



SBA Communications Corporation
(NASDAQ: SBAC)

Lex Banker & Kevin McKenna

SBA... A Specialized Tower Company with Scale

SBA is a real estate investment trust which owns and operates wireless infrastructure, primarily cell towers, in the U.S. and internationally

Site Leasing Services

Lease antenna space on their multi-tenant towers to a variety of wireless service providers under long term contracts or master lease agreements (MLAs)

Operating in the United States, South America, Central America, Canada, South Africa, the Philippines, and Tanzania

Revenue Contribution: 96.2% in 2022

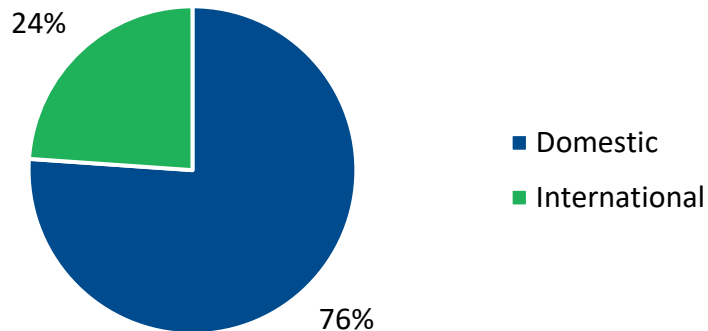
Site Development Services

Provide a full range of end-to-end services to wireless service providers or companies providing development or project management services to wireless service providers

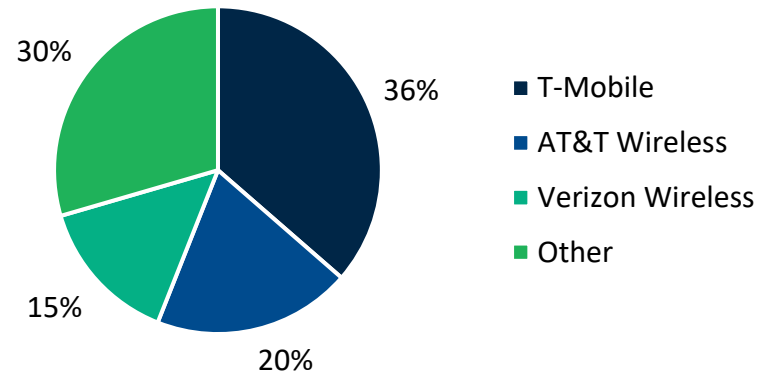
Only conducted in the United States

Revenue Contribution: 3.8% in 2022

2022 Revenue by Location



2022 Revenue by Customer



With a market cap of ~\$25B, SBAC is a large-cap stock with over \$1.7B EBITDA on Sales of \$2.7B – implying an EBITDA margin of 64%

The “Big Three” of the Tower Industry



While SBA Communications may be the smallest player in the oligopoly, SBA is well positioned due to their balanced tower portfolio



SBA Communications
(NASDAQ: SBAC)

- **Market Cap:** \$24B
- **Enterprise Value:** \$39B
- Owns ~17,426 towers U.S. towers and ~21,895 international towers, primarily in Brazil and South Africa
- ~24% of revenue is derived from international towers
- Capital allocation is **balanced** between its **U.S. and international tower portfolios**



American Tower
(NYSE: AMT)

- **Market Cap:** \$83B
- **Enterprise Value:** \$135B
- Owns ~43,158 U.S. towers and ~182,538 international towers, primarily in India, Latin America, Europe, and Africa
- ~44% of revenue is derived from international towers
- Capital allocation is focused on **building its international tower portfolio**



Crown Castle
(NYSE: CCI)

- **Market Cap:** \$43B
- **Enterprise Value:** \$76B
- Owns ~40,000 U.S. towers and ~85,000 route miles of fiber across the United States
- ~33% of revenue is derived from fiber and small cells business
- Capital allocation is focused on buying and **building fiber** through M&A and heavy fiber capital expenditure

Thesis

SBA Communications is a high quality asset with a strong U.S. tower business and international growth prospects. It is currently trading near its lowest multiple in the past 10 years due to macro risks surrounding a potential recession and lower capital expenditure for telecommunications companies creating a unique “buy” opportunity.

Investment Rationale

1

Highly Attractive Business Model with Long-Term Stability

- SBA’s tower business is highly attractive because of long-term nature of physical structures, stable revenue due to low customer churn, protection from new entrants, and strong unit economics

2

Undervalued by Current Market Relative to Historical Averages

- SBA is trading at a significant discount relative to its historical average on an EV/EBITDA basis due to macroeconomic headwinds which have had an irrational impact on the stock price

3

Strong Focus on Core Competencies and Capital Allocation

- SBA’s focus on its core business, U.S. towers and select international markets has led to continued outperformance versus its peers who have strayed away from core business segments and markets

Price Target

\$255.00

18.49% upside to \$215.20

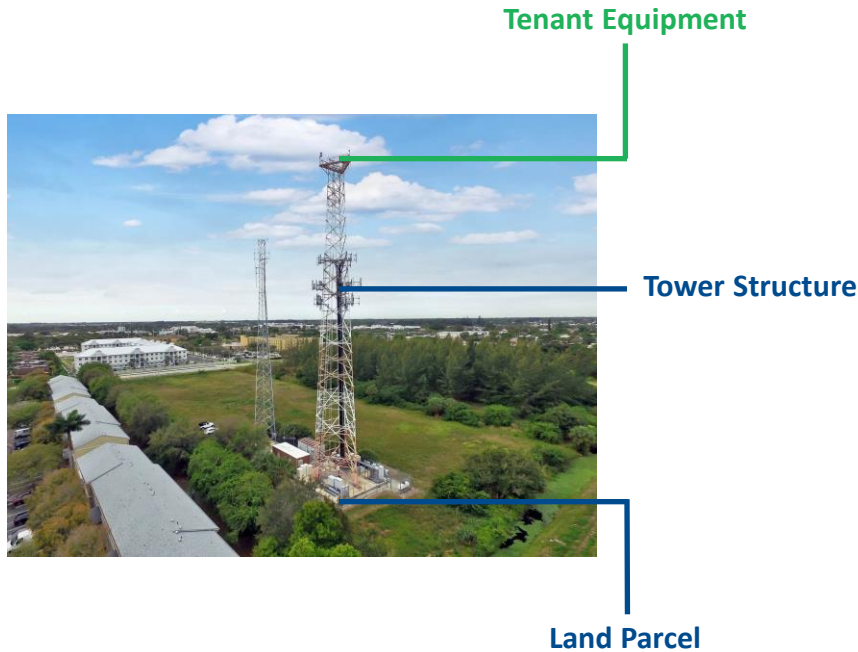
1. U.S. towers are a high quality business that have a proven track record of strong cash flow generation

Attractive Unit Economics Make Towers an Appealing Business

The U.S. tower business is highly attractive, and is highlighted by long-lived towers where antenna space is leased to tenants

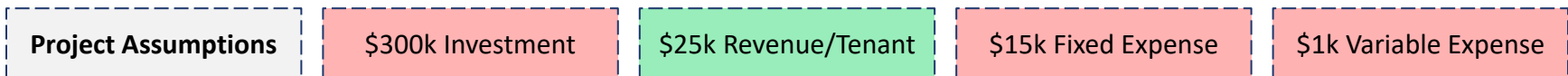
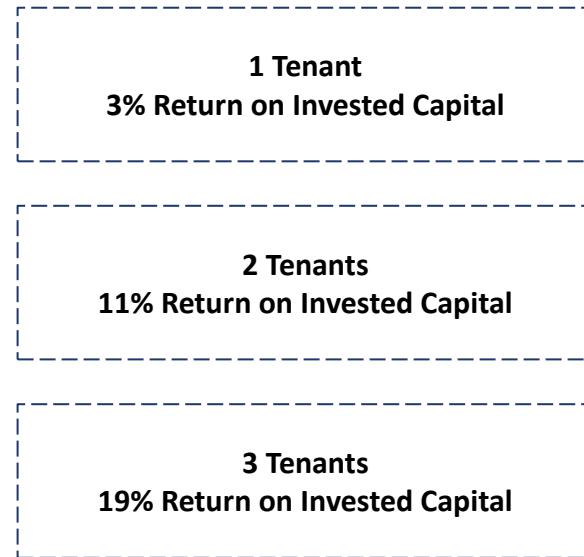
Ownership Structure of Cell Towers

■ Tower REIT ■ Tenant



Tower Economics

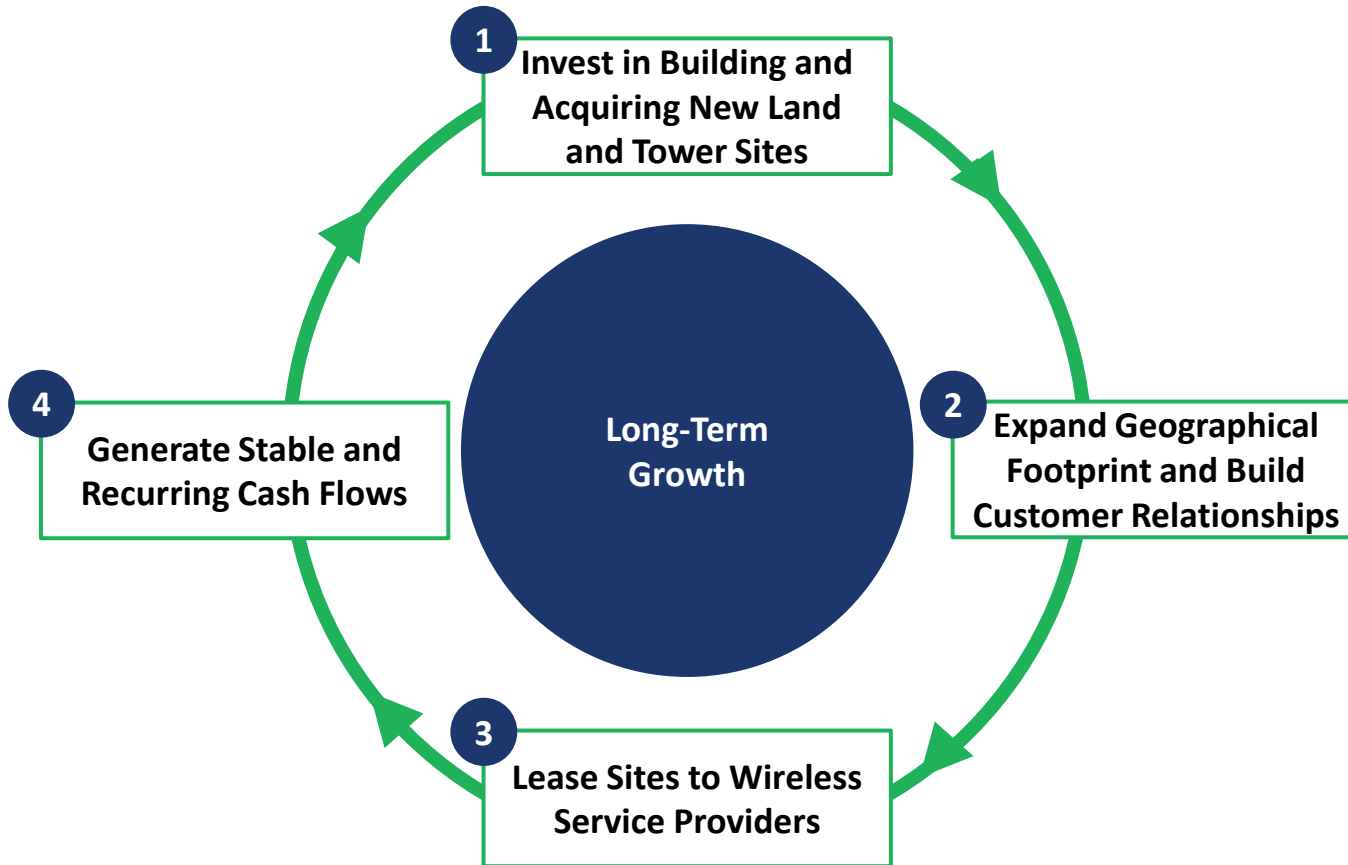
SBA Communications averages 1.9 tenants per tower which offers an extremely attractive ROIC when assuming these stated returns on wireless communications towers



95% Incremental Margin

High Capital Intensity Creates Industry MOAT

The wireless tower industry is moderately competitive with three major players which allows for significant pricing power



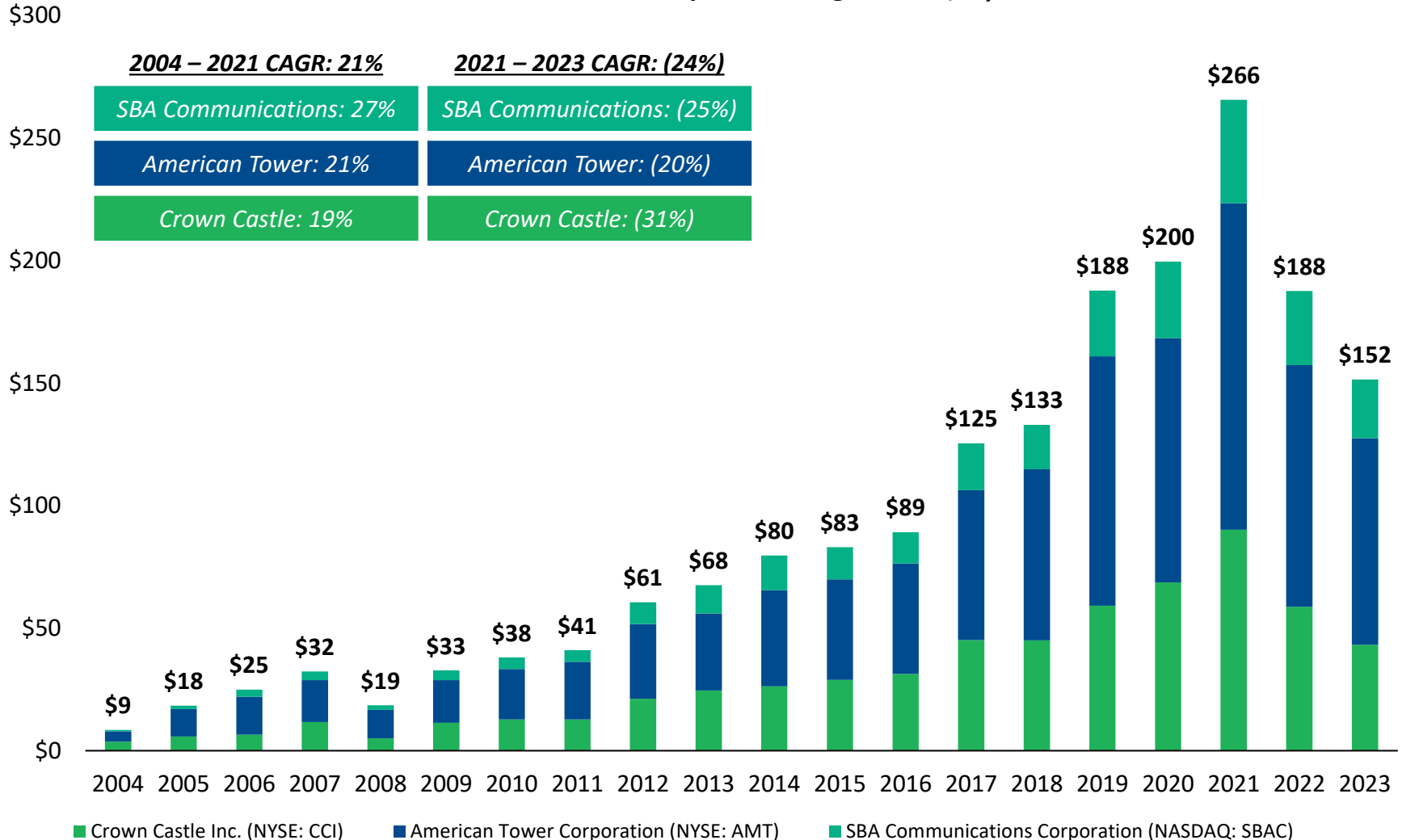
The tower industry possesses many barriers to entry. SBA's large tower portfolio, strong customer relationships, and experienced management team should allow them to protect and grow their market share in a very consolidated industry.

2. Negative market sentiment regarding industry headwinds has created a strong investment opportunity at a depressed valuation

Strong Historical Equity Returns... Poised for a Rebound

Tower leasing is still one of the strongest business models out there and has returned well above the market for the past two decades

Cumulative Market Cap of the “Big Three” (\$B)



Why this Opportunity Exists

A maturing U.S. market, carrier consolidation, and high borrowing costs have caused investors to negatively view the tower industry

1

Maturing U.S. Wireless Market

- The U.S. tower industry is maturing with modest new build activity
- Growth is primarily driven by increasing tenants per tower and annual contractual price escalators at a ~3.0% fixed rate

2

High Cost of Capital

- Tower companies utilize a large amount of debt to finance projects and acquisitions
- High interest rates have caused challenges regarding capital allocation, upcoming maturity paydowns, and have impacted companies' bottom lines

3

Small Universe of Tenants

- The market is currently pricing in significant domestic churn over the next 5 years due to the Sprint and T-Mobile merger
- This is mainly sentiment though as the churn from this merger has been on the low end of the expected range thus far

Reasons to Believe in the Tower Industry

Regardless of the economic cycle, the tower industry has steady long-term growth prospects and a track record of strong profitability

1

**Domestic 5G Spending
Resilience and International
4G Growth**

2

**Increasing Popularity of
Master Lease Agreements**

3

**Continued Demand from
Wireless Carriers**

3. While competitors have strayed away from U.S. towers, SBA remains focused on the U.S. tower business and other attractive international markets

Specialized Focus on Core Competencies

SBA knows what it does best, the site leasing of towers, and it does better than any of its peers...

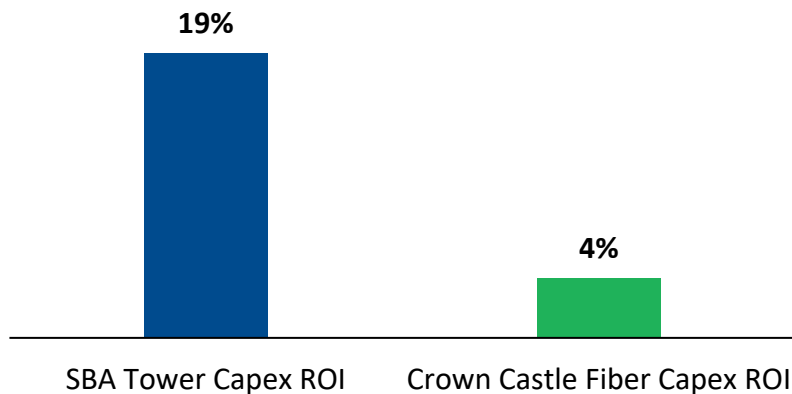
Core Focus on Wireless Tower Systems

- **30% of Crown Castle's revenue comes from its fiber** that it uses to set up small cells (minitowers in urban areas that are crucial for 5G wireless service)
- This strategy is problematic since there is a limited number of potential customers due to cell companies having their own fiber
- AT&T and Verizon control thousands of miles worth of fiber and plan to expand their small cell networks with their own fiber

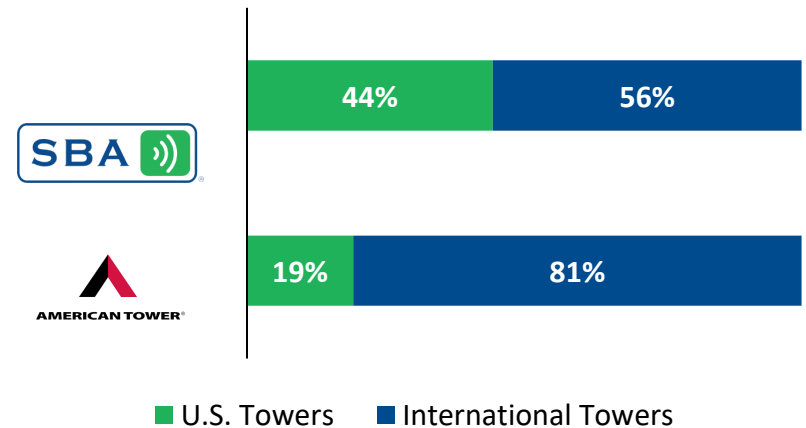
Strong and Selective Acquisition Track Record

- American Tower plans to acquire 40,000 to 50,000 new towers internationally over the next few years which will require intensive capital expenditure
- This strategy is risky because the markets they are targeting are highly competitive and will be difficult to penetrate
- SBA chooses select international markets such as Brazil and South Africa where they can be a major players

5x Less EBITDA Growth Relative to Tower Capex

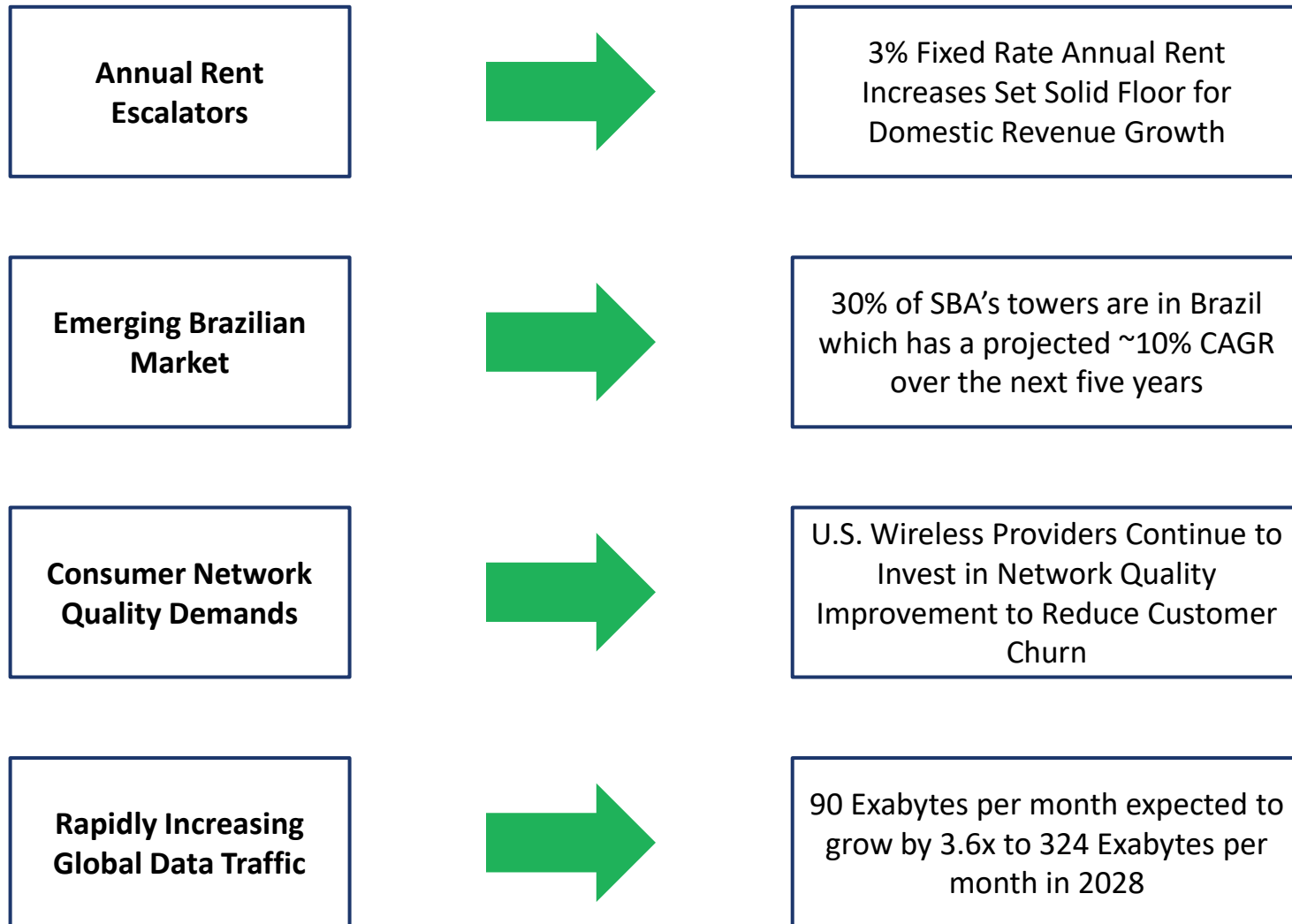


% of Domestic vs. International Towers



Multiple Catalysts to Fuel SBA's Growth

SBA is well positioned to grow revenue and global footprint from favorable tailwinds and market dynamics



Industry Leading Cost Control

SBA's management team differentiates themselves by keeping costs down and intelligently allocating capital

Superior Balance Sheet Optimization

- **Cost control is management's most important value-add** and SBA has a track record of maintaining a strong balance sheet
- Despite having **6.6x Debt/EBITDA**, **only 5% of their debt is floating rate** which has allowed them to maintain a more stable cost of debt relative to their peers
- Management also stated in their recent earnings call that they have utilized excess cash to pay down their revolver as they believe it is a solid use of capital in the current credit environment

Operational Efficiencies Reflected in Bottom-Line

- **SBA's disciplined capital allocation** has spurred them to high margins in their site leasing business relative to their peers
- Keeping maintenance costs and land leasing expenses to a minimum critically impact the company's EBITDA and Adjusted Funds from Operations
- SBA has not pursued international expansion as aggressively as American Tower which has **limited their amount of underperforming sites** which damage margins

Company

% of Floating Rate Bonds



5%

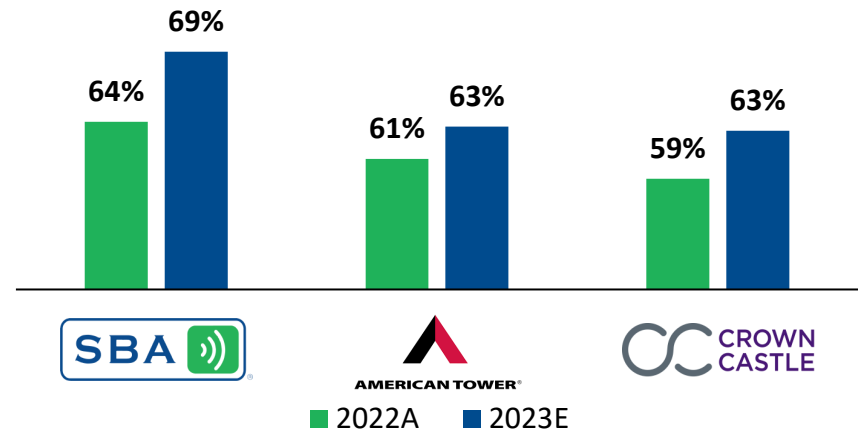


15%



9%

Best-in-Class EBITDA Margins



DCF Base Case



	For Fiscal Year Ending December 31st,					
\$ Millions	2023E	2024E	2025E	2026E	2027E	2028E
Total Revenue	\$2,758.2	\$2,840.5	\$2,934.0	\$3,028.0	\$3,150.2	\$3,287.3
<i>% Growth</i>	4.7%	3.0%	3.3%	3.2%	4.0%	4.4%
Less: Operating Expenses	1,878.0	1,902.7	1,964.0	2,022.5	2,101.4	2,191.7
Plus: D&A	962.6	991.3	1,026.9	1,059.8	1,102.6	1,150.5
<i>Plus: Adjustments</i>	104.8	113.4	123.0	132.8	144.4	157.4
Adjusted EBITDA	\$1,947.6	\$2,042.4	\$2,120.0	\$2,198.0	\$2,295.8	\$2,403.5
EBITDA Margin	70.6%	71.9%	72.3%	72.6%	72.9%	73.1%
Less: D&A	(962.6)	(991.3)	(1,026.9)	(1,059.8)	(1,102.6)	(1,150.5)
Operating Income (EBIT)	\$985.0	\$1,051.1	\$1,093.1	\$1,138.2	\$1,193.2	\$1,252.9
EBIT Margin	35.7%	37.0%	37.3%	37.6%	37.9%	38.1%
Income Tax Expense	(41.7)	(46.9)	(48.6)	(50.7)	(53.1)	(55.5)
NOPAT (EBIAT)	\$943.3	\$1,004.2	\$1,044.5	\$1,087.5	\$1,140.1	\$1,197.4
Plus: D&A	962.6	991.3	1,026.9	1,059.8	1,102.6	1,150.5
Less: CapEx	(401.9)	(422.6)	(426.1)	(440.2)	(449.9)	(458.3)
Less: Increase in NWC	(32.5)	4.3	(2.9)	(3.5)	(1.3)	(0.2)
Free Cash Flow	\$1,536.6	\$1,568.7	\$1,648.2	\$1,710.6	\$1,794.2	\$1,889.8
<i>Growth Rate</i>		2.1%	5.1%	3.8%	4.9%	5.3%
Unlevered Free Cash Flow						
WACC	7.05%					
Discount Periods	0.30	1.31	2.31	3.31	4.31	5.31
Discount Factor	0.98	0.91	0.85	0.80	0.75	0.70
Present Value of Free Cash Flow	\$1,505.1	\$1,435.1	\$1,408.6	\$1,365.7	\$1,338.1	\$1,316.4

DCF Base Case PGR Drop Method



Exit Multiple Method:

Terminal Value:	
Terminal Year 2028 EBITDA	\$2,403.5
EBITDA Multiple	20.2x
Terminal Value as of 2028	\$48,574.1
Period	5.3
PV of Terminal Value	\$33,836.7
PV of Period Cash Flows	\$8,369.1
Total	\$42,205.8

Implied Share Price:	
Enterprise Value	\$42,205.8
Less: Total Debt	(\$14,888.8)
Plus: Cash & Cash Equivalents	\$179.2
Equity Value	\$27,496.1
Shares Outstanding	108.4
Implied Share Price:	\$253.69
Upside/(Downside):	17.9%

Gordon Growth Method:

Terminal Value:	
FCF in Terminal Year	\$2,323.1
Perpetuity Growth Rate	3.00%
FCF in t+1	\$2,392.8
Terminal Value as of 2028	\$59,132.3
Period	11.3
PV of Terminal Value	\$27,371.1
Sum of PV of UFCFs	\$15,400.2
Total	\$42,771.3

Implied Share Price:	
Enterprise Value	\$42,771.3
Less: Total Debt	(\$14,888.8)
Plus: Cash & Cash Equivalents	\$179.2
Equity Value	\$28,061.7
Shares Outstanding	108.4
Implied Share Price	\$258.91
Upside/(Downside):	20.3%

Exit Multiple Method:

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Final Blended Share Price Weights		
DCF Double PGR Method	\$256.30	50%
DCF Implied PGR	\$253.69	50%

Final Blended Share Price Weights	
Blended Share Price	\$255.00
Implied Upside/(Downside)	18.49%

Thesis

SBA Communications is a high quality asset with a strong U.S. tower business and international growth prospects. It is currently trading near its lowest multiple in the past 10 years due to macro risks surrounding a potential recession and lower capital expenditure for telecommunications companies creating a unique “buy” opportunity.

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Price Target

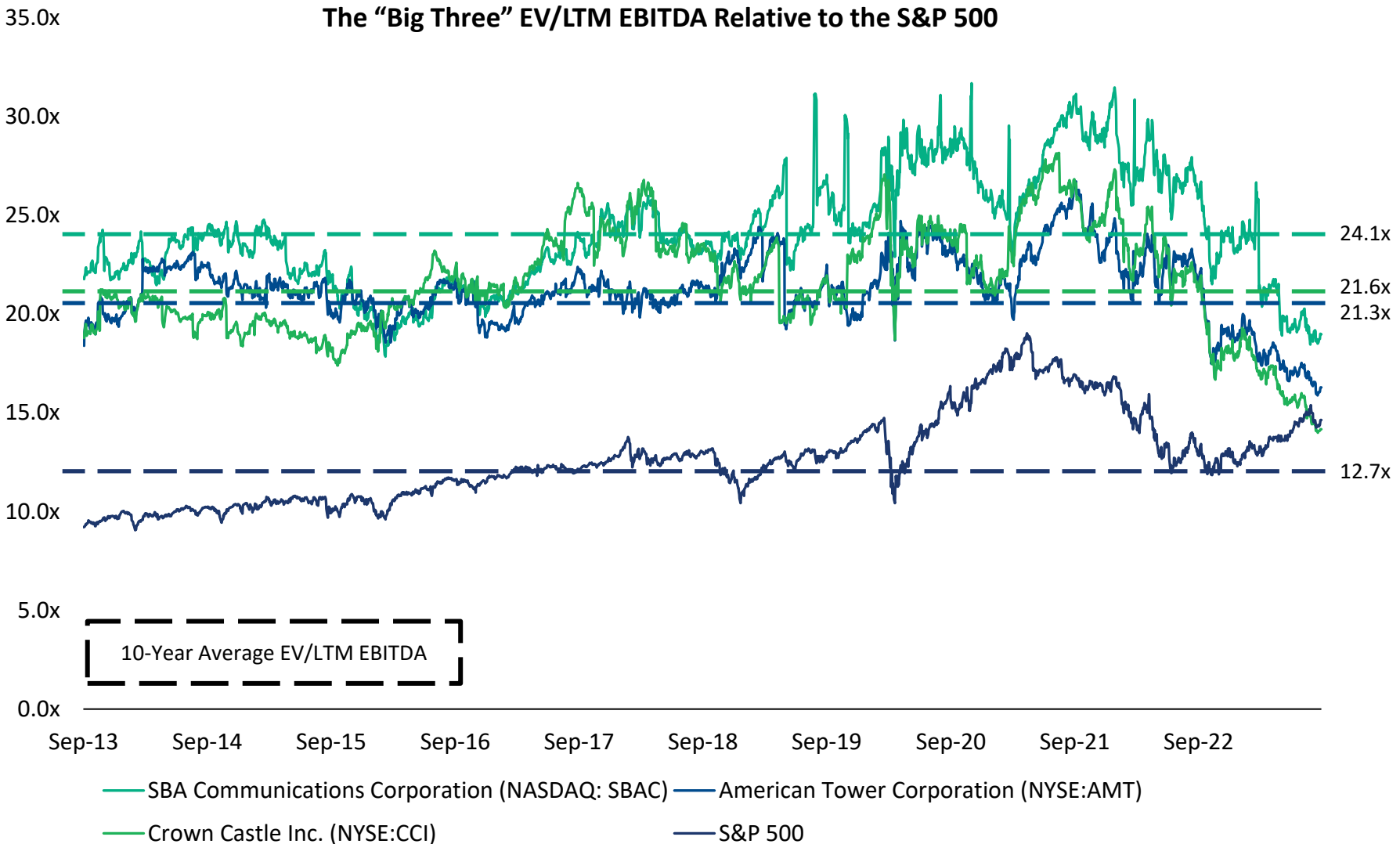
\$255.00

18.49% upside to \$215.20

Appendix

Unprecedented Discount Relative to the Market

Depressed multiples across the tower industry relative to the S&P 500 create a strong buy opportunity



Primary Discovery Agrees with Thesis

Our expert call with two PGIM employees who specialize in real estate equity investing largely supported our investment thesis

Rick Romano

Managing Director and Senior Portfolio Manager at PGIM

- 25 years of experience in Global Real Estate Securities Portfolio Management
- Specializes in Real Estate Investment Trusts and teaches a REIT course here at Notre Dame



Unique and High Quality Business Model

- “Towers sit between infrastructure and real estate and have a unique profile with strong long-term growth, high fixed costs, and marginal costs

Exceptional Defensive Demand Characteristics

- “SBA has high quality tenants with strong credit ratings and has essential infrastructure meaning it could be a good defensive play for the portfolio at its current price”

Laura Goldstein

Vice President at PGIM Real Estate

- 10 years of experience covering REITs both in asset management and equity research
- Specializes in coverage of tower companies among other real estate verticals



Top Pick out of the “Big Three”

- “There is no margin on Crown Castle’s fiber and American Tower’s international markets continue to struggle with churn.”

Concerns Over Current Financing Market

- Tower companies are very interest rate sensitive due to their high leverage, so SBA must continue to generate high free cash flow to mitigate this risk

Annotated Stock Chart Highlights Strong Acquisition History

SBA has stock has appreciated significantly over the past 10 years in large part due to their strong tower acquisition track record



- 1** Bought 2,007 wireless sites in Brazil over \$1.5B
- 4** Acquired 370 sites, both U.S. and international, for \$117.3M

- 2** Acquired 249 sites, both U.S. and international, for \$99.0M
- 5** Acquired 2,600 communication sites in Brazil for \$725.0M

- 3** Bought 172 wireless towers for \$110.0M
- 6** Despite a strong acquisition history, the stock sits at a depressed price due to poor market conditions

After-Tax Cost of Debt	
Cost of Debt	5.41%
Implied Cost of Debt	2.82%
Tax Rate	12.56%
After-Tax Cost of Debt	3.60%

After-Tax Cost of Equity	
Risk Free Rate	4.27%
Beta	0.86
Equity risk Premium	5.79%
Cost of Equity	9.25%

Current Share Price	\$215.20
Current Shares Outstanding	108,382.72
Equity Value	\$23,323,962.20

WACC	
After-Tax Cost of Debt	3.60%
Cost of Equity	9.25%
Debt/Total Capital	38.96%
Equity/Total Capital	61.04%
WACC	7.05%

Total Debt	\$14,888,820.00
Total Equity	\$23,323,962.20

Comparable Companies



Valuation Statistics

(\$ in Millions)									
Company	Ticker	Market Capitalization	Enterprise Value	EV / Revenue		EV / EBITDA		Price / Earnings	
				LTM	NTM	LTM	NTM	LTM	NTM
American Tower Corporation	AMT	\$82,908	\$136,105	13.4x	13.0x	17.6x	20.7x	59.3x	43.4x
Crown Capital Inc.	CCI	43,364	71,598	11.6x	11.4x	16.3x	18.4x	31.8x	33.8x
Equinix, Inc.	EQIX	71,910	86,771	12.1x	10.1x	29.8x	22.3x	89.5x	83.9x
Digital Realty Trust, Inc.	DLR	39,346	61,277	11.0x	9.5x	21.4x	19.5x	81.2x	99.4x
SBA Communications Corporation	SBAC	\$24,044	\$38,791	15.8x	15.4x	20.9x	22.2x	64.5x	50.6x

Low	\$39,346	\$61,277	11.0x	9.5x	16.3x	18.4x	31.8x	33.8x
Mean	59,382	88,937	12.0x	11.0x	21.3x	20.2x	65.4x	65.1x
Median	57,637	79,184	11.8x	10.7x	19.5x	20.1x	70.2x	63.6x
High	82,908	136,105	13.4x	13.0x	29.8x	22.3x	89.5x	99.4x

Operating Statistics

(\$ in Millions)									
Company	Ticker	Revenue		Revenue Growth			EBITDA		
		2022A	LTM	'21-'22A	LTM	'22-'23E	2022A	LTM	2023E
American Tower Corporation	AMT	\$10,711	\$10,915	14.5%	6.7%	3.2%	\$6,494	\$6,765	\$6,989
Crown Capital Inc.	CCI	6,986	7,150	10.2%	6.0%	0.4%	4,119	4,231	4,411
Equinix, Inc.	EQIX	6,723	7,188	7.4%	6.8%	13.1%	2,429	2,617	3,702
Digital Realty Trust, Inc.	DLR	4,678	5,110	5.7%	13.4%	17.5%	2,223	2,333	2,677
SBA Communications Corporation	SBAC	\$2,634	\$2,716	14.1%	10.6%	3.5%	\$1,676	\$1,739	\$1,886

Low	\$4,678	\$5,110	5.7%	6.0%	0.4%	\$2,223	\$2,333	\$2,677
Mean	7,275	7,591	9.5%	8.2%	8.5%	3,816	3,987	4,445
Median	6,855	7,169	8.8%	6.8%	8.1%	3,274	3,424	4,057
High	10,711	10,915	14.5%	13.4%	17.5%	6,494	6,765	6,989

DCF Bull Case



\$ Millions	For Fiscal Year Ending December 31st,					
	2023E	2024E	2025E	2026E	2027E	2028E
Total Revenue	\$2,860.8	\$2,983.4	\$3,113.9	\$3,250.3	\$3,422.5	\$3,617.8
% Growth	8.6%	4.3%	4.4%	4.4%	5.3%	5.7%
Less: Operating Expenses	1,843.2	1,894.3	1,975.5	2,056.9	2,162.3	2,283.6
Plus: D&A	929.8	969.6	1,015.1	1,059.6	1,115.7	1,179.4
Plus: Adjustments	142.4	155.3	169.8	185.4	203.7	224.5
Adjusted EBITDA	\$2,089.8	\$2,214.0	\$2,323.5	\$2,438.4	\$2,579.6	\$2,738.1
EBITDA Margin	73.0%	74.2%	74.6%	75.0%	75.4%	75.7%
Less: D&A	(929.8)	(969.6)	(1,015.1)	(1,059.6)	(1,115.7)	(1,179.4)
Operating Income (EBIT)	\$1,160.0	\$1,244.4	\$1,308.3	\$1,378.8	\$1,463.9	\$1,558.7
EBIT Margin	40.5%	41.7%	42.0%	42.4%	42.8%	43.1%
Income Tax Expense	(65.1)	(71.4)	(74.7)	(78.6)	(83.2)	(88.3)
NOPAT (EBIAT)	\$1,095.0	\$1,173.0	\$1,233.6	\$1,300.2	\$1,380.6	\$1,470.4
Plus: D&A	929.8	969.6	1,015.1	1,059.6	1,115.7	1,179.4
Less: CapEx	(440.9)	(467.9)	(477.5)	(499.0)	(517.0)	(534.6)
Less: Increase in NWC	(26.9)	6.0	0.1	0.0	2.9	4.9
Free Cash Flow	\$1,610.7	\$1,668.8	\$1,771.1	\$1,860.7	\$1,976.5	\$2,110.3
Growth Rate		3.6%	6.1%	5.1%	6.2%	6.8%
Unlevered Free Cash Flow						
WACC						
Discount Periods	0.30	1.31	2.31	3.31	4.31	5.31
Discount Factor	0.98	0.91	0.85	0.80	0.75	0.70
Present Value of Free Cash Flow	\$1,577.7	\$1,526.7	\$1,513.6	\$1,485.6	\$1,474.1	\$1,470.0

DCF Bull Case PGR Drop Method



Exit Multiple Method:

Terminal Value:	
Terminal Year 2028 EBITDA	\$2,738.1
EBITDA Multiple	20.2x
Terminal Value as of 2028	\$55,337.1
Period	5.3
PV of Terminal Value	\$38,547.8
PV of Period Cash Flows	\$9,047.7
Total	\$47,595.5

Implied Share Price:	
Enterprise Value	\$47,595.5
Less: Total Debt	(\$14,888.8)
Plus: Cash & Cash Equivalents	\$179.2
Equity Value	\$32,885.8
Shares Outstanding	108.4
Implied Share Price:	\$303.42
Upside/(Downside):	41.0%

Gordon Growth Method:

Terminal Value:	
FCF in Terminal Year	\$2,594.1
Perpetuity Growth Rate	3.00%
FCF in t+1	\$2,671.9
Terminal Value as of 2028	\$66,031.1
Period	11.3
PV of Terminal Value	\$30,564.5
Sum of PV of UFCFs	\$16,899.1
Total	\$47,463.6

Implied Share Price:	
Enterprise Value	\$47,463.6
Less: Total Debt	(\$14,888.8)
Plus: Cash & Cash Equivalents	\$179.2
Equity Value	\$32,753.9
Shares Outstanding	108.4
Implied Share Price	\$302.21
Upside/(Downside):	40.4%

Exit Multiple Method:

Terminal Value:	
Terminal Year 2028 EBITDA	\$2,738.1
EBITDA Multiple	20.2x
Terminal Value as of 2028	\$55,337.1
Period	5.3
PV of Terminal Value	\$38,547.8
PV of Period Cash Flows	\$9,047.7
Total	\$47,595.5

Implied Share Price:	
Enterprise Value	\$47,595.5
Less: Total Debt	(\$14,888.8)
Plus: Cash & Cash Equivalents	\$179.2
Equity Value	\$32,885.8
Shares Outstanding	108.4
Implied Share Price:	\$303.42
Upside/(Downside):	41.0%

Gordon Growth Method:

Terminal Value:	
FCF in Terminal Year	\$2,110.3
Perpetuity Growth Rate	3.11%
FCF in t+1	\$2,176.0
Terminal Value as of 2028	\$55,337.1
Period	5.3
PV of Terminal Value	\$38,547.8
Sum of PV of UFCFs	\$9,047.7
Total	\$47,595.5

Implied Share Price:	
Enterprise Value	\$47,595.5
Less: Total Debt	(\$14,888.8)
Plus: Cash & Cash Equivalents	\$179.2
Equity Value	\$32,885.8
Shares Outstanding	108.4
Implied Share Price	\$303.42
Upside/(Downside):	41.0%

DCF Bear Case



	For Fiscal Year Ending December 31st,					
\$ Millions	2023E	2024E	2025E	2026E	2027E	2028E
Total Revenue	\$2,685.0	\$2,699.3	\$2,736.8	\$2,774.9	\$2,826.5	\$2,879.1
% Growth	2.0%	0.5%	1.4%	1.4%	1.9%	1.9%
Less: Operating Expenses	1,914.5	1,895.2	1,920.1	1,942.6	1,976.6	2,013.8
Plus: D&A	974.6	979.8	996.2	1,010.1	1,028.8	1,048.0
Plus: Adjustments	74.6	79.9	86.4	93.0	100.4	108.1
Adjusted EBITDA	\$1,819.6	\$1,863.9	\$1,899.3	\$1,935.4	\$1,979.2	\$2,021.4
EBITDA Margin	67.8%	69.1%	69.4%	69.7%	70.0%	70.2%
Less: D&A	(974.6)	(979.8)	(996.2)	(1,010.1)	(1,028.8)	(1,048.0)
Operating Income (EBIT)	\$845.0	\$884.1	\$903.1	\$925.3	\$950.3	\$973.4
EBIT Margin	31.5%	32.8%	33.0%	33.3%	33.6%	33.8%
Income Tax Expense	(23.3)	(27.1)	(27.7)	(28.6)	(29.4)	(29.9)
NOPAT (EBIAT)	\$821.7	\$856.9	\$875.4	\$896.7	\$920.9	\$943.5
Plus: D&A	974.6	979.8	996.2	1,010.1	1,028.8	1,048.0
Less: CapEx	(368.0)	(377.9)	(373.4)	(379.0)	(378.7)	(375.5)
Less: Increase in NWC	(36.6)	(1.6)	(7.5)	(8.1)	(7.4)	(8.0)
Free Cash Flow	\$1,464.9	\$1,460.5	\$1,505.8	\$1,535.9	\$1,578.5	\$1,624.0
Growth Rate		-0.3%	3.1%	2.0%	2.8%	2.9%
Unlevered Free Cash Flow						
WACC	7.05%					
Discount Periods	0.30	1.31	2.31	3.31	4.31	5.31
Discount Factor	0.98	0.91	0.85	0.80	0.75	0.70
Present Value of Free Cash Flow	\$1,434.9	\$1,336.2	\$1,286.9	\$1,226.2	\$1,177.3	\$1,131.2

DCF Bear Case PGR Drop Method



Exit Multiple Method:

Terminal Value:	
Terminal Year 2028 EBITDA	\$2,021.4
EBITDA Multiple	20.2x
Terminal Value as of 2028	\$40,851.5
Period	5.3
PV of Terminal Value	\$28,457.1
PV of Period Cash Flows	\$7,592.8
Total	\$36,049.9

Implied Share Price:	
Enterprise Value	\$36,049.9
Less: Total Debt	(\$14,888.8)
Plus: Cash & Cash Equivalents	\$179.2
Equity Value	\$21,340.3
Shares Outstanding	108.4
Implied Share Price:	\$196.90
Upside/(Downside):	(8.5%)

Gordon Growth Method:

Terminal Value:	
FCF in Terminal Year	\$1,996.3
Perpetuity Growth Rate	3.00%
FCF in t+1	\$2,056.1
Terminal Value as of 2028	\$50,813.4
Period	11.3
PV of Terminal Value	\$23,520.5
Sum of PV of UFCFs	\$13,634.7
Total	\$37,155.3

Implied Share Price:	
Enterprise Value	\$37,155.3
Less: Total Debt	(\$14,888.8)
Plus: Cash & Cash Equivalents	\$179.2
Equity Value	\$22,445.6
Shares Outstanding	108.4
Implied Share Price	\$207.10
Upside/(Downside):	(3.8%)

DCF Bear Case Implied PGR



Exit Multiple Method:

Terminal Value:	
Terminal Year 2028 EBITDA	\$2,021.4
EBITDA Multiple	20.2x
Terminal Value as of 2028	\$40,851.5
Period	5.3
PV of Terminal Value	\$28,457.1
PV of Period Cash Flows	\$7,592.8
Total	\$36,049.9

Gordon Growth Method:

Terminal Value:	
FCF in Terminal Year	\$1,624.0
Perpetuity Growth Rate	2.95%
FCF in t+1	\$1,671.9
Terminal Value as of 2028	\$40,851.5
Period	5.3
PV of Terminal Value	\$28,457.1
Sum of PV of UFCFs	\$7,592.8
Total	\$36,049.9

Implied Share Price:	
Enterprise Value	\$36,049.9
Less: Total Debt	(\$14,888.8)
Plus: Cash & Cash Equivalents	\$179.2
Equity Value	\$21,340.3
Shares Outstanding	108.4
Implied Share Price:	\$196.90
Upside/(Downside):	(8.5%)

Implied Share Price:	
Enterprise Value	\$36,049.9
Less: Total Debt	(\$14,888.8)
Plus: Cash & Cash Equivalents	\$179.2
Equity Value	\$21,340.3
Shares Outstanding	108.4
Implied Share Price	\$196.90
Upside/(Downside):	(8.5%)