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1 QUESTION 1

The sustainable growth rate is commonly thought of as the rate at which the company can grow without increasing its financial leverage i.e. not changing its debt / equity ratio (Firer *et al.*, 2004:101). The capital structure therefor remains unchanged.

Considering Cash Build's capital structure as on 30 June (financial year end) and using Equation 1 to calculate the sustainable growth, we estimated the sustainable growth rates for each of the last 3 financial years.

$$g^* = \frac{m(1-d)A/E}{\frac{A}{S} - m(1-d)A/E}$$

Equation 1 - Sustainable growth formula

Table 1 hereunder reflects the sustainable growth rates calculated for the last 3 financial years (*please see Appendix A for detailed calculations*)

	FY'16	FY'17	FY'18
Sustainable growth rate	20.26%	21.39%	16.76%

Table 1 - Historic sustainable growth rates

The growth rates calculated seems extraordinary high, considering the depressed economic situation in South Africa

- South Africa's economic growth never exceeded 1.6% (*please see detailed graph provided in Appendix A*)
- When considering the current economic situation and specific matters such as the recent low GDP growth rates, it would appear that while Cash Build is set up to achieve strong sustainable growth at levels in excess of 16% (considering its capital structure for example), it operates in an economic environment where this is perhaps not achievable. Table 1 show that the sustainable growth rate reduced sharply in FY'18. Cash Build itself only achieved actual revenue growth of 12.70%, 12.23% and 4.91% respectively in each of the last 3 financial years, also showing a declining trend. The state of the economy appears to inhibit (prevent) Cash Build from achieving its full potential in terms of sustainable growth. This notion is further supported by shrinking

profit margins (net margin reduced from 5.1% in FY'16 to 4.17% in FY18, suggesting over-trading). We are also seeing stock levels and fixed assets increasing. NB

- It would be prudent to intuitively adjust the calculated sustainable growth rate downwards. An appropriate approach will be to use the last 5 years average turnover growth, calculated at 9.92% NB
- We conclude that the **sustainable growth rate is 9.92%**, given the current capital structure and economic situation. ✓

2 QUESTION 2

It was already suggested the sustainable growth rate of Cash Build is significantly higher than growth rates currently perceived to be achievable by companies operating within the South African economy, therefore the downward adjustment to 9.92% ✓

Working from the perspective of sustainable growth and the growth scenarios provided, it was calculated that the probable weighted growth rate is 5.83% (Please see Appendix B for detailed calculation) ✓

- The calculated probable sales growth rate of 5.83% is significantly lower than the sustainable growth rate of 9.92%. ✓

Using the Capital Asset Pricing Model (CAPM) shown in equation 2 below, it is possible to calculate the Expected Rate of Return when investing in Cash Build.

$$E(r_i) = r_f + \beta_i(E(r_m) - r_f)$$
 ✓

Equation 2 - Capital Asset Pricing Model

- Using the CAPM, the expected rate of return was calculated at 10.53%.

Table 2 hereunder show the historic capital rates of return (based on the share price at financial year-end)

	2016	2017	2018
Share price (cents)	34,969.00	34,893.00	33,826.00
Share Price Growth	19.90%	-0.22%	-3.06%
CRI Average Close	52,785	51,747	57,225
CRI Growth	1.60%	-1.97%	10.59%

Table 2 - Historic capital rates of return

It is evident from Table 2 that more recent capital returns on the share price was negative. It is also noted that the JSE offered a return of 10.59% for the 12 months ending June 2018. This leads us to believe that the expected rate of return of 10.53% would offer an attractive investment opportunity for investors as this is aligned to the market growth rate, bearing in mind the beta of -0.863 (which suggests that the share price movements are more or less aligned to market movements, but inverse).

- For this reason, the rate of 10.53% is adopted as the required rate of return.

Using the constant dividend growth model (DGM) shown in Equation 3 below, the probable share price can be calculated.

$$P = \frac{D_1}{r - g}$$

Equation 3 - Dividend Growth Model

Using the DGM the **probable share price (P)** was calculated at R 151.70 (Please see Appendix B for detailed calculation)

- The calculation suggests that as at 30 June 2018, the share was significantly overvalued by the market (listed share price of R 338.26 versus probable share price of R 151.70)
- Using "goal seek" in excel, it was found that a growth rate of 8.38% is required to justify a share price of R 338. Given the growth scenario provided, this growth rate of 8.38% is not attainable, meaning that the share price is bound to reduce.
- Also, the negative beta suggests that if the stock market picks up, the share price will reduce because of the almost perfect inverse relationship to the market (at a beta of -0.863)
- From a strategic point of view, Cash Build should consider **acquiring a company that offers synergic benefits** to support growth and also one which have a positive beta.

Figures to support argument?

Relation to sustainable growth assumed?

- Given its strong cash position, an alternative strategic intervention will be for Cash Build to formalize a strategic **share repurchase scheme** when the share price starts to drop.
 - A share repurchase announcement is seen as a positive signal (signaling effect) by the market (Brigham *et al.*, 2016:398). If the stock market experience an upswing, Cash Build shares will drop in value, given the negative beta. But a share repurchase announcement can potentially reverse this position, resulting in a positive beta.
 - A further benefit of a share repurchase scheme is that it offers a powerful tool to alter the capital structure of the company, also holding significant tax advantages (Brigham *et al.*, 2016:398). As we suggest in question 3, we believe that the current capital structure is not optimal.

3 QUESTION 3

The optimal capital structure will be one where the WACC is minimised and the value of Cash Build (its share price) maximised (Firer *et al.*, 2004:525). When the capital structure change, the sustainable growth rate will also change.

Because the optimal capital structure normally involves the use of debt, the concept of financial leverage comes into play. Financial leverage typically has an impact on the share price as it affects the Return on Equity (ROE) and Earnings Per Share (EPS). Research has found that when Earnings Before Interest & Tax (EBIT) is relatively high, financial leverage is beneficial and will support the share price moving up. But investors are also exposed to more risk under the proposed capital structure because the EPS and ROE are more sensitive to changes in EBIT. Financial leverage impacts on both the expected returns to shareholders and the riskiness of the share (for example, changing its beta), making the decision on the capital structure a very important matter (Firer *et al.*, 2004:530)

Cash Build currently has virtually no interest bearing long term debt (with interest and finance charges only amounting to R 3,143m or 0.58% of EBIT). Given the no-debt position (or unlevered position), the Expected Rate of Return (which was proposed to

→ Think again about this argument.
 NB. WACC = required return for a company using debt
 equal the Required Rate of Return, implying that the share price is in equilibrium) in Question 2 are then also proposed to be the current cost of equity, therefore 10.53%.

- Debt will only be incurred if the after-tax-cost-of-debt is below 10.53% (as the objective is to minimise the WACC)
- The impact of the capital structure decision on lenders and ratings agencies must also be considered. It is assumed that Cash Build adopted a policy whereby Financial Leverage (i.e. debt to equity) may not exceed 40% (40% debt and 60% equity)
- The current South African corporate tax rate is 28%.
- All debt will be taken up to repurchase share
- Cost of debt is JIBAR linked (JIBAR being 7.15%)
- The current value of operation was calculated at R 6,888bn equating to R 303.07 per share (please see Appendix C for detailed calculations)
- Bearing in mind the Company Policy restricting Financial Leverage to equal or below 40%, we calculated the **optimal capital structure at 30% debt**, therefore within company policy (please see Appendix C for a detailed calculation)
- With an optimal capital structure consisting of 30% debt and 70% equity, the **WACC is minimized at 10.19%** (compared to 10.54% before the restructure). It is also noted that the leveraged beta moved from -0.863 to -1.1292 suggesting increased share price risk (as a result of the additional financial leverage). After the share repurchase, the number of shares outstanding reduce from 22,730 to 15,911 and the **new intrinsic value is R 5,163bn or R 324.52 per share**. The objectives were therefore achieved i.e. minimizing the WACC and maximizing the value per share (please see Appendix C for detailed calculation)

→ correct treat negative beta stand alone.
 as value without sign.

4 QUESTION 4

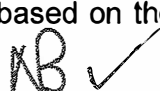
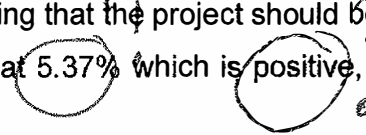
The Net Present Value (NPV) rule states that projects (investments) can be accepted if the NPV is positive. When considering the Internal Rate of Return (IRR) rule, then projects can be accept if the IRR is greater than the Required Rate of Return (RRR), also referred to as the hurdle rate. Based on the Modified IRR rule, the project can be accepted if the present value of the Terminal Value (TV) exceeds the present value of the cost of the project.

When projecting cash flows forward (from a base of R 345,942 as calculated in Question 3 (please see Appendix C) and using the sustainable growth rate of 9.92% as calculated in

Question 1, then the future cash flows are as set out in Table 3 (for all detailed calculations pertaining to Question 4, please see Appendix D)

	2018 CFO	2019 CF1	2020 CF2	2021 CF3	2022 CF4	2023 CF5	2024 CF6
Sus Growth		9.92%	9.92%	9.92%	9.92%	9.92%	9.92%
Earnings (From FS)	425,428	467,630	514,019	565,010	621,059	682,668	750,389
CFO (from Table 8)	345,942						
FCF	(7,700,000)	380,259	417,981	459,445	505,022	555,120	
TV		0	0	0	0	10,000,589	
Net Cash Flow	(7,700,000)	380,259	417,981	459,445	505,022	10,555,709	

Table 3 - Future Free Cash Flow Projections

- The TV was calculated using a P/E multiple of 13.92X
- Paying R 7,700,000 for the 22,730 shares in issue is the breaking point (maximum amount to be paid) which turns the NPV positive: R 63,404. Therefore, based on the NPV rule, an appropriate price will be R 338.76 (R 7,700,000 / 22,730) 
- At a share price of R 338.76, the IRR was calculated at 10.73% which marginally exceeds the RRR of 10.53% implying that the project should be accepted.
- The Modified IRR was calculated at 5.37% which is positive, implying that the project should be accepted. 
- **This assessment is necessary** as it focuses on profits and cash flows which is the primary objective of the management team. Management can see if they are creating value for shareholders. Comparisons can also be made to other valuation techniques. 
- Based on the NPV, IRR and Modified IRR, the **appropriate share price is R 338.76**.

5 ASSIGNMENT CONCLUSION

When considering the analysis done in Questions 1 – 4, the table hereunder provides the summarised results when the NPV, IRR and MRR is calculated on the different share prices (please see Appendix D for detailed calculations)

Share Price	NPV	IRR	MIRR
R 151.70 Question 2	R 4,315,263	32.70%	23.73%
R 324.53 Question 3	R 2,709,826	21%	14.13%
R 338.76 Question 4	R 63,404	10.73%	5.37%
R 271.66	Average share price across all 3 measures (equally weighted)		
R 263.57	Cash Build actual share price as at 30 April 2019		

We conclude that the fair market value of Cash Build is R 271.66 per share. 

Appendix A: Sustainable growth rate

Sustainable growth rate formula used in the calculation (Equation 1) is as follows

$$g^* = \frac{m(1-d)A/E}{\frac{A}{S} - m(1-d)A/E}$$

Equation 1 - Sustainable growth rate

g^* - Sustainable growth rate
 m - Net Profit Margin
 d - Dividend pay-out ratio
 A - Total Assets
 E - Equity
 S - Sales

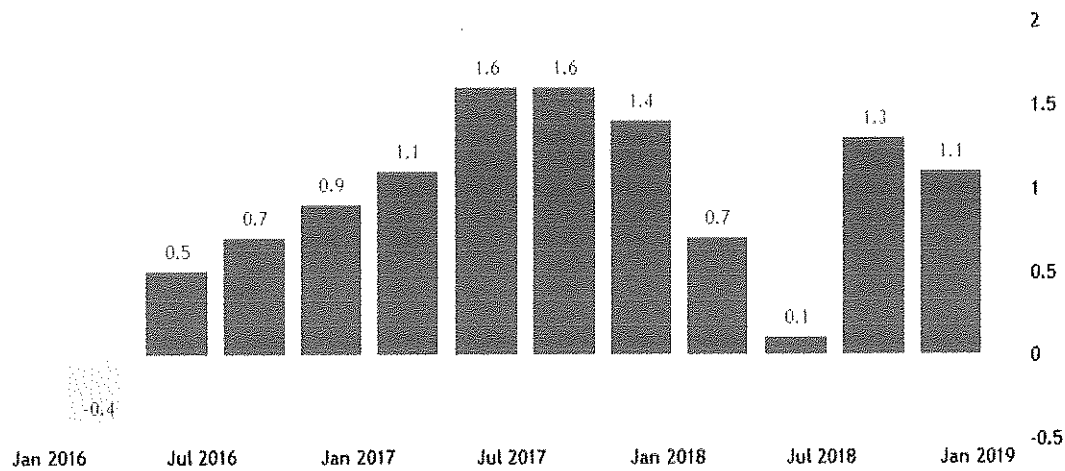
Input	FY'16	FY'17	FY18	Comment / calculation
Sales	R 8,669,643	R 9,729,640	R 10,207,603	Rand'000 sales as per data provided
Net Profit	R 442,002	R 469,486	R 425,248	Rand'000 sales as per data provided
Net Profit Margin	0.0510	0.0483	0.0417	Net profit divided by sales (expressed in decimals)
Dividends per share	850.85	771	673.60	As per data provided, expressed in cents (DPS)
Earnings per share	1,891.50	2,045.20	1,867.20	As per data provided, expressed in cents (EPS)
Dividend pay-out ratio	0.45	0.38	0.36	DPS divided by EPS. Used this methodology as both DPS and EPS are audited numbers, therefore facilitating consistency in calculations
Total Assets	R 3,538,946	R 3,713,242	R 4,272,507	Rand'000 sales as per data provided
Total equity	R 1,443,477	R 1,659,768	R 1,893,759	Rand'000 sales as per data provided
Total assets / equity ratio	2.45	2.24	2.26	Total assets divided by total equity
Total asset turnover	0.41	0.38	0.42	Total Assets divided by turnover

Table 1 - Variables used to calculate sustainable growth

Using the sustainable growth rate formula and the variables set out / explained in Table 1, we calculated the sustainable growth rates as set out in Table 2 below;

	FY'16	FY'17	FY'18
Sustainable growth rate	20.26%	21.39%	16.76%

Table 2 - Sustainable growth rates



Graph 1 - Historic South African GDP growth rates

Appendix B: Probable share price calculation (based on the CAPM and DGM)

Probable sales growth rate calculation, based on the scenario information provided.

Measurement	Rate (a)	Probability (b)	Weighted rate (a)x(b)
GDP*	1.7%	40%	0.68%
Sustainable rate**	9.92%	40%	3.97%
Current growth rate***	5.89%	20%	1.18%
Total		100%	5.83%

Table 3 - Calculating scenario growth rate

*GDP forecasted as per SARB statement dd. 17/1/2019

**Probability for sustainable growth at 40% being the balancing figure to 100%

***Current growth rate calculated as (Sales FY'18) less (Sales FY'17) divided by (Sales FY'17) = 4.91%. Expected growth rate is then 20% higher (upward adjustment) = 5.89%

The expected rate of return when investing in Cash Build can be calculated using the CAPM in Equation 2 below.

$$E(r_i) = r_f + \beta_i(E(r_m) - r_f)$$

Equation 2 - CAPM

$E(r_i)$ - Expected rate of return

r_f - Risk Free rate of return

β_i - Beta

$E(r_m)$ - Market rate of return

Description	Rate	Comment
Risk Free Return	7.17%	RSA 364-day TB rate (tender) as per SARB website which is considered the most stable risk free rate as it is short dated thereby creating consistency in the calculation
Beta	-0.863	Calculated as per table 5 below
Annual Market return	3.27%	CRI average close 1/7/2015 to 30/6/2018 effective rate

Table 4 - Variables used in the CAPM

	A	B	C	D	E	
	Market Gains	x - Ave x	Share price Gains	y-Ave y	B * D	
2018	11.63%	7.87%	-3.1%	-8.598%	-0.68%	
2017	-1.16%	-4.91%	-0.2%	-5.758%	0.28%	
2016	0.79%	-2.96%	19.9%	14.356%	-0.42%	
2015						
2014						
Ave x	3.75%	Ave y	5.5%	(x-ave x)(y-ave y)	-0.82%	

Periods (n) 5
Covariance = S/n-1 -0.20%

Calculation of market rate variance					
Year	A	B	A - B	(A-B)^2	
2018	11.6%	3.75%	7.87%	0.62%	
2017	-1.2%	3.75%	-4.91%	0.24%	
2016	0.8%	3.75%	-2.96%	0.09%	
2015					
2014					
AVG	3.75%	Variance		0.24%	

b = Covariance/Variance - 0.863

Table 5 - Calculating Beta

Using the CAPM (Equation 2) and the variables stated in Table 4 above, the expected rate of return was calculated at 10.53.

The probable share price can be calculated using the DGM se out in Equation 3 below

$$P = \frac{D_1}{r - g}$$

Equation 3 - Dividend Growth Model

Variable	Description	Rate / Amount	Comment
D_0	Last dividend	R 6.736	Last dividend declared as per case study data
g	Growth rate	5.83%	Calculated as per Table 3 above
D_1	Next dividend	R 7.13	D_0 plus g
r	Required return	10.53%	Assume required return equals expected return, calculated
P	Probable share price	R 151.70	To be calculated

Table 6 - Variables used to calculate the probable share price

Based on the DGM and the values shown in Table 6 above, the probable share price (P) was calculated at R 151.70

- The calculation suggests that as at 30 June 2018, the share was significant overvalued by the market (listed share price of R 338.26 versus probable share price of R 151.70)



Appendix C: Optimal capital structure

The value of operations can be calculated using Equation 4 below

$$V_{op} = [FCF(1+g)]/(WACC - g)$$

Equation 4 - Value of operations

Variable	Description	Comment	Value
V_{op}	Value of operations	To be calculated	
FCF	Free Cash Flow	See calculation below*	R 476,289
g	Sustainable growth rate	Adjusted to inflation given the new capital structure**	5.25%
WACC	Weighted Cost of Capital	Equal to Required Rate of Return	10.53%
T	Tax rate	SA Corporate Tax rate	28%

Table 7 variables to calculate value of operations

*Free cash flow was calculated as follows; Table 8

**The sustainable growth rate calculated in Q1 assumes a particular capital structure. Because of the financial leverage now taken up to repurchase shares (as opposed to acquiring a productive asset which can be used to generate income and profits), the growth rate was intuitively reduced to 5.25% which is in line with inflation and the scenario in Appendix B

- Free Cash Flow (FCF) = Operating Cash Flow (OCF) +/- Changes in NWC (NWC) +/- Net Capital Expenditure (NCE)

Operating cash flow (OCF) = EBIT (1 – T) + Depreciation		
	R'000	
EBIT	R 543,326	From data provided being
(1-T)	0.72	(1-0.28)
	R 391,194	R 543,326 X 0.72
OCF	R 391,194	

Changes in NWC (FY'18 – FY'17)		
Change Debtors	(R 2,150)	R 143,359 – R 141,209 (increased)
Change Creditors	R 301,746	R 2,070,688 – R 1,768,942 (increased)
Change Inventory	(R223,337)	R 1,512,828 – R 1,289,491 (increased)
Change NWC	R 76,259	Favourable
Net Capital Expenditure (FY'18 – FY'17)		
Increase in Fixed assets	(R 121,520)	R 1,100,132 – R 978,612
FCF	R 345,942	✓

Table 8 - Calculating Free Cash Flow

- Using Equation 4, the value of operations was calculated at R 6,888bn as shown in Table 9 below;

Current Value of Operations	with SSg Q1
FCF	R 345,942
Firm Expects growth = g	5.25%
$Vop = [FCF(1+g)]/(WACC-g)$	R 6,888,783
Company has no ST investments	R -
Company has no preferred stock	R -
Shares in issue	22,730
	Vop R 6,888,783
	+ ST inv R -
	Vtotal R 6,888,783
	-Debt R -
	S R 6,888,783
/shares outstanding	22,730
	P R 303.07

Table 9 - Calculating the Value of Operations

- Cost of Debt is JIBAR linked, JIBAR being 7.15%. The anticipated cost of Debt is set out in Table 10 below being JIBAR + 150 bps (i.e. 8.65%) and thereafter increasing by 50 bps per tranche of debt taken up.
- Given the Company Policy restricting Financial Leverage to equal or below 40%, the optimal capital structure would be found where 30% debt is taken up or a debt: equity ratio of 42.86% as per Table 10 below.

Weight of debt	Wd	0%	10%	20%	30%	40%
Cost of debt rd		0.0%	8.65%	9.15%	9.65%	10.15%
Weight of equity Ws		100%	90%	80%	70%	60%
Hamada's equation: $b = b_u [1 + (1 - T)(W_d/W_s)]$	b	-0.863	-0.9320	-1.0183	-1.1292	-1.2771
$r_s = r_f + bL(R_m - R_f)$	rs	10.54%	10.80%	11.14%	11.57%	12.15%
WACC = $W_d(1 - T)rd + W_s r_s$	WACC	10.54%	10.35%	10.23%	10.19%	10.21%
$V_{op} = [FCF(1 + g)] / (WACC - g)$	Vop	R 6,888,783	R 7,143,456	R 7,310,450	R 7,376,255	R 7,335,290
Debt = $D_{new} = W_d V_{op}$	D	R -	R 714,346	R 1,462,090	R 2,212,877	R 2,934,116
equity = $S = W_s V_{op}$	S	R 6,888,783	R 6,429,110	R 5,848,360	R 5,163,379	R 4,401,174
N	N	22,730	20,457	18,184	15,911	13,638
calculate the intrinsic value of share price = P	P	R 303.07	R 314.27	R 321.62	R 324.52	R 322.71

Table 10 - Optimal capital structure scenario

- Table 10 shows that the WACC is 10.19% i.e. minimized (and the capital structure optimized) when the capital structure consist of 30% debt and 70% equity.
- Table 11 shows the calculation to establish the new value of operations (intrinsic value) which now comes to R 5,163bn at the point where the optimal capital structure is in place and shares have been repurchased. This now provides a new value of **R 324.52 per share**

	0%		30%	
	with SSg Q1	After Debt, Before Rep.	After Debt, Before Rep.	After Rep.
Vop	R 6,888,783	R 6,888,783	R 7,376,255	R 7,376,255
+ ST inv	R -	R -	R 2,212,877	R -
Vtotal	R 6,888,783	R 6,888,783	R 9,589,132	R 7,376,255
-Debt	R -	R -	R 2,212,877	R 2,212,877
S	R 6,888,783	R 6,888,783	R 7,376,255	R 5,163,379
N= 'shares outstanding	22,730	22,730	22,730	15,911
P	R 303.07	R 303.07	R 324.52	R 324.52

Table 11 - Intrinsic value calculation

Appendix D: NPV, IRR and MIRR

Table 12 show the calculation of the Share Price at a point where the NPV is marginally positive (using the WACC of 10.53% and growth rate of 9.92%). Also note the TV calculation in Table 13 which is based on a P/E multiple of 13.96X.

- With the NPV being positive with R 63,404 the probable share price is R 338.76

	2018 CF0	2019 CF1	2020 CF2	2021 CF3	2022 CF4	2023 CF5	2024 CF6
Sus Growth		9.92%	9.92%	9.92%	9.92%	9.92%	9.92%
Earnings (From FS)	425,428	467,630	514,019	565,010	621,059	682,668	750,389
CFO (from Table 8)	345,942						
FCF	(7,700,000)	380,259	417,981	459,445	505,022	555,120	
TV		0	0	0	0	10,000,589	
Net Cash Flow	(7,700,000)	380,259	417,981	459,445	505,022	10,555,709	
WACC	10.53%						
NPV of CF1- CF5 (WACC)	7,763,404						
Less CFO (initial Investment (a))	(7,700,000)						
(Test) NPV of Investment	63,404						
Shares in issue (a)	22,730						
Price / Share	338.76						
IRR (using Excel)	10.73%						
	2018 CF0	2019 CF1	2020 CF2	2021 CF3	2022 CF4	2023 CF5	
MIRR (using Excel)	(7,700,000)	-	-	-	-	10,000,589	
	5.37%						

Table 12 - Calculation of FCF, NPV, IRR, MIRR at a share price of R 340.00

- To calculate the TV, the PAT was also projected forward at 9.92%

TV Calc	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
P/E	8.52	9.99	14.04	10.73	11.93	11.60	19.09	18.49	17.06	18.12
Average P/E (a)	13.96									
Earning FY'23 (b)	682,668									
Earning FY'24 (c)	750,389									
(a) X (b)	9,528,000									
(a) X (c)	10,473,177.57									
Average	10,000,589									

Table 13 - TV Calculation using P/E multiple

Table 14 hereunder show how the NPV, IRR and MIRR improves when the share price is reduced to R 151.70 which is in line with the probable share price calculated in Question 2 (using the CAPM and DGM).

	2018	2019	2020	2021	2022	2023	2024
	CFO	CF1	CF2	CF3	CF4	CF5	CF6
Sus Growth		9.92%	9.92%	9.92%	9.92%	9.92%	9.92%
Earnings (From FS)	425,428	467,630	514,019	565,010	621,059	682,668	750,389
CFO (from Table 8)	345,942						
FCF	(3,448,141)	380,259	417,981	459,445	505,022	555,120	
TV		0	0	0	0	10,000,589	
Net Cash Flow	(3,448,141)	380,259	417,981	459,445	505,022	10,555,709	
WACC	10.53%						
NPV of CF1- CF5 (WACC)	7,763,404						
Less CFO (initial Investment (a))	(3,448,141)						
(Test) NPV of Investment	4,315,263						
Shares in issue (a)	22,730						
Price / Share	151.70						
IRR (using Excel)	32.70%						
	2018	2019	2020	2021	2022	2023	
	CFO	CF1	CF2	CF3	CF4	CF5	
	(3,448,141)	-	-	-	-	10,000,589	
MIRR (using Excel)	23.73%						

Table 14 - NPV, IRR and MIRR at a share price of R 151.70 as per Q2

Table 15 hereunder shows the NPV, IRR and MIRR at a share price of R 324.52 as calculated in Question 3.

	2018	2019	2020	2021	2022	2023	2024
	CFO	CF1	CF2	CF3	CF4	CF5	CF6
Sus Growth		9.92%	9.92%	9.92%	9.92%	9.92%	9.92%
Earnings (From FS)	425,428	467,630	514,019	565,010	621,059	682,668	750,389
CFO (from Table 8)	345,942						
FCF	(5,163,438)	380,259	417,981	459,445	505,022	555,120	
TV		0	0	0	0	10,000,589	
Net Cash Flow	(5,163,438)	380,259	417,981	459,445	505,022	10,555,709	
WACC	10.19%						
NPV of CF1- CF5 (WACC)	7,873,264						
Less CFO (initial investment (a))	(5,163,438)						
(Test) NPV of Investment	2,709,826						
Shares in issue (a)	15,911						
Price / Share	324.52						
IRR (using Excel)	21.00%						
	2018	2019	2020	2021	2022	2023	
	CFO	CF1	CF2	CF3	CF4	CF5	
	(5,163,438)	-	-	-	-	10,000,589	
MIRR (using Excel)	14.13%						

Table 15 - NPV, IRR and MIRR at a share price of R 324.52 and with 15,911 shares in issue