.75	882.72	954.47	992.34
<i>Growth %</i>	12.5%	8.8%	17.8%	19.2%	16.5%	12.5%	8.1%	4.0%

Trex Company, Inc*Income Statement*

<i>Fiscal Years Ending Dec. 31</i>	2015	2016	2017	2018E	2019E	2020E	2021E	2022E
Net sales	440.8	479.6	565.2	673.9	784.8	882.7	954.5	992.3
Depreciation expense	14.4	14.5	16.9	23.7	34.9	45.1	54.8	63.1
Cost of sales	229.5	229.4	227.0	354.4	398.8	440.9	468.4	478.1
Gross profit	154.9	187.1	243.4	319.4	385.9	441.9	486.1	514.2
Selling, general & administrative expenses	77.5	83.1	101.0	118.5	138.1	155.3	167.9	174.6
Income (loss) from operations	77.4	104.0	142.4	200.9	247.9	286.6	318.2	339.6
Interest expense, net	0.6	1.1	0.5	0.1	0.0	0.0	0.0	0.0
Income (loss) before income taxes	76.8	102.8	141.9	200.8	247.9	286.6	318.2	339.6
Provision (benefit) for income taxes	28.7	35.0	46.8	51.2	63.2	73.1	81.1	86.6
Net income (loss)	48.1	67.8	95.1	149.6	184.6	213.5	237.0	253.0
Year end shares outstanding	61.8	58.8	58.9	58.8	58.7	58.6	58.4	58.2
Net income (loss) per share - basic	0.77	1.16	1.62	2.54	3.14	3.64	4.06	4.34

Trex Company, Inc

Balance Sheet

<i>Fiscal Years Ending Dec. 31</i>	2015	2016	2017	2018E	2019E	2020E	2021E	2022E
Cash & cash equivalents	6.0	18.7	30.5	189.2	373.2	587.4	811.9	1042.3
Accounts receivable, net	47.4	48.0	66.9	73.2	85.3	95.9	103.7	107.8
Inventories	23.1	28.5	34.5	38.9	45.3	50.9	55.0	57.2
Prepaid expenses & other assets	13.4	10.4	16.9	18.4	21.4	24.1	26.1	27.1
Income taxes receivable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred income taxes	9.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total current assets	99.0	105.6	148.8	319.7	525.1	758.4	996.7	1234.4
Property, plant & equipment, gross	297.1	310.3	316.0	341.0	366.0	396.0	446.0	511.0
Accumulated depreciation	196.1	207.0	212.9	236.6	271.5	316.6	371.4	434.4
Property, plant & equipment, net	100.9	103.3	103.1	104.4	94.5	79.4	74.6	76.5
Goodwill	10.5	10.5	71.3	71.3	71.3	71.3	71.3	71.3
Other assets	1.5	2.0	3.0	2.9	3.4	3.8	4.1	4.3
Total assets	212.0	221.4	326.2	498.3	694.3	912.9	1146.8	1386.6
Accounts payable	17.7	10.8	10.0	18.0	21.0	23.6	25.5	26.6
Accrued expenses	28.9	34.7	46.3	49.4	57.5	64.7	69.9	72.7
Accrued warranty	6.8	5.9	6.3	8.8	10.2	11.5	12.4	12.9
Deferred income taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Line of credit	7.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total current liabilities	60.4	51.4	62.5	76.1	88.7	99.7	107.9	112.1
Deferred income taxes	4.6	0.9	1.3	1.0	0.5	0.0	0.0	0.0
Accrued taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-current accrued warranty	26.7	31.8	28.7	39.9	46.5	52.3	56.5	58.7
Other long-term liabilities	3.8	3.2	2.5	4.4	5.2	5.8	6.3	6.5
Total liabilities	95.5	87.3	95.0	121.5	140.8	157.8	170.6	177.4
Common Stock	117.3	120.4	122.4	122.4	122.4	122.5	122.5	122.5
Retained earnings (accumulated deficit)	119.4	187.2	282.4	432.0	616.6	830.1	1067.1	1320.2
Treasury stock, at cost,	120.2	173.5	173.5	177.5	185.5	197.5	213.5	233.5
Total stockholders' equity	116.5	134.2	231.3	376.9	553.6	755.1	976.1	1209.2
Total liabilities & shareholders equity	212.0	221.4	326.2	498.3	694.3	912.9	1146.8	1386.6

Trex Company, Inc
Cash Flow Statement

<i>Fiscal Years Ending Dec. 31</i>	2013	2014	2015	2016	2017
Net income (loss)	34.598	41.521	48.098	67.847	95.128
Depreciation & amortization	16.255	15.204	14.384	14.498	16.86
Debt discount amortization	-	-	-	-	-
Deferred income taxes	-12.698	3.574	1.024	5.433	0.194
Stock-based compensation	3.811	4.807	4.861	4.788	5.187
Loss (gain) on disposal of property, plant & equipment	0.587	0.158	0.649	-0.185	1.738
Excess tax benefits from stock compensation	-1.466	-12.898	-3.147	-	-
Other non-cash adjustments	-0.337	-0.245	-0.271	-0.284	-0.406
Accounts receivable	-10.844	0.867	-10.995	-0.653	-10.486
Inventories	-4.907	-1.319	0.643	-5.442	-3.635
Prepaid expenses & other assets	-0.213	-0.624	0.905	-4.256	-2.194
Accounts payable	3.731	5.159	-2.317	-6.966	-4.804
Accrued expenses & other liabilities	15.173	-7.535	7.554	9.403	2.488
Income taxes receivable (payable)	1.518	9.973	1.246	1.11	1.795
Net cash flows from operating activities	45.208	58.642	62.634	85.293	101.865
Expenditures for property, plant & equipment	-13.06	-12.974	-23.333	-14.551	-15.04
Proceeds from sales of property, plant & equipment	0.176	0.066	0.035	4.349	0.055
Acquisition of business, net of cash acquired	-	-0.044	-0.031	-	-71.804
Notes receivable, net	0.187	0.079	-	-	-
Net cash flows from investing activities	-12.697	-12.873	-23.329	-10.202	-86.789
Financing costs	-0.119	-0.453	-0.003	-0.485	-
Restricted cash	-	-	-	-	-
Borrowings under line of credit	74.5	143	225.5	242.7	201
Principal payments under line of credit	-79.5	-143	-218.5	-249.7	-201
Repurchases of common stock	-31.277	-53.189	-53.313	-55.216	-3.617
Proceeds from employee stock purchase & option plan	4.032	0.747	0.315	0.279	0.391
Excess tax benefits from stock compensation	1.466	12.898	3.147	-	-
Net cash flows from financing activities	-30.898	-39.997	-42.854	-62.422	-3.226
Net increase (decrease) in cash & cash equivalents	1.613	5.772	-3.549	12.669	11.85
Cash & cash equivalents at beginning of year	2.159	3.772	9.544	5.995	18.664
Cash & cash equivalents at end of year	3.772	9.544	5.995	18.664	30.514
Cash paid for interest, net of capitalized interest	0.348	0.52	0.625	0.852	0.418
Cash paid (received) for income taxes, net	0.672	11.919	26.327	28.626	44.802

Trex Company, Inc*Cash Flow Statement*

<i>Fiscal Years Ending Dec. 31</i>	2018E	2019E	2020E	2021E	2022E
Net income (loss)	149.6	184.6	213.5	237.0	253.0
Depreciation	23.7	34.9	45.1	54.8	63.1
Accounts receivable, net	-6.3	-12.1	-10.6	-7.8	-4.1
Inventories	-4.3	-6.4	-5.6	-4.1	-2.2
Prepaid expenses & other assets	-1.5	-3.0	-2.7	-2.0	-1.0
Accounts payable	8.1	3.0	2.6	1.9	1.0
Accrued expenses	3.1	8.1	7.2	5.3	2.8
Accrued warranty	2.5	1.4	1.3	0.9	0.5
Deferred income taxes	-0.3	-0.5	-0.5	0.0	0.0
Non-current accrued warranty	11.2	6.6	5.8	4.2	2.2
Net operating cash flow	185.6	216.7	256.0	290.3	315.3
Capital Expenditures	-25	-25	-30	-50	-65
Goodwill	0	0	0	0	0
Other assets	0.1	-0.5	-0.4	-0.3	-0.2
Net investing cash flow	-24.9	-25.5	-30.4	-50.3	-65.2
Other long-term liabilities	2.0	0.7	0.6	0.5	0.2
Proceeds from issuance of common	0.03	0.03	0.03	0.03	0.03
Repurchase of common stock	-4.0	-8.0	-12.0	-16.0	-20.0
Net financing cash flow	-2.02	-7.25	-11.33	-15.50	-19.73
Net change in cash	158.7	183.9	214.3	224.5	230.4
Beginning year cash	30.51	189.22	373.15	587.43	811.88
Ending year cash	189.22	373.15	587.43	811.88	1042.26

Trex Company, Inc*Common Size Income Statement*

<i>Fiscal Years Ending Dec. 31</i>	2015	2016	2017	2018E	2019E	2020E	2021E	2022E
Net sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of sales	52.07%	47.83%	40.17%	52.60%	50.82%	49.94%	49.07%	48.18%
Gross profit	35.13%	39.01%	43.06%	47.40%	49.18%	50.06%	50.93%	51.82%
Selling, general & administrative expenses	17.57%	17.33%	17.87%	17.59%	17.59%	17.59%	17.59%	17.59%
Income (loss) from operations	17.56%	21.67%	25.19%	29.81%	31.58%	32.46%	33.33%	34.22%
Interest expense, net	0.14%	0.23%	0.08%	0.01%	0.00%	0.00%	0.00%	0.00%
Income (loss) before income taxes	17.42%	21.44%	25.11%	29.80%	31.58%	32.46%	33.33%	34.22%
Provision (benefit) for income taxes	6.51%	7.29%	8.28%	7.60%	8.05%	8.28%	8.50%	8.73%
Net income (loss)	10.91%	14.15%	16.83%	22.20%	23.53%	24.19%	24.83%	25.50%

Trex Company, Inc
Common Size Balance Sheet

<i>Fiscal Years Ending Dec. 31</i>	2016	2017	2018E	2019E	2020E	2021E	2022E
Cash & cash equivalents	3.89%	5.40%	28.08%	47.55%	66.55%	85.06%	105.03%
Accounts receivable, net	10.02%	11.83%	10.87%	10.87%	10.87%	10.87%	10.87%
Inventories	5.95%	6.11%	5.77%	5.77%	5.77%	5.77%	5.77%
Prepaid expenses & other assets	2.17%	2.99%	2.73%	2.73%	2.73%	2.73%	2.73%
Income taxes receivable	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Deferred income taxes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total current assets	22.03%	26.33%	47.45%	66.92%	85.91%	104.43%	124.40%
Property, plant & equipment, gross	64.69%	55.91%	50.60%	46.64%	44.86%	46.73%	51.49%
Accumulated depreciation	43.15%	37.67%	35.11%	34.59%	35.87%	38.91%	43.78%
Property, plant & equipment, net	21.54%	18.24%	15.49%	12.04%	8.99%	7.82%	7.71%
Goodwill	2.19%	12.62%	10.58%	9.09%	8.08%	7.47%	7.19%
Other assets	0.41%	0.53%	0.43%	0.43%	0.43%	0.43%	0.43%
Total assets	46.17%	57.72%	73.95%	88.48%	103.42%	120.15%	139.73%
Accounts payable	2.24%	1.76%	2.68%	2.68%	2.68%	2.68%	2.68%
Accrued expenses	7.23%	8.19%	7.32%	7.32%	7.32%	7.32%	7.32%
Accrued warranty	1.24%	1.11%	1.30%	1.30%	1.30%	1.30%	1.30%
Deferred income taxes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Line of credit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total current liabilities	10.71%	11.06%	11.30%	11.30%	11.30%	11.30%	11.30%
Deferred income taxes	0.19%	0.23%	0.15%	0.06%	0.00%	0.00%	0.00%
Accrued taxes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Non-current accrued warranty	6.62%	5.08%	5.92%	5.92%	5.92%	5.92%	5.92%
Other long-term liabilities	0.67%	0.44%	0.66%	0.66%	0.66%	0.66%	0.66%
Total liabilities	18.20%	16.81%	18.02%	17.94%	17.88%	17.88%	17.88%
Additional paid-in capital	25.11%	21.66%	18.17%	15.60%	13.87%	12.83%	12.35%
Retained earnings (accumulated deficit)	39.04%	49.96%	64.10%	78.58%	94.04%	111.80%	133.04%
Treasury stock, at cost,	36.18%	30.70%	26.34%	23.64%	22.38%	22.37%	23.53%
Total stockholders' equity	27.97%	40.92%	55.93%	70.54%	85.54%	102.27%	121.85%

Trex Company, Inc
Value Driver Estimation

Fiscal Years Ending Dec. 31	2015	2016	2017	2018E	2019E	2020E	2021E	2022E
Marginal Tax Rate								
Statutory U.S. Federal Income Tax Rate	35%	35%	35%	21%	21%	21%	21%	21%
U.S. State & Local Income Taxes	3%	3%	4%	5%	5%	5%	5%	5%
Marginal Tax Rate	38%	38%	39%	26%	26%	26%	26%	26%
NOPLAT Calculation								
Net Sales	440.80	479.62	565.15	673.86	784.75	882.72	954.47	992.34
-Cost of Sales	229.51	229.40	227.03	354.44	398.84	440.85	468.39	478.15
-Selling, General & Administrative	77.46	83.14	100.99	118.55	138.06	155.29	167.92	174.58
+Implied Interest on Operating Leases	6.70	5.56	4.63	1.20	1.22	1.10	0.93	0.87
EBITA	140.54	172.64	241.76	202.07	249.07	287.67	319.09	340.48
Less: Adjusted Taxes								
Income Tax Provision	28.69	34.98	46.79	51.21	63.20	73.08	81.13	86.60
+Tax Shield on Interest Expense	0.24	0.42	0.18	0.02	0.00	0.00	0.00	0.00
+Tax Shield on Implied Interest on Op Leases	2.57	2.10	1.80	0.31	0.31	0.28	0.24	0.22
Adjusted Taxes	31.50	37.50	48.77	51.53	63.51	73.36	81.37	86.82
Plus: Change in Deferred Tax Liabilities	1.02	5.43	0.19	0.00	0.00	0.00	0.00	0.00
NOPLAT	110.06	140.57	193.18	150.54	185.56	214.32	237.72	253.66
Invested Capital Computation								
Operating Current Assets:								
Normal Cash (lesser of actual or %)	6.00	9.59	11.30	13.48	15.70	17.65	19.09	19.85
Accounts Receivable, Net	47.39	48.04	66.88	73.23	85.28	95.92	103.72	107.84
Inventory	23.10	28.55	34.52	38.86	45.26	50.91	55.05	57.23
Prepaid Expenses	13.41	10.40	16.88	18.41	21.44	24.12	26.08	27.11
Operating Current Assets	89.89	96.58	129.59	143.98	167.67	188.60	203.94	212.03
Operating Current Liabilities:								
Accounts Payable	17.73	10.77	9.95	18.03	21.00	23.62	25.54	26.56
Accrued Expenses	28.89	34.69	46.27	49.36	57.48	64.66	69.91	72.69
Accrued Warranty	6.83	5.93	6.29	8.75	10.19	11.47	12.40	12.89
Net Operating Working Capital	36.45	45.19	67.08	67.83	79.00	88.86	96.08	99.89
+ PP&E, Net	100.92	103.29	103.11	104.41	94.52	79.39	74.62	76.55
+ Capitalized PV of Operating Leases	57.09	52.84	48.17	48.77	44.15	37.09	34.86	35.76
+ Misc. Assets	1.52	1.97	3.00	2.89	3.36	3.78	4.09	4.26
- Other LT Liabilities	3.79	3.22	2.47	4.42	5.15	5.80	6.27	6.52
Invested Capital	155.74	154.88	151.80	151.64	136.89	114.47	107.30	110.04
ROIC Calculation:								
NOPLAT	110.06	140.57	193.18	150.54	185.56	214.32	237.72	253.66
/Prior Year Invested Capital	130.53	155.74	154.88	151.80	151.64	136.89	114.47	107.30
ROIC	84.3%	90.3%	124.7%	99.2%	122.4%	156.6%	207.7%	236.4%
Economic Profit Calculation:								
ROIC	84%	90%	125%	99%	122%	157%	208%	236%
-WACC	9%	9%	9%	9%	9%	9%	9%	9%
Diff	76%	82%	116%	90%	114%	148%	199%	228%
x Prior Year IC	130.53	155.74	154.88	151.80	151.64	136.89	114.47	107.30
Economic Profit	98.68	126.99	179.68	137.31	172.33	202.38	227.74	244.30
Free Cash Flow Calculation:								
NOPLAT	110.06	140.57	193.18	150.54	185.56	214.32	237.72	253.66
Current Year Invested Capital	155.74	154.88	151.80	151.64	136.89	114.47	107.30	110.04
Prior Year Invested Capital	130.53	155.74	154.88	151.80	151.64	136.89	114.47	107.30
Free Cash Flow	84.85	141.43	196.26	150.70	200.31	236.74	244.89	250.92

Trex Company, Inc*Weighted Average Cost of Capital (WACC) Estimation*

30-Year Treasury	3.34%
Marginal Tax Rate	25.50%
Beta	1.14
Equity Risk Premium	4.80%
Cost of Equity	8.81%
Pretax Cost of Debt	2.50%
Shares Outstanding	58,857,000
Share Price	\$64.39
Market Value of Equity	3,789,802,230

Short Term Debt & Current Portion of Long Term Debt	0
Long Term Debt	0
PV of Operating Leases	48,165,925
Market Value of Debt	48,165,925
Market Value of Firm	3,837,968,155
Equity/Total Market Value	98.75%
Debt/Total Market Value	1.25%

WACC	8.7%
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Trex Company, Inc*Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models*

Key Inputs:

CV Growth	3.97%
CV ROIC	236%
WACC	8.72%
Cost of Equity	8.81%

<i>Fiscal Years Ending Dec. 31</i>	2018E	2019E	2020E	2021E
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DCF Model

NOPLAT	151	186	214	238
Beginning IC	152	152	137	114
Ending IC	152	137	114	107
Change in IC	0	-15	-22	-7
ROIC	99%	122%	157%	208%
Free Cash Flows	151	200	237	245
Terminal Value				
Discount Rate	1.087	1.182	1.285	1.397
PV of FCF	\$ 138.62	\$ 169.46	\$ 184.22	\$ 175.27
Total	\$ 4,422.93			

+ Excess Cash	19
- Total Debt	0
- Other Long Term Liabilities	2
- PV of Operating Leases	48
- PV of Employee Stock Options	6
Value of Equity	\$4,385.42
Share Outstanding	59
Intrinsic Value	<u>74.51</u>

EP Model

NOPLAT	151	186	214	238
Beginning IC	152	152	137	114
ROIC-WACC	90%	114%	148%	199%
EP	137	172	202	228
Terminal Value				
Discount Rate	1.087	1.182	1.285	1.397
PV of EP	126	146	157	163
Total	4271			

Beginning IC	152
Value of Operating Assets	4423

+ Excess Cash	19
- Total Debt	0
- Other Long Term Liabilities	2
- PV of Operating Leases	48
- PV of Employee Stock Options	6
Value of Equity	\$4,385.42
Share Outstanding	58.9
Intrinsic Value	<u>74.51</u>
Partial Year Adjustment	<u>80.22</u>

Trex Company, Inc*Dividend Discount Model (DDM) or Fundamental P/E Valuation Model*

<i>Fiscal Years Ending Dec. 31</i>	2018E	2019E	2020E	2021E	2022E
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EPS	\$ 2.54	\$ 3.14	\$ 3.64	\$ 4.06	\$ 4.34
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Key Assumptions

CV growth	3.97%
CV ROE	20.92%
Cost of Equity	8.81%

Future Cash Flows

P/E Multiple (CV Year)					14.82
EPS (CV Year)					4.34
Future Stock Price					64.39
Dividends Per Share	0.00	0.00	0.00	0.00	
Future Cash Flows	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>64.39</u>
Discounted Cash Flows	0.00	0.00	0.00	0.00	53.29
Intrinsic Value	<u>\$ 53.29</u>				
Partial Year Adjust	<u>\$ 57.37</u>				

Ticker	Company	Price	EPS		P/E 18	P/E 19	Est. 5yr EPS gr.	PEG 18	PEG 19
			2018E	2019E					
AMWD	American Woodmark Co.	\$75.00	\$7.62	\$8.66	9.8	8.7	8.0	1.23	1.08
EVA	Enviva Partners, LP	\$32.35	\$0.51	\$1.60	63.4	20.2	5.1	12.44	3.96
JELD	JELD-WEN Holding, Inc.	\$24.09	\$1.87	\$2.39	12.9	10.1	26.0	0.50	0.39
LPX	Louisiana-Pacific Co.	\$24.77	\$2.33	\$3.05	10.6	8.1	5.0	2.13	1.62
UFPI	Universal Forest Products, In	\$34.49	\$2.40	\$2.85	14.4	12.1	18.0	0.80	0.67
Average					22.2	11.8		3.4	1.5
TREX	Trex Company, Inc	\$64.39	\$2.54	\$3.14	25.3	20.5	9.7	2.6	2.1

Implied Value:

Relative P/E (EPS16)	\$ 56.54
Relative P/E (EPS17)	\$ 37.21
PEG Ratio (EPS16)	\$ 84.57
PEG Ratio (EPS17)	\$ 47.30

Trex Company, Inc*Key Management Ratios*

<i>Fiscal Years Ending Dec. 31</i>		2015	2016	2017	2018E	2019E	2020E	2021E	2022E
<i>Liquidity Ratios</i>									
Current Ratio	Current Assets/ Current Liabilities	1.64	2.06	2.38	4.20	5.92	7.60	9.24	11.01
Quick Ratio	Cash + AR/ Current Liabilities	0.88	1.30	1.56	3.45	5.17	6.85	8.49	10.26
<i>Activity or Asset-Management Ratios</i>									
Receivables Turnover	Sales/ Average AR	10.52	10.05	9.84	9.62	9.90	9.74	9.56	9.38
Fixed-Asset Turnover	Revenue/Avg PPE	4.42	4.70	5.48	6.49	7.89	10.15	12.40	13.13
Total Asset Turnover	Revenue/Total Assets	2.08	2.17	1.73	1.35	1.13	0.97	0.83	0.72
<i>Financial Leverage Ratios</i>									
Debt-Total Assets Ratio	Total Liabilities/Total Assets	0.45	0.39	0.29	0.24	0.20	0.17	0.15	0.13
<i>Profitability Ratios</i>									
Gross Profit Margin	Gross Margin/Revenue	35%	39%	43%	47%	49%	50%	51%	52%
Operating Margin	Operating Profit/Revenue	18%	22%	25%	30%	32%	32%	33%	34%
Pretax Profit Margin	EBIT/Revenue	32%	36%	43%	30%	32%	33%	33%	34%
Net Profit Margin	Net Income/Revenue	11%	14%	17%	22%	24%	24%	25%	25%
Effective Tax Rate	Tax Expense/EBIT	20%	20%	19%	25%	25%	25%	25%	25%
Return on Assets	Net Income/Average Total Assets	24%	31%	35%	36%	31%	27%	23%	20%
Return on Equity	Net Income/Average Equity	42%	54%	52%	49%	40%	33%	27%	23%

WACC vs. CV Growth

WACC											
CV Growth	80.22	3.77%	3.82%	3.87%	3.92%	3.97%	4.02%	4.07%	4.12%	4.17%	
	7.89%	93.27	94.26	95.27	96.30	97.36	98.45	99.57	100.72	101.89	
	8.09%	88.91	89.80	90.71	91.64	92.60	93.57	94.57	95.60	96.65	
	8.29%	84.94	85.75	86.57	87.41	88.27	89.15	90.06	90.98	91.92	
	8.49%	81.31	82.04	82.79	83.55	84.33	85.13	85.95	86.78	87.64	
	8.72%	77.50	78.16	78.83	79.52	80.22	80.93	81.66	82.41	83.17	
	7.40%	106.01	107.31	108.64	110.01	111.43	112.88	114.38	115.92	117.51	
	7.60%	100.42	101.57	102.76	103.98	105.23	106.52	107.84	109.20	110.60	
	7.80%	95.39	96.42	97.48	98.57	99.69	100.83	102.01	103.22	104.46	
	8%	90.84	91.77	92.72	93.70	94.70	95.72	96.77	97.85	98.96	

Cost of Equity vs. Pre-Tax Cost of Debt

Cost of Equity											
Pre-Tax Cost of Debt	80.22	1.70%	1.90%	2.10%	2.30%	2.50%	2.70%	2.90%	3.10%	3.30%	
	8.01%	96.03	96.01	95.99	95.98	95.96	95.94	95.93	95.91	95.89	
	8.21%	91.52	91.51	91.49	91.48	91.46	91.45	91.44	91.42	91.41	
	8.41%	87.42	87.41	87.40	87.39	87.38	87.36	87.35	87.34	87.33	
	8.61%	83.68	83.67	83.66	83.65	83.64	83.63	83.62	83.61	83.60	
	8.81%	80.25	80.24	80.23	80.23	80.22	80.21	80.20	80.19	80.18	
	9.01%	77.09	77.09	77.08	77.07	77.07	77.06	77.05	77.05	77.04	
	9.21%	74.18	74.17	74.17	74.16	74.16	74.15	74.15	74.14	74.13	
	9.41%	71.48	71.48	71.47	71.47	71.46	71.46	71.45	71.45	71.44	
	9.61%	68.97	68.97	68.97	68.96	68.96	68.96	68.95	68.95	68.95	

Beta vs. Equity Risk Premium

Beta											
Equity Risk Premium	80.22	4.60%	4.65%	4.70%	4.75%	4.80%	4.85%	4.90%	4.95%	5.00%	
	0.94	104.95	103.64	102.36	101.11	99.89	98.70	97.54	96.41	95.30	
	0.99	98.83	97.60	96.41	95.25	94.11	93.00	91.92	90.86	89.82	
	1.04	93.39	92.24	91.12	90.03	88.97	87.93	86.91	85.92	84.95	
	1.09	88.52	87.44	86.39	85.36	84.36	83.38	82.43	81.49	80.58	
	1.14	84.14	83.13	82.13	81.16	80.22	79.29	78.39	77.51	76.65	
	1.19	80.18	79.22	78.28	77.36	76.47	75.59	74.74	73.90	73.08	
	1.24	76.59	75.67	74.78	73.91	73.05	72.22	71.41	70.62	69.84	
	1.29	73.30	72.43	71.58	70.75	69.94	69.15	68.37	67.62	66.88	
	1.34	70.29	69.46	68.65	67.86	67.08	66.33	65.59	64.87	64.16	