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Oshkosh Corporation

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NASDAQ: (OSK) | Current Price:\$100.88 | Intrinsic Value: \$137.38 | 2-Yr Target Price: \$138.23 | Implied Return: 37.02%

Company Profile

Oshkosh Corporation is a leading manufacturer of access equipment, military vehicles, truck bodies, firetrucks, refuse collection vehicles and other specialty vehicles and equipment. The company operates through 11 different brands across different industries. Oshkosh was founded in 1917 and is based in Oshkosh, Wisconsin. They currently operate 147 facilities throughout the United States and internationally.

Recommendation

BUY

Historical Return - 5 year



Key Information

Sector: Industrials

Industry: Farm & Heavy Construction Machinery

Market Capitalization:

\$6.77B

Beta: 1.18

P/E: 14.10

Dividend Yield: 1.34%

ROE: 13.80% (TTM)

Investment Thesis

Well-Diversified Product and Customer Base

Oshkosh's diversification provides the company with a competitive advantage across all segments as it can apply any existing patented technologies and innovations to different products across all segments.

Strong Demand and Backlogs

Robust backlog amid supply chain concerns is a reflection of Oshkosh's reputation for quality products, vehicle performance, and strong demand across all segments.

Promising Contracts Awarded with Established Customer Relationship

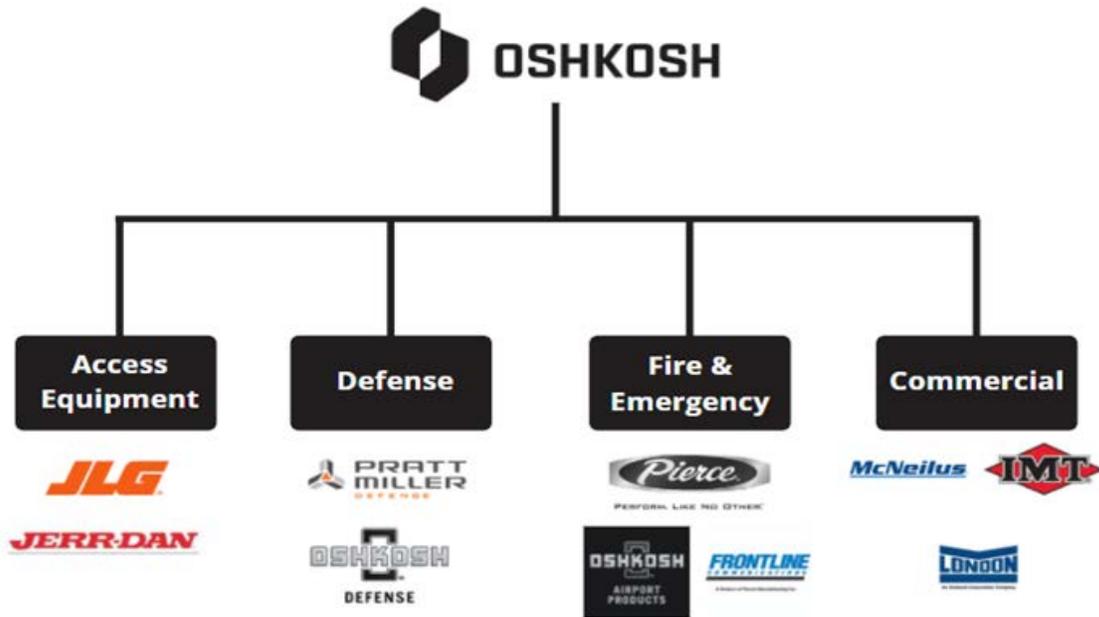
Oshkosh was recently awarded multi-year USPS and DoD contracts which are expected to drive future growth. The company is further establishing their 90 year relationship with the U.S government.

Undervaluation and Strong Balance Sheet

While supply chain issues across their business remain a headwind, we believe investors oversold Oshkosh from its peak in May leaving the stock undervalued. From a valuation perspective, we believe Oshkosh to be a great investment opportunity given their attractive valuation compared to competitors and strong balance sheet.

Company Overview

Oshkosh Corporation strives in manufacturing vehicles and equipment that "moves industries forward". Each of their offerings are designed to satisfy the changing needs of its customers with a focus on implementing AI-enabled products, autonomous vehicles, active safety, and other advanced technologies. Oshkosh strives to be a market leader that delivers superior products and services while optimizing its capital structure and cost. The company reports its revenues in 4 different segments: Access Equipment, Defense, Fire & Emergency, and Commercial. Each segment is comprised of different brands focused on various products. Oshkosh leverages its subsidiaries to improve its overall performance through the development of new technologies and synergies.



Access Equipment

This is Oshkosh's largest segment, representing 36% of total revenue in fiscal 2020. Access Equipment is comprised of JLG and Jerr-Dan Corporation, through these two brands, Oshkosh is considered the world's largest designer and manufacturer of access equipment. JLG has a very diverse product portfolio consisting of aerial work platforms, tele handlers, and hydraulic trailers. Jerr-Dan manufactures towing and recovery equipment such as wreckers, rotators, and carriers. JLG primarily serves equipment rental companies, construction contractors, and manufacturing companies while Jerr-Dan primarily serves towing companies.

JLG has recently secured a long-term license with Caterpillar Inc. extending through 2025, allowing JLG to produce Caterpillar branded telehandlers that are distributed worldwide. As the economy began to re-open after the pandemic, sales for access equipment increased roughly 90% in Q3 2021 YoY. We estimate their Access Equipment revenue will increase 20% YoY in FY 21; this is due to the construction industry's strong pullback. We expect slower growth in FY22 due to supply chain issues, yet, we expect the segment to recover to pre-pandemic levels in later years due to robust construction activity and projected \$1.56 billion in backlog for Access Equipment in FY21.



Company Overview

Defense

This is the second largest segment of Oshkosh and it represented 33% of total revenue in fiscal 2020. It is comprised of Oshkosh Defense and Pratt-Miller, which was acquired in January, 2021. Oshkosh Defense designs and manufactures tactical defense trucks such as the Joint Light Tactical Vehicle (JLTV) as well as trailers and weapon integration systems. Oshkosh Defense mainly services the U.S. Department of Defense (DoD), in which they do business for more than 90 years, in addition to the U.S. Army. Pratt-Miller is an engineering company that can design and contribute to manufacturing integrated weapon systems within Oshkosh Defense vehicles.

Over the past 5-years, segment revenues have grown at a CAGR of 14% as a result of the company's leadership status and dominant market share in the Tactical Wheeled Vehicle industry. The company's performance in this segment is highly dependent in their ability to be awarded new contracts with the DoD, something Oshkosh has excelled in and continues to excel through their offerings and patented technologies.



Fire & Emergency



This segment represented 17% of FY20 revenue and consists of Pierce Manufacturing, Airport Products, and Frontline Communications. Pierce Manufacturing designs and manufactures fighting vehicles, equipment, and fire apparatus built on customer needs. Airport Products manufactures aircraft rescue, firefighting (ARFF) vehicles, snow removal vehicles, simulators and other emergency vehicles. Frontline Communications manufactures broadcast vehicles, command trucks for local and federal governments, and is a leading supplier of military simulator shelters. Although their customer base is mainly domestic municipal customers, they also serve the DoD, universities, and large industrial corporations.

The segment benefitted from increased demand for fire trucks during the pandemic, with 2020 being the largest order year in company history. After a 69% YoY increase in orders, backlog has grown to \$1.2 billion as of Q3 2021. The recent introduction of the Pierce Volterra, the first battery-powered, fully-electric firetruck, will likely drive sales and respond well to this increased demand. Fire & Emergency has managed to maintain a 14.7% operating margin despite supply chain issues and rising costs. Due to strong demand and backlog, resilience in supply chain issues, and innovations in electrification, we expect segment revenue to grow 10% in FY 2021 as demand remains strong and 8% in FY 2022 due to substantial backlog.



Company Overview

Commercial

The Commercial segment represented 14% of total revenue in fiscal 2020. Through McNeilus and London, Oshkosh is a leading manufacturer of front and rear discharge concrete mixers for the construction industry and it designs and manufactures refuse collection vehicles and related components sold to commercial and municipal waste haulers. Further, they are a leader in field service vehicles, truck-mounted cranes for the construction, railroad, and utility industries through Iowa Mold Tooling (IMT).

High demand for the Company's new front-discharge concrete mixer have been observed over the past quarters as demand has began recovering from pandemic lows. The commercial segment revenue grew 10.6% YoY in Q3 FY21. McNeilus has recently come out with their first fully electric refuse collector vehicle (RCV), demonstrating a strong focus on innovation within the segment. We anticipate growth in the commercial segment due to the projected growth in the global construction industry.



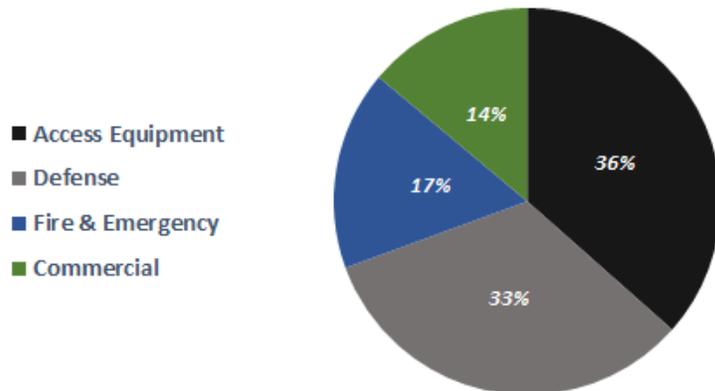
McNeilus

LONDON
An Oshkosh Corporation Company

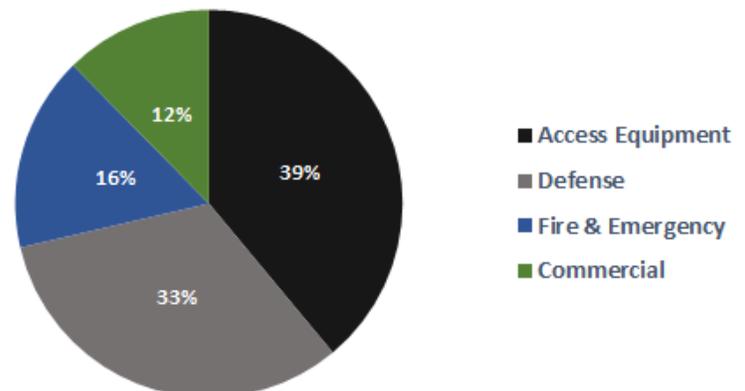


Total Revenue Breakdown

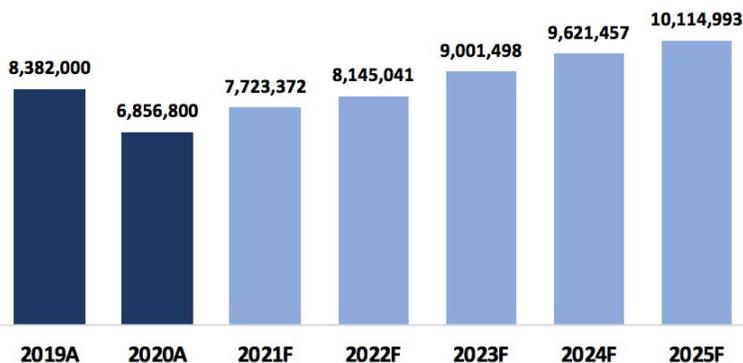
FY 2020



FY 2021



Total Net Sales



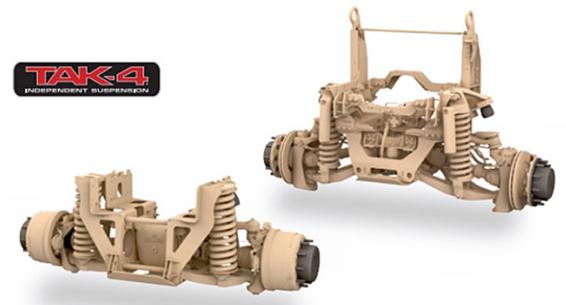
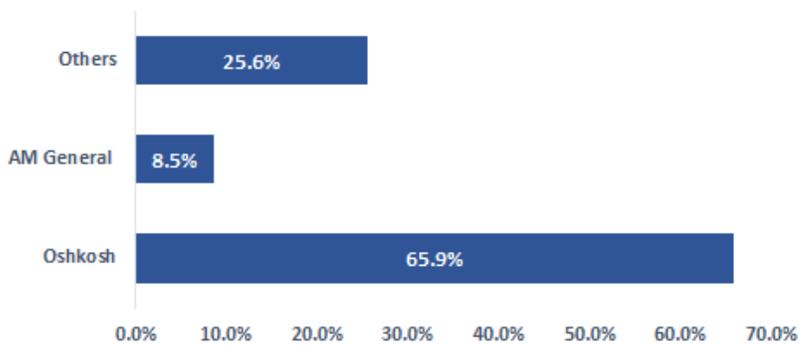
- We project access equipment revenue share to increase to 39% for FY 2021 due to strong demand and backlog.
- Supply chain issues contribute to slower growth between FY21 and FY22, but we expect revenue growth to pick up in later years.
- Forecasted total revenue growth is driven by strong backlog, promising contracts, and electrification initiatives.

Investment Rationale

Patented technologies provide competitive advantage by attracting contracts and preserving revenues.

Oshkosh invests heavily into engineering to create innovative products and solutions for its diverse customer base. Oshkosh currently holds over 1,000 active patents, including the TAK-4 independent suspension system that was originally created for Oshkosh Defense's military trucks such as the MTRV, and has now been implemented in Pierce Manufacturing's firetrucks. The TAK-4 system provides Oshkosh with performance and cost advantages which contributed to Oshkosh securing several different contracts and programs such as the JLTV program and the FMTV A2 program. TAK-4 helped Oshkosh secure 65.9% of the \$27 billion that were awarded for Active Tactical Wheeled Vehicles from FY2015-FY2020. By attracting contracts with its patented technologies, Oshkosh is in a better position to preserve its revenues and market share.

Army's Expected Value² of active TWV¹ Contracts from FY2015-FY2020



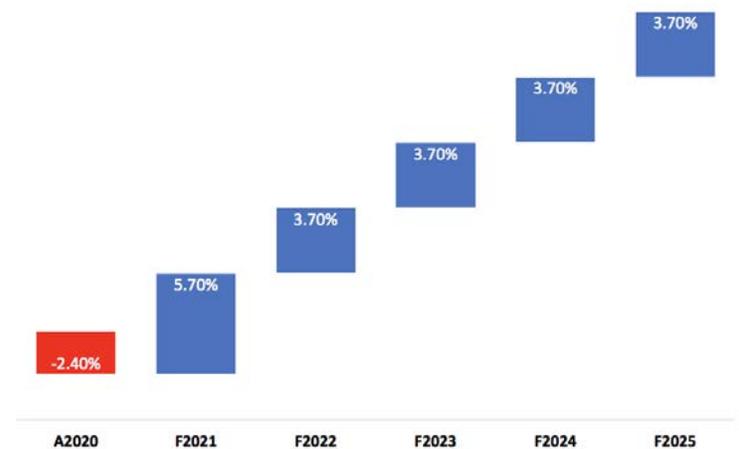
1 TWV=Tactical Wheeled Vehicles
2 \$27 billion

Source: GAO analysis of Army provided information and Federal Procurement Data System-Next Generation

Improving Construction Industry Outlook Benefits Access Equipment and Commercial segments.

As economies re-opened globally, the construction industry began a rebound at a faster rate than anticipated which benefited Oshkosh's Access Equipment segment resulting in higher sales of aerial work platforms, tele handlers, and other products used within the construction industry. In the first nine months of fiscal 2021, Oshkosh reported an increase of 17.2% in revenues for the segment compared to the first nine months of 2020; its backlog for the division grew a record of 213.8% on a YoY basis, thus, showing improved market demand for their products. Analysts predict a solid growth in the global construction market until 2025, which we believe will substantially help in the recovery and future performance of the Access Equipment division, despite amid supply chain concerns and rising construction costs.

Global construction industry outlook



Investment Rationale

Promising Contracts Awarded to fuel future growth

USPS: In February 2021, Oshkosh was awarded a 10-year contract by USPS to manufacture its Next Generation Delivery vehicle which are expected to appear on carrier routes by 2023. Under the contract, Oshkosh will deliver between 50,000 to 165,000 vehicles and it could be worth up to \$6 billion. Oshkosh received an initial investment of \$482 million to finalize the design and it recently announced that Spartanburg, SC will be the location of execution.

- Workhorse, one of the bidding finalists in the contract, sued USPS over the award decision in June but later dropped the lawsuit, thus removing any headwinds for Oshkosh within this major contract.



- **Stryker:** In June 2021, Oshkosh was awarded a 6-year, \$943 million with the DoD to update the weapon system on one the U.S army Stryker Carrier Vehicle to provide upgraded precision to the Army's Stryker Brigade Combat Team (SBCT)



- **Takeaway:** We believe that these awards will further establish Oshkosh's relationship with the US government, as well as reinforcing its presence in the different industries they operate in. Ultimately, we see it as a strong step to further grow its Defense segment while improving their brand reputation

Electrification across all business segments could be a huge growth factor for the firm and play major role in the awards of future projects.

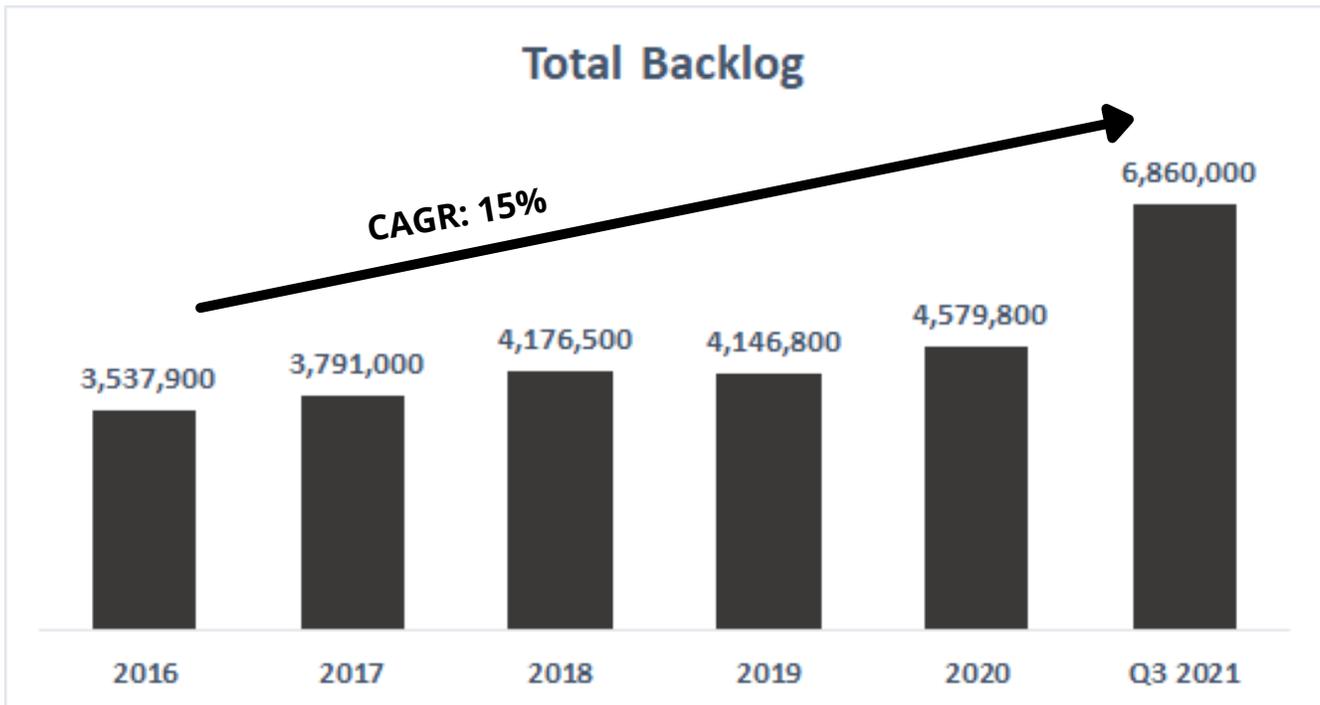
With demand for zero-emission Electric Vehicles rising, we are confident with Oshkosh's progress in the electrification across their spectrum of products. During Q3 2021, Oshkosh introduced the Pierce Volterra Pumper which is the first EV fire truck for front-line duty in service in North America that is operating in Madison, WI and has successfully completed hundreds of calls to date. The company also launched the Hybrid Striker Volterra Aircraft Rescue and Fire Fighting (ARFF) truck for demonstration at airports. Oshkosh currently has a prototype of a fully electric concrete mixer vehicle for its commercial segment and, when awarded its 10-year USPS contract, the company is committed to deliver at least 10% of the total fleet in fully electric trucks. We believe the successful implementation of electric vehicles within Oshkosh's segments could play a major role in the award of future projects, especially with the U.S. government.



Investment Rationale

Strong backlog and demand across all segments

Oshkosh has strong market position and brand recognition across most of its business segments which is primarily due to its reputation for quality products, innovative technologies, vehicle performance, and excellent customer service. Such characteristics are what drives the company's performance and its constant contract wins are a proof of this fact. Since 2016, Oshkosh's backlog have grown at a CAGR of 15% and, in Q3 2021, the company reported record back log of \$6.8 billion which was mainly driven by the increase in demand due to the re-opening of the economy in their Access Equipment and Commercial which saw backlog growing by 213.8% and 73.2% on a year-over-year basis, respectively. Among its defense segment, backlog grew 2.4% which was driven by the initial order from the USPS contract offset by delays in production for other trucks and within the Fire & Emergency segment, Oshkosh registered an increase in backlog of 8.5% due to strong demand for fire trucks and resilient municipal budgets. While the company faces supply chain issues that may extend until the end of fiscal 2022, we believe that their strong backlog offers a signal of high demand between all of their businesses and, as soon as those issues dissipate, Oshkosh will be able to successfully recognize these revenues and improve its financial results.



Financial Health and Comps

Strong Financial Positioning will Allow the Company to Weather the Supply Chain Storm.

As of the end of FY2020, Oshkosh had available liquidity of \$1.4 billion, consisting of cash of approximately \$600 million and availability under the Company's revolving line of credit of approximately \$800 million. The company expects a growth in capital expenditures to \$120 million by the end of FY21, which it has enough liquidity to cover. We expect Oshkosh to have sufficient liquidity to finance its short-term obligations and operational activities over the next twelve months.

Company	Fiscal year ending 2020				
	EV/REV	EV/EBITDA	EV/EBIT	P/E	Debt/EBITDA
Oshkosh Corporation	0.79	8.33	10.98	15.83	1.17
Moog Inc.	1.07	17.19	44.97	46.83	6.21
PACCAR Inc	1.34	9.52	15.98	23.1	4.15
Caterpillar Inc.	2.44	14.14	22.27	26.54	5.32
Textron Inc.	1.07	11.94	20.56	26.34	4.43
Average	1.34	12.22	22.95	27.73	4.26
Median	1.07	11.94	20.56	26.34	4.43

Oshkosh is in a healthy position when it comes to their balance sheet, with a debt-to-capital of 0.20 (as of Q3 2021), 85% below the industry average of 0.37. Oshkosh's management have proven their efficiency and priority to shareholders by raising dividends for the seventh straight year by a 2-digit rate even during the pandemic. regular dividends payout every quarter. Their ROE is currently at 13.8%, surpassing the industry's 11.3% ROE. Oshkosh Corporation holds the lowest Debt/EBITDA ratio when it comes to other competitors,. Considering half of their senior notes mature in FY23, good debt management and strong cash position will enable them to endure the higher costs during this supply-chain affected period.

Credit Profile	
Current Ratio	2.23
Cash Ratio	1.21
CFO / Total Debt	0.40
Debt / EBITDA	1.38
EBITDA / Interest Expense	10.00
Total Debt	817,900
Net Debt	235,000

Risks

Supply Chain Issues & Rising Prices of Raw Materials

- Strong demand, material scarcity and labor inefficiencies are disrupting Oshkosh's supply chain and operating margins.
- Inflation has led to rising freight and material costs, further contributing to supply chain issues.
- Due to these issues, Q3 2021 sales were roughly \$100 million lower than expected, and Oshkosh has downgraded their guidance on Q4 2021.
- Oshkosh sources many components for their products from third-party suppliers; this has led to shipping delays and has negatively impacted production and sales.
- Oshkosh's recent decline in share price since its highest closing price of \$136.92 in May is largely contributed to supply chain issues.



Dependency on Government Contracts

- Roughly 35% of Oshkosh's total sales in fiscal year 2020 were to the U.S government.
- Potential risks: budget cuts, intense competition for DoD programs, being subject to audits, uncertainty surrounding payments on contract awards, and the potential termination of existing contracts and awards.
- Any of these events could drastically disrupt Oshkosh Defense's operations and revenues, which would ultimately have a substantial impact on Oshkosh's overall revenues due to the Defense segment's large share of total revenues.

Competition

- Despite having no direct competitor due to its diversification, Oshkosh faces competition in each segment from smaller manufacturers to larger, mass producers which could materially impact their results in case of failure to innovate and adapt in each of their operating industries.

PACCAR Inc

TEXTRON

DCF Valuation

Forecasted Cash Flows					
	09/30/21	09/30/22	09/30/23	09/30/24	09/30/25
Revenue	7,723,372	8,295,947	9,175,040	9,808,015	10,310,879
<i>Growth</i>		7.4%	10.6%	6.9%	5.1%
EBITDA	705,460	790,943	911,457	1,013,569	1,106,779
<i>% margin</i>	9.1%	9.5%	9.9%	10.3%	10.7%
EBITDA	705,460	790,943	911,457	1,013,569	1,106,779
(-) taxes	142,892	105,800	115,102	121,009	127,031
(+/-) Working capital changes	141,081	43,519	(101,076)	(74,709)	(60,511)
(-) Capex	(140,648)	(148,327)	(163,923)	(177,939)	(189,419)
Unlevered FCF	563,000.41	580,335.77	531,354.36	639,912.20	729,817.76
<i>Unlevered FCF yield</i>	7.3%	7.0%	5.8%	6.5%	7.1%
Date of Analysis	10/11/2021				
Discount factor	1	2	3	4	5
PV of cash flows	509,952.76	476,125.91	394,864.38	430,730.22	444,959.64

Present Value of Forecasted Cash Flows	
Terminal Value Calculation	
Perpetuity growth rate	2.0%
WACC	10.4%
Terminal Cash Flow	729,817.76
Terminal Value	8,685,759.85
PV of terminal value	5,295,585.75
PV of 5yr UFCFs	2,256,632.91
Net debt	(1,883,130.24)
DCF Implied Equity Value	9,435,348.90
Shares outstanding (diluted)	68,680.86
Intrinsic Value Per Share	137.38

Undervaluation

While supply chain issues remain a risk for Oshkosh Corporation and it's negatively impacting its stock price, we believe that the stock market overreacted with its recent sell-off, thus, creating a good investment opportunity. In our forecasts, we estimate supply chain issues to remain elevated until the end of fiscal 2022 which gives a reliable margin of safety to our intrinsic value and 2-year target price calculation. Within our EV/EBITDA and EV/Revenue, we implemented multiple contraction to be conservative and still arrived at a satisfactory target price for OSK. As of October 15, 2021, Oshkosh offers a 37.02% implied upside.

Relative Valuation

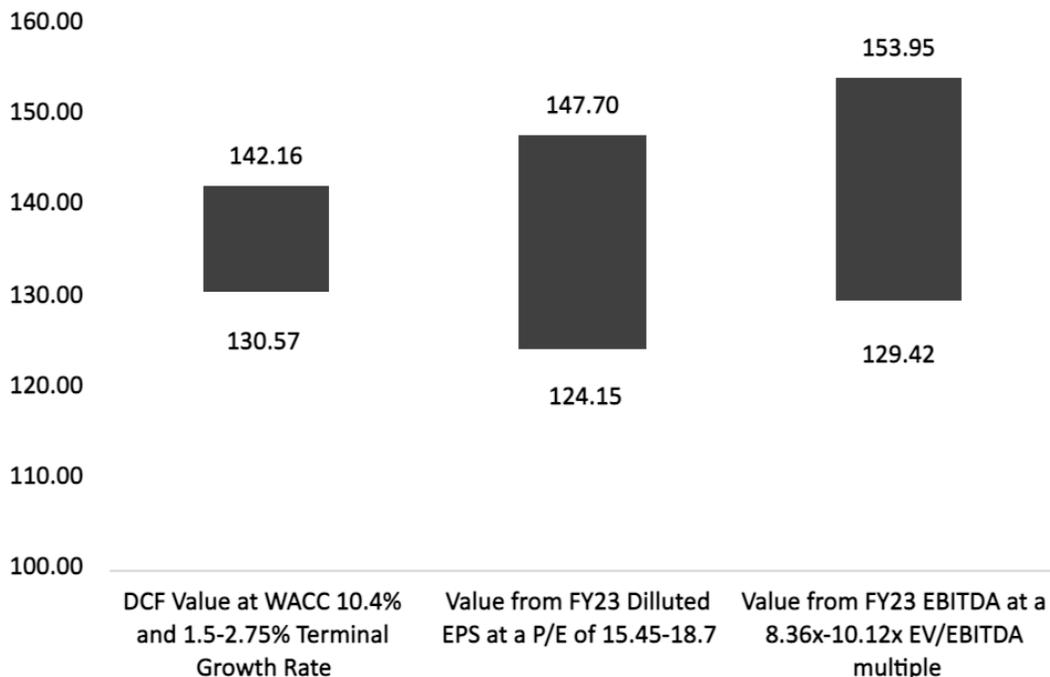
EV/EBITDA Valuation

EV/EBITDA	2021			2022			2023		
	Downside	Base	Upside	Downside	Base	Upside	Downside	Base	Upside
Adj. EBITDA	705,460	705,460	705,460	790,943	790,943	790,943	911,457	911,457	911,457
EV/EBITDA Multiple	8.91	9.80	10.78	8.64	9.50	10.45	8.36	9.20	10.12
EV	6,285,005	6,913,505	7,604,856	6,830,872	7,513,959	8,265,355	7,623,092	8,385,401	9,223,941
(-) Debt	801,500	801,500	801,500	521,000	521,000	473,636	521,000	521,000	473,636
(+) Cash	1,122,086	1,122,086	1,122,086	1,512,972	1,512,972	1,512,972	1,566,112	1,566,112	1,566,112
Market Cap	6,605,591	7,234,091	7,925,442	7,822,844	8,505,931	9,304,691	8,668,204	9,430,513	10,316,417
Diluted Shares out.	68,681	68,681	68,681	68,681	68,681	68,681	68,681	68,681	68,681
Share Price	96.18	105.33	115.40	113.90	123.85	135.48	126.21	137.31	150.21

EV/Revenue Valuation

EV/Revenue	2021			2022			2023		
	Downside	Base	Upside	Downside	Base	Upside	Downside	Base	Upside
Revenue	7,723,372	7,723,372	7,723,372	8,295,947	8,295,947	8,295,947	9,175,040	9,175,040	9,175,040
EV/Revenue Multiple	0.85	0.94	1.03	0.84	0.92	1.01	0.82	0.90	0.99
EV	6,599,972	7,259,970	7,985,967	6,938,429	7,632,272	8,395,499	7,506,851	8,257,536	9,083,289
(-) Debt	801,500	801,500	801,500	521,000	521,000	473,636	521,000	521,000	473,636
(+) Cash	1,122,086	1,122,086	1,122,086	1,512,972	1,512,972	1,512,972	1,566,112	1,566,112	1,566,112
Market Cap	6,920,559	7,580,556	8,306,553	7,930,401	8,624,244	9,434,834	8,551,963	9,302,648	10,175,765
Diluted Shares out.	68,681	68,681	68,681	68,681	68,681	68,681	65,000	65,000	65,000
Share Price	100.76	110.37	120.94	115.47	125.57	137.37	131.57	143.12	156.55

Price range per valuation method



Appendix - Income Statement

Year End of Fiscal Year	2016A 9/30/2016	2017A 9/30/2017	2018A 9/30/2018	2019A 9/30/2019	2020A 9/30/2020	2021F 9/30/2021	2022F 9/30/2022	2023F 9/30/2023	2024F 9/30/2024	2025F 9/30/2025
Total Revenue	6,279,200	6,829,600	7,705,500	8,382,000	6,856,800	7,723,372	8,295,947	9,175,040	9,808,015	10,310,879
% Growth Yoy		8.8%	12.8%	8.8%	-18.2%	12.6%	7.4%	10.6%	6.9%	5.1%
COGS	5,223,400	5,655,200	6,346,900	6,864,600	5,736,500	6,393,668	6,851,073	7,558,707	8,060,557	8,453,206
% Growth Yoy		8.3%	12.2%	8.2%	-16.4%	11.5%	7.2%	10.3%	6.6%	4.9%
Gross Profit	1,055,800	1,174,400	1,358,600	1,517,400	1,120,300	1,329,704	1,444,874	1,616,333	1,747,458	1,857,673
Gross Margin	16.8%	17.2%	17.6%	18.1%	16.3%	17.2%	17.42%	17.62%	17.82%	18.02%
Operating Expenses:										
SG&A	612,400	665,600	664,300	683,500	620,600	718,274	754,931	816,579	853,297	876,425
% of total revenue	9.8%	9.7%	8.6%	8.2%	9.1%	9.3%	9.1%	8.9%	8.7%	8.5%
Amortization of purchased intangibles	52,500	45,800	38,300	36,900	11,000	5,300	4,800	3,400	1,600	1,500
Impairment charges	26,900	-	-	-	-	-	-	-	-	-
Total operating expenses	691,800	711,400	702,600	720,400	631,600	723,574	759,731	819,979	854,897	877,925
EBIT	364,000	463,000	656,000	797,000	488,700	606,131	685,143	796,354	892,560	979,748
Operating Margin	5.8%	6.8%	8.5%	9.5%	7.1%	7.8%	8.3%	8.7%	9.1%	9.5%
Interest income	2,100	4,900	15,300	6,800	7,500	7,635	8,201	9,070	9,695	10,192
% of total revenue	0.03%	0.07%	0.20%	0.08%	0.11%	0.10%	0.10%	0.10%	0.10%	0.10%
Interest expense	(60,400)	(59,800)	(70,900)	(54,400)	(59,300)	(59,069)	(38,397)	(38,397)	(38,397)	(38,397)
% of total debt	7.1%	7.2%	8.7%	6.6%	7.2%	7.4%	7.4%	7.4%	7.4%	7.4%
Other	1,300	3,200	(5,800)	1,300	2,200	1,545	1,659	1,835	1,962	2,062
% of total revenue	0.02%	0.05%	-0.08%	0.02%	0.03%	0.02%	0.02%	0.02%	0.02%	0.02%
EBT	307,000	411,300	594,600	750,700	439,100	556,241	656,606	768,862	865,821	953,606
Pre-tax margin	4.9%	6.0%	7.7%	9.0%	6.4%	7.2%	7.9%	8.4%	8.8%	9.2%
Provision for Income Taxes	92,400	127,200	123,800	171,300	112,800	142,892	168,675	197,512	222,420	244,971
Tax rate	30.1%	30.9%	20.8%	22.8%	25.7%	25.7%	25.7%	25.7%	25.7%	25.7%
Equity and Income from Unconsolidated Affiliates	1,800	1,500	1,100	-	(1,800)	-	-	-	-	-
Net income (loss)	216,400	285,600	471,900	579,400	324,500	413,349	487,931	571,350	643,401	708,635
Profit Margin	3.4%	4.2%	6.1%	6.9%	4.7%	5.4%	5.9%	6.2%	6.6%	6.9%
Weighted-Average Number of Shares:										
Basic	73,570	74,674	74,002	69,820	68,149	68,042	68,042	68,042	68,042	68,042
% Growth Yoy	1.5%	1.5%	-0.9%	-5.7%	-2.4%	-0.2%	0.0%	0.0%	0.0%	0.0%
Diluted	74,433	75,790	74,982	70,558	68,788	68,681	68,681	68,681	68,681	68,681
Basic EPS	2.94	3.82	6.38	8.30	4.76	6.07	7.17	8.40	9.46	10.41
Diluted EPS	2.91	3.77	6.29	8.21	4.72	6.02	7.10	8.32	9.37	10.32
EBIT	364,000	463,000	656,000	797,000	488,700	606,131	685,143	796,354	892,560	979,748
(+) Amortization of purchased intangibles	52,500	45,800	38,300	36,900	11,000	5,300	4,800	3,400	1,600	1,500
(+) Depreciation	76,300	84,500	82,200	78,300	93,200	94,029	101,000	111,702	119,409	125,531
EBITDA	492,800	593,300	776,500	912,200	592,900	705,460	790,943	911,457	1,013,569	1,106,779

Appendix - Balance Sheet

	(\$ thousands, except per share amounts)						
	Year End of Fiscal Year	2020A 9/30/2020	2021F 9/30/2021	2022F 9/30/2022	2023F 9/30/2023	2024F 9/30/2024	2025F 9/30/2025
Current Assets:							
Cash and cash equivalents	582,900	1,122,086	1,512,972	1,566,112	1,956,417	2,404,130	
Receivables, net	1,341,200	1,447,083	1,554,363	1,719,073	1,837,670	1,931,889	
Inventory	1,505,400	1,404,249	1,416,148	1,566,212	1,674,263	1,760,104	
Other current assets	106,300	94,743	101,766	112,550	120,315	126,484	
Total current assets	3,535,800	4,068,161	4,585,249	4,963,947	5,588,665	6,222,606	
Long-term Assets:							
PP&E	565,900	580,240	595,643	612,678	630,888	650,032	
Goodwill	1,009,500	1,004,500	999,500	994,500	989,500	984,500	
Purchased intangible assets, net	418,200	412,900	408,100	404,700	403,100	401,600	
Other Long-term assets	286,500	143,496	154,134	170,467	182,227	191,570	
Total assets	5,815,900	6,209,297	6,742,625	7,146,292	7,794,380	8,450,308	
Current Liabilities:							
Revolving credit facility, current maturities of long-term debt	5,200	-	264,100	-	-	-	
Accounts payable	577,800	687,491	761,230	839,856	895,617	939,245	
Customer advances	491,400	502,464	539,714	596,905	638,085	670,800	
Payroll-related obligations	150,800	181,038	190,085	205,158	213,895	219,657	
Income taxes payable	14,700	35,801	42,261	49,486	55,726	61,376	
Other current liabilities	345,200	318,050	341,628	377,829	403,895	424,603	
Total current liabilities	1,585,100	1,724,843	2,139,018	2,069,235	2,207,219	2,315,682	
Long-term Liabilities:							
Long-term Debt less current maturities	817,900	801,500	521,000	521,000	521,000	521,000	
Other long-term liabilities	562,200	408,508	438,793	485,291	518,770	545,368	
Total liabilities	2,965,200	2,934,851	3,098,811	3,075,526	3,246,990	3,382,050	
Shareholder's Equity							
Common stock	700	700	700	700	700	700	
Retained earnings	2,747,700	3,054,831	3,444,056	3,899,825	4,413,069	4,978,351	
Additional paid-in-capital	800,900	803,500	803,500	803,500	803,500	803,500	
Other comprehensive loss	(198,400)	(193,084)	(207,399)	(229,376)	(245,200)	(257,772)	
Treasury stock	(500,200)	(522,800)	(522,800)	(522,800)	(522,800)	(522,800)	
Total Shareholders' Equity	2,850,700	3,143,146	3,518,057	3,951,849	4,449,269	5,001,979	
Total Liabilities and Shareholders' Equity	5,815,900	6,077,998	6,616,868	7,027,375	7,696,259	8,384,029	
	Check	-	131,299	125,757	118,917	98,122	66,279

Appendix - Cash Flow Statement

	(\$ thousands, except per share amounts)										
Year	2017A	2018A	2019A	2020A	2021F	2022F	2023F	2024F	2025F	2026F	2027F
End of Fiscal Year	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022	9/30/2023	9/30/2024	9/30/2025	9/30/2026	9/30/2027
Cash Flows from Operating Activities:											
Net Income	285,600	471,900	579,400	324,500	413,349	487,931	571,350	643,401	708,635		
Asset Impairment Charge	-	-	-	-	-	-	-	-	-	-	-
D&A	130,300	120,500	115,200	104,200	99,329	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
SBC	22,400	26,700	29,000	29,300	29,300	29,300	29,300	29,300	29,300	29,300	29,300
Deferred income taxes	7,800	(3,100)	10,400	22,400	22,800	22,800	22,800	22,800	22,800	22,800	22,800
(Gain) loss on sale of assets	(6,600)	1,100	(3,300)	(11,800)	-	-	-	-	-	-	-
Foreign currency/transaction (gains) losses	1,600	1,400	800	(600)	-	-	-	-	-	-	-
Debt extinguishment	-	10,300	-	8,500	-	-	-	-	-	-	-
Other	100	2,300	300	(600)	(600)	(600)	(600)	(600)	(600)	(600)	(600)
Changes in operating assets and liabilities:											
Receivables	(295,900)	(227,000)	(66,600)	332,500	(105,883)	(107,280)	(164,710)	(118,597)	(94,219)		
Inventory	(202,300)	(38,600)	(111,000)	(246,700)	101,151	(11,898)	(150,064)	(108,051)	(85,841)		
Other Current Assets	14,600	11,200	(5,800)	(17,400)	11,557	(7,024)	(10,784)	(7,765)	(6,169)		
Accounts Payable	177,200	124,300	12,800	(222,500)	109,691	73,739	78,626	55,761	43,628		
Customer Advances	41,500	(68,400)	(90,200)	112,300	11,064	37,250	57,192	41,180	32,715		
Payroll-related Obligations	43,500	1,700	(7,600)	(32,300)	30,238	9,047	15,074	8,737	5,761		
Income Taxes Payable	(14,800)	26,200	36,200	(52,100)	21,101	6,460	7,225	6,240	5,650		
Other Current Liabilities	43,700	(33,900)	45,600	(37,100)	(27,150)	23,579	36,201	26,066	20,708		
Other Long-Term Assets and Liabilities	(2,200)	9,700	23,100	14,700	(10,687)	19,647	30,164	21,719	17,255		
Total changes in operating assets and liabilities	(194,700)	(194,800)	(163,500)	(148,600)	141,081	43,519	(101,076)	(74,709)	(60,511)		
Net cash provided by operating activities	246,500	436,300	568,300	327,300	705,259	577,951	516,773	615,191	694,624		
Cash Flows from Investing Activities:											
Capital expenditures	(113,200)	(100,100)	(174,200)	(130,200)	(140,648)	(148,327)	(163,923)	(177,939)	(189,419)		
Sale of PPE	49,500	11,500	15,100	41,200	32,494	34,268	37,871	41,109	43,761		
Other	(1,500)	(1,800)	6,100	11,400	-	-	-	-	-		
Net cash used in investing activities	(65,200)	(90,400)	(153,000)	(77,600)	(108,154)	(114,059)	(126,052)	(136,830)	(145,658)		
Cash Flows from Financing Activities:											
Net increase (decrease) in short-term debt	-	-	-	-	-	-	-	-	-		
Proceeds from issuance of debt	5,900	639,400	-	303,900	-	-	-	-	-		
Repayment of debt	(23,000)	(653,800)	-	(300,000)	(16,400)	(16,400)	(264,100)	-	-		
Debt issuance costs	-	(12,900)	-	(9,600)	-	-	-	-	-		
Repurchases of common stock	(4,800)	(257,000)	(357,400)	(51,500)	-	-	-	-	-		
Cash dividends paid	(62,800)	(71,200)	(75,500)	(81,800)	(83,618)	(98,706)	(115,581)	(130,156)	(143,353)		
Proceeds from exercise of stock options	39,900	16,600	11,300	26,100	42,100.00	42,100.00	42,100.00	42,100.00	42,100.00		
Other financing activities	-	-	-	(2,600)	-	-	-	-	-		
Net cash (used in) provided by financing activities	(44,800)	(338,900)	(421,600)	(115,500)	(57,918)	(73,006)	(337,581)	(88,056)	(101,253)		
Effect of exchange rate changes on cash	(11,400)	600	100	300	-	-	-	-	-		
Net (decrease) increase in cash and cash equivalents	125,100	7,600	(6,200)	134,500	539,186	390,886	53,140	390,305	447,713		
Cash and cash equivalents, beginning of year	321,900	447,000	454,600	448,400	582,900	1,122,086	1,512,972	1,566,112	1,956,417		
Cash and cash equivalents, end of year	447,000	454,600	448,400	582,900	1,122,086	1,512,972	1,566,112	1,956,417	2,404,130		

Appendix - Ratios

Year	2016A	2017A	2018A	2019A	2020A	2021F	2022F	2023F	2024F	2025F
End of Fiscal Year	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022	9/30/2023	9/30/2024	9/30/2025
Valuation										
Price / Sales	0.62	0.87	0.66	0.62	0.73	0.91	0.85	0.77	0.72	0.68
Price / Earnings	17.99	20.71	10.84	8.97	15.38	17.01	14.41	12.31	10.93	9.92
Price / FCF	8.53	44.37	15.21	13.19	25.32	12.45	16.37	19.93	16.08	13.92
EV / EBIT	12.14	13.60	8.35	6.99	10.70	11.07	9.20	7.52	6.27	5.25
EV / EBITDA	8.96	10.62	7.05	6.10	8.82	9.51	7.97	6.57	5.52	4.65
EV / Sales	0.70	0.92	0.71	0.66	0.76	0.87	0.76	0.65	0.57	0.50
EV	4,417,145.90	6,298,686.43	5,476,824.33	5,567,355.60	5,230,087.37	6,710,273.81	6,302,988.01	5,985,747.93	5,595,442.83	5,147,729.81
Profitability										
Gross Margin	0.17	0.17	0.18	0.18	0.16	0.17	0.17	0.18	0.18	0.18
Operating Margin	0.06	0.07	0.09	0.10	0.07	0.08	0.08	0.09	0.09	0.10
Pretax Margin	0.05	0.06	0.08	0.09	0.06	0.07	0.08	0.08	0.09	0.09
Net Margin	0.03	0.04	0.06	0.07	0.05	0.05	0.06	0.06	0.07	0.07
FCF Margin	0.07	0.02	0.04	0.05	0.03	0.07	0.05	0.04	0.04	0.05
Return on Assets	0.05	0.06	0.09	0.10	0.06	0.07	0.07	0.08	0.08	0.08
Return on Equity	0.11	0.12	0.19	0.22	0.11	0.13	0.14	0.14	0.14	0.14
Adj. EBITDA	492,800	593,300	776,500	912,200	592,900	705,460	790,943	911,457	1,013,569	1,106,779
EBIT	364,000	463,000	656,000	797,000	488,700	606,131	685,143	796,354	892,560	979,748
Per Share Data										
Sales per Share	84.36	90.11	102.76	118.80	99.68	112.45	120.79	133.59	142.81	150.13
EBIT Per Share	4.89	6.11	8.75	11.30	7.10	8.83	9.98	11.59	13.00	14.27
EPS (Basic)	2.94	3.82	6.38	8.30	4.76	6.07	7.17	8.40	9.46	10.41
EPS (Diluted)	2.91	3.77	6.29	8.21	4.72	6.02	7.10	8.32	9.37	10.32
Diluted Shares Outstanding	74,433	75,790	74,982	70,558	68,788	68,681	68,681	68,681	68,681	68,681
Basic Shares Outstanding	73,570	74,674	74,002	69,820	68,149	68,042	68,042	68,042	68,042	68,042
DuPont Analysis										
Profit Margin	0.03	0.04	0.06	0.07	0.05	0.05	0.06	0.06	0.06	0.07
Asset Turnover	1.39	1.34	1.46	1.51	1.18	1.24	1.23	1.28	1.26	1.22
Equity Multiplier	2.28	2.21	2.11	2.14	2.04	1.98	1.92	1.81	1.75	1.69
Return on Equity	0.11	0.12	0.19	0.22	0.11	0.13	0.14	0.14	0.14	0.14
Operating Efficiency										
Payables Turnover	11.21	8.69	8.17	8.63	9.93	9.30	9.00	9.00	9.00	9.00
Days Payable Outstanding	32.57	42.02	44.68	42.30	36.76	39.25	40.56	40.56	40.56	40.56
Assets Turnover	1.39	1.34	1.46	1.51	1.18	1.24	1.23	1.28	1.26	1.22
Credit Profile										
Current Ratio	1.77	1.81	1.93	1.96	2.23	2.36	2.14	2.40	2.53	2.69
Cash Ratio	0.98	1.04	1.17	1.19	1.21	1.49	1.43	1.59	1.72	1.87
CFO / Total Debt	0.71	0.31	0.53	0.69	0.40	0.88	1.11	0.99	1.18	1.33
Debt / EBITDA	1.68	1.36	1.05	0.90	1.38	1.14	0.66	0.57	0.51	0.47
EBITDA / Interest Expense	8.16	9.92	10.95	16.77	10.00	11.94	20.60	23.74	26.40	28.82
Total Debt	826,200	807,900	818,000	819,000	817,900	801,500	521,000	521,000	521,000	521,000
Net Debt	504,300	360,900	363,400	370,600	235,000	(320,586)	(991,972)	(1,045,112)	(1,435,417)	(1,883,130)